

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**FM: GOVERNMENT HAS TAKEN LOT OF INITIATIVES IN DIFFERENT
SECTORS IN THE LAST 7-8 MONTHS WITH AN OBJECTIVE TO TAKE THE
ECONOMY ON A HIGHER GROWTH PATH; OVERALL, WITH GROWTH
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MACRO-ECONOMY STABILITY HAS IMPROVED**

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The Union Finance Minister Shri Arun Jaitley said that his Government has taken lot of initiatives in different sectors in the last 7-8 months with an objective to take the economy on a higher growth path. He said that overall, with growth improving and inflation and external fronts under control, macro-economy stability has improved. The Finance Minister said that the growth deceleration has bottom out and the revival has started. Shri Jaitley said that economy registered a higher growth in the first half of the current financial year at 5.5% as compared to last year's 4.9% in the first half, and 4.7% for the full financial year 2013-14. The Finance Minister, Shri Jaitley was making his Opening Remarks during the Pre Budget Consultative Meeting with the Economists here today. The Finance Minister further said that the government is committed to fiscal discipline and with sharp decline in international oil prices and due to focused attention from the Government, the Current Account Deficit (CAD) is also within the comfort level. The Finance Minister said that global economic situation is facing a critical challenge and the present Government is committed to regain the investors' confidence for investment in infrastructure and revival of manufacturing sector among others.

The meeting was attended among others by Shri Jayant Sinha, Minister of State for Finance, Shri Rajiv Mehrishi, Finance Secretary, Shri Shaktikanta Dass, Revenue Secretary, Shri Ratan P. Watal, Secretary (Expenditure), Ms. Ardhana Johri, Secretary (Disinvestment), Dr. Arvind Subramanian, Chief Economic Adviser, Ms. Anita Kapur, Chairperson, CBDT, Shri Kaushal Srivastava, Chairman, CBEC and Ms. Snehlata Shrivastava, Additional Secretary (DFS). The Economists present during the meeting included Shri Abhijit Banerjee, MIT, Shri Partha Mukhopadhyay, CPR, New Delhi, Ms. Esther Duflo, MIT, Mr. Errol D'Souza, IIM Ahmedabad, Ms. Rohini Somanathan, Delhi School of Economics, Shri Chetan Ghate, ISI, Delhi, Shri Niranjana Rajadhyaksha, Livemint, Shri Sabyasachi Kar, Institute of Economic Growth, Shri R. Nagaraj, IGIDR, Mumbai, Shri Ajit Ranade, Aditya Birla Group, Shri Tushar Poddar, Goldman Sachs, Shri Sajjid Chinoy, J.P. Morgan, Ms. Sonal Varma, Nomura, Shri Pulapre Balakrishnan, CDS and Shri Subir Gokarn, Brookings India among others.

Various suggestions were received from the Economists for consideration of the Finance Minister while formulating the budgetary proposals for the Union Budget 2015-16. The economists in general expressed their optimism about growth of Indian economy and its capacity to realize its full potential in near future. Other countries shall not be allowed to harvest India's growth prospects. Focus be given to domestic market and consumption as global economy is still not showing positive signs of growth except USA. Major suggestions include focus on boosting growth, containing inflation, rationalization of subsidies,

containing fiscal deficit and above all, bringing back the investors' confidence among others. The suggestions were received for larger public investment in agriculture, infrastructure sector including rural infrastructure among others. Besides this, suggestions were made for fiscal consolidation, change in structure of budget formulation including adoption of accrual accounting system in place of cash accounting and maintaining credibility of numbers,, raising revenue resources through sales of spectrum, road map for subsidy rationalization in areas of food, urea and kerosene etc. It was suggested that single window system be implemented both at Centre and States level for ease of doing business. Centre and States shall be on the same board and mechanism be put in place to ensure effective implementation of decisions up to grass root level.

Some other suggestions included recapitalization of banks, push in disinvestment to achieve the targets, strengthening of corporate bond market, establishing institution for long term fiscal policy and new fiscal framework, setting-up of independent fiscal committee, institutional framework for managing imports of gold, setting-up of a mechanism to monetize gold such as gold demat etc. Besides this, some suggestions were received for tax reforms including widening tax base, making culture of tax compliance involuntary, not raising the threshold limit of income tax, and tax on agriculture income, setting-up more tax tribunals for resolution of tax disputes in a time bound manner among others,

Other suggestions included focus on revival of banking sector, setting-up a committee of retired and experienced bankers to resolve cases of NPA, making MD & CEOs of PSBs accountable to Board of Directors of the Bank, investment in Government securities may be made more transparent and predictable.
