

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**Finance Minister: Due to various policy measures undertaken by the present Government, Indian Economy has achieved robust growth rate despite volatility and uncertainty in global economy; asks Captains of Indian Trade and Industry to come forward and make increased Private Investment especially in Infrastructure Sector .**

**New Delhi, January 6, 2015**  
**Pausha 16, 1936**

The Union Finance Minister Shri Arun Jaitley said that in the first half of the Current Financial Year 2015-16, the Indian Economy has achieved robust growth rate despite volatility and uncertainty in global economy. He said that this was made possible by a slew of policy measures undertaken by the present Government including enhanced public investment, kick starting stalled projects, improving the status of financial inclusion significantly, improving governance through systematic changes like open auction of natural resources like coal and spectrum in a transparent manner, and greater fiscal federalism and improving business environment through reforms in policies and regulation among others. Shri Jaitley said that the current level of growth rate of our economy and sound fiscal fundamentals present better growth prospects for the next Financial Year 2016-17 as well. The Finance Minister Shri Jaitley was making the Opening Remarks during his third Pre-Budget Consultative Meeting with the representatives of Industry and Trade Groups here today.

The Union Finance Minister Shri Arun Jaitley said that the Government will continue to expand public spending even during the next financial year despite the major financial implications of the recommendations of the 14<sup>th</sup> Finance Commission which reduced the share of the Central Government by 10% and its forthcoming financial obligations due to implementation of One Rank One Pension (OROP) and 7<sup>th</sup> Pay Commission Recommendations in the coming financial year. He asked the representatives of Business and Trade Sector to increase the private sector spending especially in infrastructure sector.

Various suggestions were received during the aforesaid Consultative Meeting. Major recommendations include higher investment in irrigation and rural infrastructure sector as this will increase the spending capacity of the rural people which in turn will create demand for various items and increased economic activity. Other suggestions included focus on disinvestment of public sector undertakings by the Government to raise additional revenue and to reduce Government borrowings which, in turn, will make more money available for the private sector to borrow. Other suggestions included reduction in subsidy outflows and direct payment of fertilizer subsidy to farmers.

Suggestions were made that 7<sup>th</sup> Pay Commission recommendations be implemented in staggered manner and tax collections be increased by expanding the base. It was suggested that Minimum Alternate Tax (MAT) be withdrawn in calibrated manner, tax exemptions and allowances be withdrawn while tax rate may be rationalised in order to bring transparency, certainty and less discretion to make the tax administration more transparent and efficient. Tax incentives be given for use of debit and credit card, payment of utilities be made

mandatory by cheques or through e-payment, clarity of policies by CBEC & CBDT to its field offices to avoid any discrepancies and discretions in tax administration and implementation of GST at the earliest.

Other suggestions include measures be taken to revive private sector investment especially in infrastructure sector through NIIF, use of Infrastructure Finance Companies like IIFCL to rebuild the capacity of the private infrastructure sector by making it easier for them to raise funds. Bank guarantees be replaced by 'bid bonds' or 'surety bonds' for companies which, in turn, will help them getting credit at reduced cost and removal of cess and surcharges etc.

Other suggestions include measures to attract youth to agriculture sector by making farming highly mechanized and improving productivity. For this 'Agriculture Equipment Banks' may be set-up, segments of land be made in three categories, viz, barren land, single crop land and multi-crop land and separate rules for dealing with each category may be made.

Start-up parks for attracting young entrepreneurs be set-up on the line of IT parks. Suggestions were made that in order to 'Make in India' and 'Ease of doing Business' successful, measures may be taken to reduce the cost of doing business for which we need to improve infrastructure and reduce credit cost. To deal with the problem of NPA, recapitalization of banks be done through offering of shares to public. As regards tax matters, it was suggested that no appeal should be made where the two consecutive orders are in favour of the assessee except in rare situation and assesses may not be asked to deposit in case of first appeal and be asked to deposit only in case of second appeal.

It was suggested that measures be taken to generate demand in real estate sector which will in turn boost the steel and cement sectors which are major sectors for employment generation. Other suggestions include raise in exemption limit in case of income tax be raised from Rs. 2.00 lakh to Rs. 5.00 lakh, corporate tax be reduced to 25%, nominal rate of interest be charged on delayed payments, rationalization of exemptions and allowances and reduction in tax rates, reduction in corporate tax be extended to partnership firms etc.

It was suggested that measures be taken to uplift the power sector which is facing a challenging time, credit to MSME sector be boosted, Mid Day Meal Scheme may be scrapped due to large scale seepages and non-transparency in the implementation of the same. Suggestions were made to boost the exports, especially the MSME exports. It was suggested to boost e-commerce in mobile payment to achieve the goal of cashless economy, guidelines be issued for removal of anomalies in case of taxes being imposed by different States on e-payment and e-commerce. It was suggested to reduce customs duty on set-top boxes from 10% to 5%, and media entities be included for carry forward of losses in case of merger among others.

Along with the Finance Minister Shri Jaitley, the Pre-Budget Consultative Meeting with the representatives of Industry and Trade Groups was also attended among others by Shri R.N. Watal, Finance Secretary, Shri Shaktikanta Das, Secretary, DEA, Dr. Hasmukh Adhia, Revenue Secretary, Ms. Anjuly Chib Duggal, Secretary, Financial Services, Shri Amitabh Kant, Secretary, DIPP and Dr. Arvind Subramanian, Chief Economic Adviser (CEA). The representatives of the Industry and Trade Groups present during the meeting included Shri Sumit Mazumdar, President, CII, Shri Sunil Kanoria, President, ASSOCHAM, Shri Harshavardhan Neotia, President, FICCI, Shri R. Chandrasekhar, Chief Economist,

NASSCOM, Shri Ajay Piraman, Piramal Enterprises Ltd, Shri S.C. Ralhan, President, FIEO, Shri R Seshasayee, Vice Chairman, Ashoik Leyland, Shri Ashish Gupta, Consulting CEO, Federation of Associations in Indian Tourism & Hospitality (FAITH), Shri P.K. Shah, Chairman, EEPC India, Shri G. Venkatesh Babu, LANCO Anpara Power Ltd, Shri Sangam Kurade, President, Federation of Indian Micro and Small & Medium Enterprises (FISME), Shri Abhishek Tiwar, Federation of Indian Women Entrepreneurs (FIWE), and Shri Girish Srivastava, Secretary General IBF among others.

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