

“My shift was decided when Pranab was chosen as presidential candidate”

Sushil Kumar Shinde, Home Minister THE POLITICAL THEATRE >> 2

In Gore Vidal, World Loses its Best Essayist

“Style is knowing who you are, what you want to say, and not giving a damn.” — Gore Vidal FREEDOM FROM ECONOMICS >> 22

Govt Wins, BlackBerry Agrees to Hand Over its Keys to India

In the Safety Net

May 2008
First ultimatum to RIM for encryption keys

Aug 2010
RIM offers to share its technical codes for corporate email services & develop tools in 6-8 months to allow monitoring of chats

Oct 2010
DoT rejects initial solution, asks RIM to set up server here. Sets 90-day deadline for RIM to provide encryption solutions

Dec 2010
Indian security agencies reject RIM's offer to install a network data analysis system at its premises in India

Jan 2011
Provides encryption keys for its messenger and internet services

Late 2011
RIM installs servers and other encryption facilities in Mumbai

To provide encrypted communication to security agencies

JOJI THOMAS PHILIP
NEW DELHI

BlackBerry maker Research In Motion's (RIM) four-year standoff with the Indian government over providing encryption keys for its secure corporate emails and popular messenger services is finally set to end.

RIM recently demonstrated a solution developed by a firm called Verint that can intercept messages and emails exchanged between BlackBerry handsets, and make these encrypted communications available in a readable format to Indian security agencies, according to an exchange of communications between the Canadian company and the Indian government.

This satisfies India's core demand that RIM provide intelligence and security agencies with automatic solutions to monitor all communication on BlackBerry smartphones on a real-time basis, an official aware of the development said.

“I can confirm that RIM is providing an appropriate lawful access solution that enables India's telecom operators to be legal-

ly complaint with respect to their BlackBerry consumer traffic,” said a company spokesman. But he said there was no access to secure encrypted BlackBerry enterprise communications or corporate emails as these were accessible only to the owners of these services.

Correspondence reviewed by ET, however, shows that the solution demonstrated by RIM can intercept all BlackBerry services. A telecom department official also confirmed that corporate emails would form part of the services that the government will be able to monitor.

The Canadian smartphone maker, which had set up servers and other interception facilities in Mumbai last year after India had threatened to shut down BlackBerry services, has now handed over this infrastructure to Indian agencies, internal government documents reviewed by ET reveal.

India One of the Few Bright Spots >> 3

OWNERS SELLING CAPTIVE COAL BLOCKS

Many Canaries in Coal Mines, But Mute to Graft

ET INVESTIGATION

Govt threatens to take back mines, but allotment letter is silent on sale of blocks

JOHN SAMUEL RAJAD & M RAJSHEKHAR
NEW DELHI

Even as the CBI is probing the allotment of coal blocks to private companies for captive use, an ET investigation has uncovered instances of such blocks changing hands, suggesting individuals have profited at the expense of the exchequer.

These blocks, which are finite and restricted resources, were given free to private companies between 2006 and 2009 for captive use, through a subjective process. Such allotments were made as per the government policy and on the recommendation of a ‘screening committee’. While initial allotment is free, a royalty is payable on the coal mined. Such allotments are effectively licences because work has not begun on most. But many of these have already been sold or transferred, mostly for a profit, though there is nothing in the ‘allotment letter’ that prohibits sale of such blocks.

Much of the ET investigation — based on field visits, review of ministry documents, conversations with mine owners, current and retired government officials and company filings with the ministry of corporate affairs — centred around several blocks in the Vidarbha region in Maharashtra.

Nationwide Phenomenon >> 17

3 Ways to Exit

Some companies allotted coal blocks for captive use have used one of these 3 routes to cash out

• HOW • WHO

Promoters sell company

Promoters sell company that holds the block

Grace Industries

Promoters sell their shares

Promoters — usually, individuals from one family — sell their shares

Field Mining & Ispat

Associate companies

Fresh shares are issued to new entities that are ‘associate companies’, but show external investors

BS Ispat

Corruption in Coal

1 How coal blocks were allotted subjectively

2 How private companies profiteered

3 How smaller firms lost more when some blocks were de-allotted

SPECIAL FEATURE >> 4

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Inside story

Serial Blasts Rock Pune as Shinde Takes Charge at Home Ministry

Sushil Kumar Shinde, who took over as the Union home minister on Wednesday, was greeted with bomb blasts in his home state of Maharashtra. Four low-intensity explosions went off in Pune while a fifth device was defused. One person was injured in the blasts.

The Political Theatre >> 2

Govt Mulls Probe Against TAM

The government plans to launch a probe into the alleged fudging of television viewership data by TAM Media Research after several complaints from broadcasters, reports Our Bureau from New Delhi. A top official in the information & broadcasting ministry, who did not want to be identified, said the government has received a lot of complaints about TAM in the past. “We are looking at TAM very carefully. We will soon take some action,” the official added. >> 3

SHORT-TERM MEASURES IN THE OFFING TOO

Sebi Plans Policy to Revive MF Industry

SHAJI VIKRAMAN & REENA ZACHARIAH
MUMBAI

The securities market regulator has proposed a long-term policy to revive mutual funds, which includes tax breaks for investors, higher minimum capitalisation norms, and an obligation on fund houses to push their schemes in the hinterland.

Sebi has also made a pitch for lowering of taxes and stamp duties to make the Indian capital markets competitive compared with rivals such as Singapore, its Chairman UK Sinha said in an exclusive interview.

Policymakers in India led by the prime minister have been

worried about the fortunes of India's asset management industry, hit by a sluggish stock market and the reluctance of distributors to sell mutual fund schemes to investors after Sebi banned the entry load — an amount deducted from payments by investors that is paid as commission to distributors — two years ago.

The mutual fund industry has been lobbying for reintroducing the entry load, but Sinha says the response has to be structural to boost revenues of fund houses. In an interview to ET on Wednesday, Sinha, formerly a civil servant and head of UTI Asset Management Company, said some short-term measures to boost the

industry are in the offing.

These could be in the form of incentives for selling mutual fund schemes beyond the top 10 cities in the country, and disincentives to stop the phenomenon called churning or frequent switching of schemes by distributors and fund houses.

The top five cities in the country contribute over 70% of the total assets under management in the Indian mutual fund industry.

“The response also has to be structural rather than only to enhance the revenue stream for AMCs. Sebi is contemplating that there should be a mutual fund policy of the government.”

Sebi to Discuss Specific Proposals >> 17

ET EXCLUSIVE Q&A

UK SINHA CHAIRMAN, SEBI



FULL INTERVIEW >> 8

CHEER FOR CONSUMERS

SBI Cuts Car, Home Loan Rates 50bps

Segment	Prevailing Rates	New Rates*
Car loan	11.25%	10.75%
Car loan EMI* (7 years)	₹1725	₹1699
Home loan (up to ₹30 lakh)	10.50%	10.25%
Home loan (₹30-75 lakh)	10.75%	10.40%
Home loan (above ₹75 lakh) # per lakh	11%	10.4%

OUR BUREAU MUMBAI

State Bank of India on Wednesday cut interest rates on loans for homes and cars, a move that could benefit millions of consumers. By cutting rates, the country's largest lender is trying to capture the growing retail segment in the face of falling demand for loans from corporates.

The move will force rival private sector and state-run peers to lower interest rates, which could put pressure on their profitability. SBI did not say whether lower rates will be applicable to existing customers.

“We have targeted the retail segment because the instrument of interest rate should be used for increasing credit flow,” SBI Chairman Pratip Chaudhuri said in an interview to ET NOW. “Large term loan proposals are very few and working capital for good corporates is already happening below base rates... So, for a bank like us, the option is to accelerate the retail (lending).”

The rate on car loans now stands at 10.75%, down from 11.25%, which will translate into a monthly repayment of ₹1,699 on a seven-year loan, compared with ₹1,725 earlier. The rate on home loans up to ₹30 lakh will fall to 10.25% from 10.5%. For loans between ₹30 lakh and ₹75 lakh, the rate will be 10.4%, down from 10.75%. For home loans over ₹75 lakh, the rate will be 10.4%, compared with 11% earlier. The new rates will be effective from August 7.

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Hotmail Goes Into Freezer

The Mail & Microsoft Tale

- 1988** First commercial email by Microsoft, named Microsoft Mail for Mac. It was based on InterMail, a product that MS bought & updated, but discontinued later
- 1992** Microsoft Outlook released for MS DOS
- 1996** **Sabeer Bhatia & Jack Smith** release HotMail, considered to be first free web-based email service
- 1997** Microsoft Outlook 97 released
\$400m MS paid Bhatia for Hotmail
8.5m plus subscribers Acquired by the end of the year
- 2007** MSN Hotmail re-branded and re-launched as Windows LiveHotmail
- 2010** Hotmail updated with new features to better compete with Gmail, but more importantly offered users 10 GB of free space
- 2012** **Microsoft launches Outlook.com**
To bring together the best of Outlook & Hotmail. The new email gives users access to productivity apps such as Word, Excel, PowerPoint, Skype & MSN messenger, all in one window

MS Widens Outlook, Dumps Hotmail >> 10

IS THE ANTI-CORRUPTION MOVEMENT DYING...

Even Fasting Anna Fails to Whet Appetite of Crowds

SRUTHI JITH KK & NISTULA HEBBAR
NEW DELHI

The fast by three members of Team Anna, including ideologue Arvind Kejriwal, has been on for eight days now while Hazare, 75, the movement's mascot, has been fasting since Sunday. At a comparable stage of the anti-corruption agitation last year, Delhi had nearly come to a standstill, particularly in the evenings. Tens of thousands of people participated in candle-lit marches at India Gate while the areas around Jantar Mantar swelled with crowds day and night. The popularity of the movement made the political class anxious and a nervous government made repeated tactical blunders.

This time around, even as the health of Anna and some of his supporters appears to be precarious — Delhi Police has asked organisers to move fasting leaders to a hospital — the Centre has refused to negotiate or intervene, the media is busy with other news and the movement at Jantar Mantar is failing to be the politi-



WILL THERE BE A VISION CHANGE?

cal force that it was last year. There is little chatter on social media and the political class is heaving a sigh of relief.

The government has determinedly stayed away from engaging with Team Anna this time. In a letter dated June 9, the Prime Minister's Office was categorical in dismissing the demand to set up a Special Investigation Team to probe allegations, which, it said, were based on a leaked draft CAG report. The Lokpal Bill is with a select committee and Team Anna was free to approach it with any suggestions it may have, the letter said.

Anna Failed in the Art of Compromise >> 17

OYSTER PERPETUAL DATEJUST II

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