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**UNION FINANCE MINISTER HOLDS PRE-BUDGET CONSULTATION WITH  
THE REPRESENTATIVES OF INDUSTRY AND TRADE GROUPS; CALLS FOR  
DIRECTIONAL THRUST TO TRANSLATE ENTHUSIASM AMONG THE  
INDUSTRY INTO BETTER RESULTS**

**New Delhi, June 6, 2014**  
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The Union Finance Minister Shri Arun Jaitley said that the economic situation at present is quite challenging but there is enthusiasm among the industry to turn it to its advantage. He said that there is need to give directional thrust to translate the same into better results. The Finance Minister was speaking here today while interacting with the captains of Indian Trade and Industry as part of his Pre-Budget Consultation meetings.

Along with the Finance Minister, the meeting was attended by Ms. Nirmala Sitharaman, Minister of State for Finance and Corporate Affairs, Shri Ratan P. Watal, Expenditure Secretary, Shri Rajiv Takru, Revenue Secretary, Shri G.S. Sandhu, Secretary, Financial Services, Shri Amitabh Kant, Secretary, Department of Industrial Policy and Promotion (DIPP) and senior officers of the Ministry of Finance among others.

Various suggestions were received from the representatives of different Industry and Trade Groups. Major suggestions include that the Government to follow the path of fiscal consolidation, curbing inflation especially food inflation, push GST, deferment of GARR for at least next three years, no retrospective amendments in tax laws henceforth as it hurts business sentiments in general and discourages foreign investment in particular. Suggestions were made to follow 3 Cs-- Credibility of policy, Continuity of decisions and Clarity of legislation among others. Other suggestions include transparency and clarity in tax laws especially those relating to transfer pricing, encouraging foreign subsidiaries of Indian companies to bring back the money by exempting dividend from MAT; no MAT on exempted income such as long term capital gains etc. among others

Other suggestions include productive use of subsidies, exemption /rebate to new industry, banks recapitalization through capital market, abolition of service tax on tourism activities to boost tourism, reduction in MAT, single assessment instead of multiple assessments for same period by tax authorities, revision of reservation list of items reserved exclusively for manufacture in MSME Sector, discourage import of items produced by low cost machineries through effective taxation policy, monitoring of items relating to MSME Sector, imported from neighbouring countries under SAFTA and stringent action to discourage the same.

Other suggestions include removal of 2% duty on bicycle which is highly eco friendly and fixing of floor prices in case of imported bicycles , imposition of import duty on bicycle and its parts not less than 40% to arrest cheap imports and introduction of a 'Technological Upgradation Fund Scheme' to help bicycle industry in the country.

Other suggestions include promotion of women enterprises in the country which is at present about 4% only and therefore, women enterprises particularly in MSME Sector be given exemption from taxes atleast for two years. Another suggestion was made since MGNREGA is affecting the industries and therefore, be reserved for elderly people and women as they can't migrate whereas youth should be given skill development training in the industries.

Other suggestions include investment linked incentives be allowed without any threshold limit to benefit MSME as present threshold limit of Rs. 100 crore apply only to large industries; introduction of technological upgradation allowance; scrap TDS on payments made u/s 195 of the Income Tax Act 1961; exemption of exports from Service Tax; Service Tax exemption for services sought abroad under Reverse Charge Mechanism (RCM) such as brand promotion & advertising services etc.; Service Tax exemption for EPCs/FIEO; excise duty exemption slab for SSI units be increased from Rs. 1.50 crore to Rs. 3.00 crore; exports be brought back under priority sector lending; extension of Interest Subvention Scheme to all sectors and merchant exporters ; and creation of Export Development Fund with a corpus of minimum 1% of the preceding year's exports among others.

Representatives of different Industry and Trade Groups who participated in today's meeting included Shri Ajay S. Shriram, Confederation of Indian Industries (CII), Shri Sidharth Birla, Federation of Indian Chambers of Commerce and Industries (FICCI), Shri Rana Kapoor, ASSOCHAM, Shri Sharad Jaipuria, PHD Chammer of Commerce and Industry, Shri M. Rafeeq Ahmed, FIEO, Mrs. Kiran Mazumdar Shaw, BIOCON Ltd., Shri Shashi Ruia, ESSAR Group, Shri Sunil Bharti Mittal, Bharti Enterprises Ltd., Shri S.N. Subrahmanyam, L&T, Shri Badish Jindal, Federation of Association of Small Scale Industries of India, Shri Tulsi R. Tanti, Suzlon Energy Ltd., Shri B.P. Rao, CMD, BHEL, Shri Venugopal N. Dhoot, Videocon Group of Companies, Shri Vipul Shah, Gems & Jewellery EPC, Shri R. Chandrashekhar, NASSCOM, Shri P.K. Shah, EEPC, Shri P.C. Nambiar, Export Promotion Council for EOUs & SEZ, Shri J. Vadivelu, South Indian Chamber of Commerce & Industry, Shri Sanjiv Mehta, Hindustan Unilever Ltd. and Shri A. Shaktivel, Tripur Exporters Association among others.

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