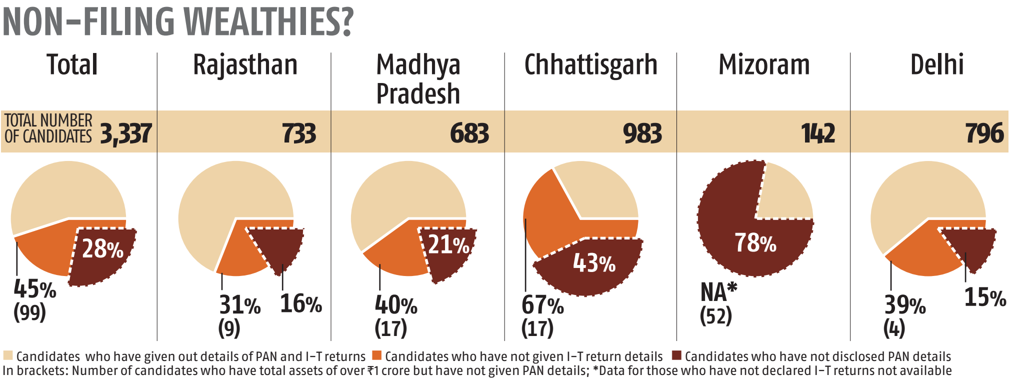
One in 4 poll candidates hasn't disclosed PAN

Nearly half the 3,337 politicians contesting elections in 5 states have not provided details of their I-T returns

AKSHAT KAUSHAL
New Delhi, 28 November



With total assets of around ₹56 crore, Dhanvantri Chandela, fielded by the Congress from the Rajouri Garden constituency, is easily one of the richest among candidates for the Delhi Assembly election. But she neither has a permanent account number (PAN) nor has she reported details of her income-tax returns to the Election Commission of India (ECI).

Chandela is not alone. Keeping her company on the long list of candidates who have not disclosed their PAN or I-T details are the Bahujan Samajwadi Party's (BSP's) Munni Seth-Rajendra Sharma, seeking election from Madhya Pradesh' Dewas Assembly constituency (total assets to the tune of ₹12.67 crore), and Bharatiya Janata Party's (BJP's) Bikaner candidate Sahi Ram Bishnoi (assets of ₹1.72 crore), among others. If their nomination papers are anything to go by, these people have no PAN and do not file their income-tax returns.

In Chhattisgarh, Delhi, Madhya Pradesh, Mizoram and Rajasthan — the five states where elections have either taken place or are to take place this year — one in every four candidates has not disclosed details of PAN, while every second has not given income-tax return details. According to Association of Democratic Reforms (ADR) data for various states, compiled by *Business Standard*, of the 3,337 candidates fielded, the affidavits of 914 (28 per cent) have no mention of PAN and those of 1,502 (45 per cent) do not give income-tax return details.

The income of some of these candidates may not fall in the taxable bracket, but that cannot be true for all — at least 99 of those deciding not to give out I-T details have total declared assets of more than ₹1 crore.

In candidates' nomination papers, there are two separate columns for giving out details of PAN and income-tax returns.

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28% of Assembly poll...

But, in a majority of cases where these details have not been given out, the candidates have chosen to write 'Nil'. A senior ECI officer says submitting wrong information cannot be a ground for a candidate's disqualification but he surely can be prosecuted.

According to S Y Quraishi, former chief election commissioner of India, it is the responsibility of the returning officer to ensure no column in a candidate's affidavit is left blank. But, he says, the officer cannot always verify the veracity of a piece of information given. "If a candidate gives false information in his affidavit, anyone can file a case against him and challenge his candidature."

Among the five states, Mizoram seems to lead the pack, with 78 per cent of its candidates not disclosing their PAN details. Nearly 37 per cent of the 142 contesting in the state (52 candidates) have declared assets of over ₹1 crore.

About 43 per cent of Chhattisgarh's 983 candidates, 16 per cent of Rajasthan's 733 and 15 per cent of Delhi's 796 have not mentioned their PAN. The proportion of candidates with assets of more than ₹1 crore in these states stands at 22 per cent, 47 per cent and 33 per cent, respectively.

So far as those who have not filed their I-T return details are concerned, their share in the total number of candidates stands at 67 per cent in Chhattisgarh, 40 per cent in Madhya Pradesh, and 39 per cent in Delhi.

CABINET DECISIONS

India to take tough stand at WTO meet

Seeks safeguards on food security

NAYANIMA BASU
New Delhi, 28 November

With elections in mind, the Cabinet Committee on WTO-related matters, chaired by Prime Minister Manmohan Singh, has apparently given the mandate to Commerce and Industry Minister Anand Sharma to take a tough stand on India's strategy at the coming ninth WTO Ministerial Conference (MC9) in Bali, Indonesia.

Although it has decided to agree to an interim measure that will remove the limit on food subsidies, it will seek "binding commitments" from developed countries to continue with the adhoc agreement until a permanent solution is fully achieved.

It seems on the much controversial peace clause (PC) or due restraint clause under the chapter of Public Stockholding For Food Security Purposes, the government had decided to take a position wherein it would seek an interim measure until a permanent solution was achieved to remove the cap on food subsidies for farm support, sources told *Business Standard*.

Commerce and Industry Minister Anand Sharma

In the final draft of the negotiating texts circulated by WTO Director-General Roberto Azevêdo to all the 159 trade ministers from member countries, it has been suggested that the PC will be valid until the 11th ministerial, which is expected to take place in 2017 and that a permanent solution on the matter will only be taken after the conference in Bali.

However, the government has now decided that though it will agree to an interim measure, it will ask WTO members to retain its validity until a permanent solution has been "agreed and delivered" by all members, especially by the US and EU, irrespective of which ministerial conference it is going to be.

While the government is not opposed to the decision of the WTO Trade Negotiations Committee of considering a permanent solution later, it wants the matter to be granted topmost priority in the post-Bali agenda.

Additionally, it was also decided in the Cabinet on Thursday that during the Bali meet, India will also ask for "complete immunity" on the PC from any sort of challenge or dispute. According to the final draft negotiating text by the WTO Trade Negotiations Committee, members will not challenge those countries which will provide those agricultural subsidies for farm growth, currently prohibited under the Agreement on Agriculture (AoA) of the WTO.

FinMin to seek special dividend from profit-making PSUs

PRESS TRUST OF INDIA
New Delhi, 28 November

In order to stick to its fiscal deficit target, the finance ministry will seek a special dividend from profit-making public sector entities to rake in around ₹30,000 crore for the exchequer.

"We will meet heads of central public sector entities in January. We will seek special dividend from the public sector undertakings (PSUs) which have not utilised its capex drawn for the current fiscal," a senior ministry official said.

"In the 2013-14 Budget, the government had estimated it would garner ₹29,870 crore as dividend from PSUs. Further, ₹43,996 crore is estimated to flow in from PSU banks and Reserve Bank of India under the same head. We have budgeted ₹73,866 crore. We will achieve it," the official said.

In the last financial year, the government had originally budgeted a dividend income of ₹27,178 crore from PSUs. However, this went up to ₹29,996 crore in the revised estimates, as companies paid higher dividend on demand from the finance ministry.

In order to boost industrial production, the ministry has been pressing all PSUs to make investments according to their capex plan for the current financial year. It believes dividend from central public sector undertakings (CPSUs) is a return on investment made by the government and it should be commensurate with profits.

"Only after the third quarter numbers, companies' financial position can be assessed and on that basis dividend can be sought," the official added.

In the last financial year , the government received ₹55,443 crore as dividend and profit. Currently, all profit-making CPSUs are required to declare dividend on equity of at least 20 per cent or a dividend payout of at least 20 per cent of post-tax profit, whichever is higher, subject to availability of disposable profits.

New regulations on insider trading soon

Sebi, govt in talks to iron out tax issues with the FPI framework

BS REPORTER
Mumbai, 28 November

The Securities and Exchange Board of India (Sebi) is set to announce new regulations on insider trading soon. It is likely there would be more checks and balances to clamp down on the misuse of price sensitive information.

"The committee on insider trading norms is expected to submit its report as early as next week. It has have almost finalised it," Sebi Chairman U K Sinha said on the sidelines of a seminar on the corporate bond market organised by CRISIL.

In April, Sebi had set up a 19-member high-level committee to review the country's two-decade-old insider trading regulations. The expert panel is headed by former Securities Appellate Tribunal presiding officer N K Sodhi and has representatives from across segments such as legal, corporates, investment banking and stock exchanges. Before finalising the committee's report, Sebi is expected to invite feedback on it.

ON SEBI'S PLATE

- New regulations on insider trading
- Tax clarity on FPI regime
- Finalisation of Reit regulations

Sebi is also working with the government on resolving tax issues with the foreign portfolio investment (FPI) framework, which has delayed its implementation. In October, the regulator had announced the Sebi (foreign portfolio investors) Regulations, 2013, which unified various portfolio investment routes, including foreign institutional investors (FIIs) and qualified foreign investors (QFIs) into FPI.

The Income Tax Department is said to have raised concern on the tax treatment to individual foreign investors under the new framework. During a panel discussion at the CRISIL seminar on Thursday, K P Krishnan, additional secretary in the Department of Economic Affairs, said discussions in this regard were underway between Sebi and the government. "In a couple of weeks, we should be able to figure a solution that is acceptable to foreign participants and to the revenue department," he said.

Meanwhile, Sebi is also set to finalise regulations on real estate investment trusts (Reits) at its board meeting expected to be held next week. The regulator had issued Reit regulations in October and had, subsequently, invited feedback on these.

Sinha said, "Reits will pick up only when there is clarity on tax treatment. We have taken up this matter with the government."

Under pressure, cabinet defers decision on FDI curbs in pharma

By ET Bureau | 29 Nov, 2013, 03.51AM IST

Post a Comment

NEW DELHI: The Union cabinet on Thursday deferred a decision on a contentious proposal that seeks to prevent multinational companies from taking control of existing critical care drug companies, following strong opposition from key stakeholder ministries, including finance, and the Planning Commission.

DIPP suggestion seeks to prevent MNCs from taking control of existing critical care drug companies.

In a significant move, the cabinet cleared a mandate which lays down parameters under which the commerce ministry can conduct negotiations at the forthcoming global trade talks of the World Trade Organisation at Bali next month.

"The department of industrial policy and promotion's proposal to restrict foreign companies to take control of critical care pharma companies has been deferred," Information and Broadcasting minister Manish Tiwari said.

The DIPP had sought to reduce the FDI cap in "rare or critical pharma verticals" to 49% from 100%. It also sought to disallow foreign investors from divesting manufacturing and research and development facilities in case of transfer of ownership of an existing pharma firm and sought to impose a three-year lock-in on investment. The deferred proposal also sought to mandate that foreign investors direct 25% of their total investment into research. Besides, they will not be able to impose a non-compete clause on the Indian seller.

The new policy has defined "rare and critical" as those drug segments that have just five Indian manufacturing units. Besides, if an entity has 40% of the domestic market, it will be classified as rare and critical. A facility will also be considered as rare and critical if either of these two conditions are fulfilled for at least one-third of products.

The finance ministry has strongly opposed the proposal that has been introduced at a juncture when the country is eyeing capital flows to finance its current account deficit. The ministry in its comments on the cabinet note circulated by DIPP has said the FDI policy was changed and implemented early this year and the concerns raised by DIPP on foreign pharma monopolising the Indian market could be taken care by the competition watchdog.

India had opened the pharmaceutical sector to 100% FDI via the automatic route in 2002 but last year the government introduced a distinction between greenfield projects and brownfield ones following apprehension that Indians will be denied cheap medicines if multinational continued to buy Indian firms.

The government put FDI in existing Indian pharma companies on the approval route in early 2012, but continued to allow 100%. Stringent conditions were imposed such as mandatory manufacturing and research and development.

Foreign companies have acquired Ranbaxy Laboratories, Dabur Pharma, Matrix Labs, Shantha Biotech, Orchid Chemicals and Piramal Healthcare in recent years.

The latest DIPP proposal has been triggered following US-based Mylan Inc's acquisition of Agila Specialities, a company engaged in oncology drugs largely.

Mandate for WTO talks

The Union cabinet also gave negotiating mandate for the forthcoming global trade talks at WTO's Bali ministerial summit from December 3-6.

It is understood the cabinet wants India to pitch for assurance of protection from challenges under the WTO agreements on subsidies and countervailing measures (ASCM) in return for support on the trade facilitation agreement. The four-year peace clause, as per the final draft text, does not guarantee any protection from disputes under the ASCM.

This may be a setback for the deal to be signed at Bali as developed countries are unlikely to agree to the protection from ASCM under the peace clause.

The trade facilitation deal, aimed at smoothening of cross-border trade by removing red tape, improving infrastructure and harmonising Customs procedures also reached an impasse in Geneva over the member countries, including India, not agreeing to all the clauses.

THE HINDU Business Line

Govt to open doors for companies to invest in low-cost rental homes

Manisha Jha & Priyanka Pani

Mumbai, Nov. 28:

The government plans to rope in corporates to provide low-cost rental homes on a large scale in cities and towns.

A Housing Ministry Task Force has recommended that the money invested in building rental flats under 60 square metres (600 sq ft) be made part of the Corporate Social Responsibility spend mandated under the New Companies Act.

This move will allow a deduction of over 100 per cent of the capital expenditure incurred by corporates and significantly improve the viability of such projects.

Private companies will have an incentive to build homes for the millions who make up their workforce.

According to the Companies Act, 2013, which replaces the Companies Act of 1956, companies with a net worth of Rs 500 crore or more, a turnover of Rs 1,000 crore or more, or a net profit of Rs 5 crore or more in a financial year are mandated to spend 2 per cent of their profit towards CSR.

The Housing Ministry's Task Force, led by Value and Budget Housing Corporation Chairman Jaithirth Rao, has been mandated to formulate a policy on rental housing.

Supply of rental housing, according to the Task Force, is limited and of low quality due to poor rental yields.

Moreover, restrictive and outdated laws deter landlords from renting out property. In addition to the risk of losing the property, the absence of intermediaries such as Rental Management Companies deters large institutional players from entering the segment.

Consequently, 10 per cent of the total housing stock of 110 million units remains locked up, according to the Task Force.

Massive shortage

The Housing Ministry's 2012 estimate puts the housing shortage at around 18.78 million units for the 81.35 million households in cities.

To attract large institutional investors such as insurance companies into the rental housing market and increase the stock of quality homes, the Task Force has also suggested other incentives, including cheap finances and tax breaks. The hope is that this will have a cascading effect and increase rental yields, which, in turn, will bring more investment into rental housing.

The recommendations also include setting up of Rental Housing Tribunals for speedy resolution of disputes, simplification of eviction laws/procedures, and creation of enabling entities, such as Rental Management Companies with 'eviction' powers. Once the reforms are passed, the government hopes property owners will let out their property and the housing supply gap will be bridged.

The 19-member Task Force's recommendations — part of the Housing Ministry's latest effort to overhaul the archaic rental housing legislation and regulatory framework — have been put up for public scrutiny.

Action plan

After stakeholder consultations, a detailed action plan will be drawn up.

"Based on the detailed action plan we will be preparing a model at the Central government level comprising the new features of the Rent Control Act and giving it to the States for implementation," said Union Housing Secretary Arun Kumar Misra.

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