

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**FM: INFRASTRUCTURE SECTORS SUCH AS COAL, POWER AND CEMENT  
HAVE BEEN RECORDING DOUBLE DIGIT GROWTH IN THE LAST FEW  
MONTHS WHILE GROWTH IN MANUFACTURING SECTOR IS STILL PATCHY;  
REVIVING MANUFACTURING IS ONE OF THE MAJOR CHALLENGES OF OUR  
ECONOMIC MANAGEMENT**

**New Delhi, January 6, 2015**  
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The Union Finance Minister Shri Arun Jaitley said that the Infrastructure Sectors such as coal, power and cement have been recording double digit growth in the last few months while growth in manufacturing sector is still patchy. He said that reviving manufacturing, diversifying its base and equipping it for robust long run expansion is one of the major challenges of our economic management. The Finance Minister, Shri Jaitley was making the Opening Remarks during the Pre Budget Consultative Meeting with the representatives of Trade and Industry here today. He said that we still have lot of distance to cover. The Finance Minister said that ease of doing business is high priority for the Government. He said that we are working on a task given the Prime Minister to improve India's ranking on the ease of doing business index. He said that implementation of GST is expected to improve the tax administration regime and would help in bringing more transparency in the system and ensure smooth flow of goods. It will also help in better implementation and collection of taxes. He said that reforms measures undertaken by the present Government in coal sector, insurance and amendments in Land Acquisition Act etc will make a major difference in improving the Indian economy's performance.

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, Dr. Hasmukh Adhia, Secretary (DFS), Ms. Ardhana Johri, Secretary (Disinvestment), Shri Rajiv Kher, Secretary, Department of Commerce, Ms. Anita Kapur, Chairperson, CBDT, Shri Kaushal Srivastava, Chairman, CBEC, and Ms. Aditi S. Ray, Principal Adviser, DIPP among officers while the representatives of Industry and Trade included Shri Ajay Shriram, President, CII, Shri Rana Kapoor, President, ASSOCHAM, Dr. Jyotsna Suri, President, FICCI, Shri D. Gandhi Kumar, President, Federation of Indian Micro and Small & Medium Enterprises (FISME), Ms. Rajni Agarwal, President, Federation of Indian Women Entrepreneurs (FIWE), Shri M. Rafeeqe Ahmed, President, FIEO, Shri Vipul Shah, Chairman, Gems & Jewellery Export Promotion Council, Shri Ashish Gupta, Consulting CEO, Federation of Associations in Indian Tourism & Hospitality (FAITH), Shri A. Sakthivel, Tirupur Exporters' Association, Shri R.C. Bhargava, Chairman, Maruti Suzuki India, Shri R. Shankar Raman, CFO, L&T, , Shri Amit Bakshi, ERIS Life Sciences, Shri S.B. Misra, MINEX Metalurgical, , Shri Ratin Basu, MD, Aistom India, Shri Sunil Sood, COO, Vodafone India, Shri G.H. Singhanian, CMD, Raymonds Ltd., Shri Anupam Shah, Chairman, EEPIC India, Shri K.N. Bajaj, Bajaj Group, and Shri Shashi Ruia, ESSAR Group among others.

The representatives of Trade and Industry made various recommendations for consideration of the Union Finance Minister while formulating the budgetary proposals for the financial year 2015-16. The major recommendations include measures for fiscal consolidation, promoting investment (both domestic and foreign), containing inflation, generating employment and creating skills as well as for facilitating ease of doing business among others. Other recommendations include flag-off strategic sale of loss making Public Sector Undertakings (PSUs), deployment of PSUs surplus funds to add and expand capacity, effect phased dilution of Government stakes in Public Sector Banks to 51%, create a National

Asset Management Company (NAMCO) which would take NPAs off the bank's balance sheet and also focus on reconsolidation, recapitalization and refinancing of banks, encourage use of the reverse BOT structuring to finance infrastructure projects where the initial construction cost is borne by the Government/PSUs ; and to fund programmes such as Swachh Bharat Abhiyan, Clean Ganga Programme, creation of Smart Cities, create an SPV based on a revenue generated model among others.

It was suggested that all major subsidies be made available to only BPL households, create a Fuel Price Stabilization Fund to check volatility in fuel prices, implement PSU disinvestment systematically, strategy required on restructuring/ privatization of loss making PSUs (both Centre and States). The representatives of trade and industry also suggested incentives to kick start investment, fast track clearance of stalled/stuck projects and encourage investments in infrastructure funds/trusts, and development of an efficient and Vibrant Corporate Bond Market among others.

Various suggestions were also made with regard to tax reforms and tax administration including genuine efforts to establish non-adversarial and conducive tax environment, tax regime to be made predictable, sustainable and transparent among others.

Some of the representatives suggested the need for affordable housing, digitization of land records, single window clearances, introduction of municipal bonds, smart city bonds. Some of the representatives emphasized the need for higher investment in health care and education sector and to focus on generation of resources through railways to meet requirements of other infrastructure sector, and consolidation of regulators etc. It was also suggested that woman on Board of Directors of all Public Sector Banks and Financial Institutions be made mandatory, establishment of National Tourism Holding Company with tripartite agreement with State Government for global bidding fund for large international conventions and sport events etc.

In order to boost the exports, it was suggested among others that the removal of duty on petroleum products imports under advance licenses, expediting payment of duty drawback and central excise rebate claims, exemption from excise duty on purchase of capital goods from indigenous manufacturers under EPCG scheme, service tax exemptions for exports and currency hedging not be treated as speculative transaction rather be treated at par with trading in derivatives, incentivizing manufacturing firms in exports, safe harbor rules for contract manufacturing for other sectors including pharma, continuation of interest subvention scheme for a further period of three years( it expired on 31<sup>st</sup> March, 2014) and setting-up of an Export Development Fund with focus on marketing research and innovative tools of marketing as it would help not only existing exporters but would also attract new entrepreneurs in the field of exports.

Other suggestions include continuous support for export of small cars, extension of Investment Allowance under Section 32 Ac of IT Act to the non-corporate sector including readymade garment manufacturers and minimum ceiling of investment maybe scaled down from Rs. 25 crore to Rs. 1 crore among others.

Some of the trade representatives appreciated the Government's bold steps to issue Ordinances with regard to coal blocks' auction, insurance laws and Amendments in Land Acquisition Act etc. which indicates that Government is decisive and fully committed in making reforms.

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