

## 'NOW IS THE TIME FOR CENTRE TO USE ITS MINTS'

Relevant for: Indian Economy | Topic: Issues relating to Planning & Economic Reforms

Printing currency notes, abolishing the Foreign Exchange Management Act (FEMA) and allowing Indian firms to borrow abroad at low interest rates are among the steps that former Solicitor General of India and Supreme Court lawyer Harish Salve said India needed to take right away to help resuscitate the economy.

Addressing the ICAI Leadership Summit last week, Mr. Salve said the economy needed a ventilator immediately. "The first thing you would do [to such a patient] is give a blood transfusion ie cash in the system. The second is the electrolytes; that would be smooth-enough-doing-business in India. Statutory compliances? Tax disputes? Intrusive investigations into small violations? Put them on the back burner; let people spend time in factories rather than run to government offices answering show-causes."

"Every government is cash strapped. The U.S. has had several million claims for unemployment; they are looking at a huge outflow. The U.K. is paying £2,500 to every person without a job, so at least the groceries can be bought. Where is the money coming from? This is the time to use your mints.

"Don't worry about inflation. Print money, put it back in the system, fill in the hole created by the NBFC crash; demand will pick up, small-medium enterprises and real estate will pick up. In six months you'll start seeing the change."

"Inflation rates the world over are at an all-time low; LIBOR was between less than 1% to 1%; in India, interest rates are still 6%. Why not allow Indian industry to freely borrow from anywhere in the world? Repeal FEMA. Do we really need it?"

Mr. Salve batted for the removal of bank officers from the purview of the Prevention of Corruption Act. "Which bank officer today would risk sanctioning a loan? He would be hounded if the loan is not repaid."

"Global firms want to move out of China. But India has to stop fantasising that we are the only alternative destination." He cited Ireland convincing Apple to set up base there by offering low tax rates. "The PM sat with the CEO of Apple and negotiated a deal. This is how people do it. Prime Ministers talk to business folks saying. 'Invest \$20 billion in my country and we will charge one third the tax.'"

***At a time when credit has to go up, bank officers are averse to risk, not wishing to invite scrutiny***

Subscribe to The Hindu digital to get unlimited access to Today's paper

Already have an account ? [Sign in](#)

Find mobile-friendly version of articles from the day's newspaper in one easy-to-read list.

Enjoy reading as many articles as you wish without any limitations.

A select list of articles that match your interests and tastes.

Move smoothly between articles as our pages load instantly.

A one-stop-shop for seeing the latest updates, and managing your preferences.

We brief you on the latest and most important developments, three times a day.

\*Our Digital Subscription plans do not currently include the e-paper ,crossword, iPhone, iPad mobile applications and print. Our plans enhance your reading experience.

To continue enjoying The Hindu, You can turn off your ad blocker or Subscribe to The Hindu.

[Sign up for a 30 day free trial.](#)

**END**

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

crackIAS.com