

**India raises import duties to fight deficit.**By **Chaitanya Kalbag**

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NEW DELHI, Sept 16 (Reuter) - India's government, clearly alarmed by a fiscal deficit that was threatening to soar out of control, moved on Tuesday to boost revenues with a host of steps including a jump in import tariffs and a cut in federal spending.

The pre-emptive steps included a three percent hike in duties on all imports except petroleum and project components; a five percent cut in both expenditure outlined in the 1996-97 federal budget; a doubling of travel taxes on individuals; and a speeding up of plans to divest stakes in five major state firms.

A government spokesman said the package was expected to yield additional revenue totalling 68.8 billion rupees (\$1.9 billion).

The measures were unveiled five days after the government was forced to agree to a humiliating second wage increase for 5.3 million restive government employees after an initial bout of pay rises in July.

"The government gave away 70 billion rupees to its employees. This is to offset that. The two figures come pretty close to each other," said Suresh Tendulkar, a professor at the Delhi School of Economics (DSE).

At issue was the stated aim of reining in the fiscal deficit to 4.5 percent of gross domestic product (GDP) in 1997/98 (April-March) -- a goal that economists doubt will be achieved.

Finance Minister P. Chidambaram said last week higher than expected government spending could jeopardise the deficit target and that the 1996/97 deficit was likely to come in at 5.1 percent of GDP against an earlier estimate of 5.0 percent.

A week ago the International Monetary Fund (IMF) in its annual report warned India to aim for an accelerated reduction in its fiscal deficit, saying a delay in fiscal adjustment would leave the economy vulnerable to external developments.

Economists polled by Reuters last week predicted the fiscal deficit would range between 5.2 and 6.0 percent of GDP this year.

K. Krishnamurthy of Delhi University's Institute Of Economic Growth agreed with Tendulkar that the wage increase for government employees had triggered the latest spending cuts. But he termed the decision to hike customs duties as a retrograde step.

"Increasing customs duty will be a reversal of earlier policy," Krishnamurthy told Reuters.

Mark McFarland, an economist at Peregrine Brokerage Ltd in Hong Kong, predicted last week that the fiscal deficit would be nearer 6.0 percent in 1997/98 and cited lower revenues from tax and import duties as contributory factors.

A briefing paper prepared for a meeting a week ago between Prime Minister Inder Kumar Gujral and prominent economists warned of a deceleration in export growth and added:

"On the import front, growth in U.S. dollar terms declined from 28 percent in 1995/96 to 5.1 percent in 1996/97. This could be a reflection of slackening demand in the economy for investment goods, intermediates and raw materials."

Krishnamurthy said the government was clearly acting on the IMF's advice. "It looks like before going to the Fund-World Bank meeting, this is to stem the tide of pressure from the IMF on the fiscal deficit," he added.

The IMF and the World Bank are scheduled to hold their annual meetings in Hong Kong next week.

But the DSE's Tendulkar said the cut in non-plan expenditure was likely to adversely affect the maintainance of existing assets.





"A cut in plan expenditure would affect public investments but it would depend on whether they are cutting investment in infrastructure or somewhere else where private investment would be more productive. It depends where it is cut," Tendulkar said.

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NEW DELHI, Sept 5 (Reuters) - An Indian bureaucrat who wrote two biographies of Mother Teresa remembers her as a woman with a mischievous sense of humour who infused formalist administrative skill to control her worldwide organisation.

"It was a very special morning," Navin Chandra said, looking back at the day in 1975 when he first met the tiny Catholic nun.

There was this small woman in a white flowing sari, dressed neatly in many places. Her back was bent, her hands were wrinkled.

There was a sense of joy and pain and sharing, there was no difference between her vulnerability of the poor and the poverty that was so apparent in her smiles. "I thought to myself, here there is no difference between the heart and the pocket."

Chandra, a member of the Delhi Advisory Board, was speaking in Reuters early on Saturday, hours after Mother Teresa died of a heart attack in the eastern city of Calcutta.

"I found it so endearing... I found even more under her spell," he said. "There was a great sense of humour. She would come and for a moment, I would ask her how much land she needed. She said 'Five acres'."

Chandra said he took Mother Teresa in to see the Lieutenant-Governor of Delhi, whose deputy he was at the time.

"When the governor asked her how much land she needed she looked at me with a mischievous smile and said 'Ten acres'. And I thought, he's a great administrator as well. She makes the money and it explains why she could do so much with just a few nuns and she ran a network of 350 homes in 126 countries."

"Her only connection to modernity was the installation of a telephone. The fact that she has built such a multinational enterprise with a few nuns, delivering only on strictly humanitarian motives is her administrative skill."

Chandra's "Mother Teresa" was published in 1992 and has been translated into 17 languages. Last year he and photographer Arjun Rai teamed up to produce "Faith and Compassion".

Asked what drew people to Mother Teresa, Chandra said: "All of us respect her goodness and compassion where we find it. Mother Teresa was one such. She believed in making a link, bringing one link after another until these links shaped the world."

A member of the Indian Administrative Service, Chandra said he did not think it strange that a bureaucrat had become such a saint of the Roman Catholic faith.

"I don't think these things are unreasonable," he said. "She must have said the hundreds of times that my purpose was to serve the poor. Sometimes when I got fed up with my job or the circumstances I would go to her and say I wanted to change it."

"She would say 'No, you must stay. You are here to serve the poor and that is the will of God'."

A 1994 British television documentary that questioned Mother Teresa's claims raised the media storm around the Nobel Peace Prize winner's mixture of hypocrisy and spirituality.

The documentary accused the Albanian-born nun of accepting the message that the poor must accept their fate while the rich and powerful are favoured by God.

Chandra said he asked Mother Teresa to respond to the charge that she took money from "a kind of dodgy character".