

Jaitley, Chidambaram share stage to agree, disagree

Both find common ground on insurance FDI; while Jaitley rapped UPA for derailing the economy, Chidambaram took on NDA govt for not repealing retro tax amendment

It was a clash of ideas between Finance Minister Arun Jaitley and his predecessor P Chidambaram but a debate between the two also saw them agree broadly on raising the cap on foreign investment in insurance companies.

Prime Minister Narendra Modi and Jaitley had spoken about tough decisions but Chidambaram took on the National Democratic Alliance government for not taking these very measures, including repealing of the retrospective amendments to the Income Tax Act. Jaitley's predecessor conceded the mistakes made by the Manmohan Singh government, saying it should have cancelled 2G telecom licences when the scam surfaced, without waiting for court judgment.

Jaitley accused the United Progressive Alliance (UPA) government of continuing with the practice of discretionary allocation in coal, even after the report by the Comptroller and Auditor General of India (CAG). He charged the UPA regime with derailing the economy that yielded under five per cent growth for consecutive years.

"You have the biggest majority in 30 years. In my 12 years as finance minister, had I had that kind of majority, I would have taken tougher decisions. I would have repealed the retrospective tax laws, for instance. It just takes a few amendments in the Income Tax Act. I was hoping you would do that and I am still hoping that you do," said Chidambaram in the debate with Jaitley during the launch of television journalist Rajdeep Sardesai's book 2014: The Elections That Changed India.

In his maiden Budget for 2014-15, Jaitley did not repeal the amendments but said the government would not bring about any change retrospectively which creates a fresh liability. He had set up a committee to scrutinise tax cases before any action had initiated under retrospective amendments.

The amendments, introduced when Pranab Mukherjee was finance minister, aimed at bringing companies such as Vodafone that acquired assets in Indian companies through indirect transfers under the tax net. The amendments were brought after the income tax department lost a case against Vodafone in the Supreme Court.

Admitting mistakes of the UPA government, Chidambaram said: "Clearly, the 2G and CAG reports hurt the Congress. I think 2G could have been handled differently in the sense that the prime minister could have put his foot down... he could have said, 'cancel licences without waiting for the judgment'."

He said he had suggested this, and the government did consider it. "The decision was taken to wait for the court verdict. These are matters which do not come to the Cabinet," he said.

Jaitley expressed confidence that the Insurance Amendment Bill, which seeks to raise foreign investment up from 26 per cent to 49 per cent, will be passed in the coming winter session of Parliament. "I hope to get a positive report from the select committee... Insurance Bill may be passed (in the coming session of Parliament)."

On why the Congress was opposing its own insurance Bill, Chidambaram said, "Perhaps the Congress is doing tit for tat. It might not be a politically correct thing to do, but if they (BJP) hung it up to dry for one year, maybe some in the Congress thought, let them hang out to dry for four months."

Recalling his meetings with Bharatiya Janata Party (BJP) leader Sushma Swaraj and other leaders in December 2013, Chidambaram said: "I implored them... they said no. Finally, they said the BJP has no appetite to pass any Bills any more."

Chidambaram said if the insurance Bill was passed in December, he would cheer the government from outside Parliament.

Jaitley said the UPA government brought down growth to below five per cent for two consecutive years. "India had fallen off the global radar," he said.

Chidambaram conceded that after the 2008 global financial crisis and the resultant stimulus packages "we lost control of the economy".

Jaitley said investors are now enthusiastic about India. He rapped the UPA government over coal block allocations. "There was no reason why the UPA government should have continued with the practice of discretionary allocations. They should have cancelled the allocations without waiting for the Supreme Court decision."

Chidambaram repeatedly skirted questions on blaming Rahul Gandhi for the Congress' defeat in the 2014 general elections. "The election was an uphill task for the Congress, whoever would have been the leader. Even if we had got the economy largely right, it was an uphill battle. Ten years in power leads to a strong wave of anti-incumbency. Even if we had improved the economy, the BJP would have been the largest party." He admitted that Modi brought certain qualities which enhanced the scale of victory in the general polls.

Jaitley defended the then Gujarat government headed by Modi over the 2002 riots. "How is the Gujarat government responsible for the initial Godhra violence? Godhra violence was an incident at a railway station where some misguided people burnt a train bogie and, that is what sparked a riot across the state," he said to a question and stressed the state had utilised its full machinery. "You had cases to that affect being investigated. You had various kinds of inquiry. You had an unfriendly government in power at the Centre for at least 10 years, which did everything to find and fix responsibility on Modi. It was not able to do so," said Jaitley.

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