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UNION FINANCE MINISTER HOLDS HIS PRE-BUDGET CONSULTATION MEETING WITH ECONOMISTS; PRIORITY OF THE GOVERNMENT WOULD BE RESTORING THE ECONOMIC GROWTH, CURBING INFLATION, TO FOLLOW THE PATH OF FISCAL CONSOLIDATION AND CREATE AN ENVIRONMENT FOR HIGHER EMPLOYABILITY

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The Union Finance Minister Shri Arun Jaitley said that the growth of the country has been below 5% in the recent years. He said that economic growth cannot be compromised at any cost. The Finance Minister said that his Government is committed to bring the economy back on the track. He said that priority of the Government would be to restore the economic growth, curb f inflation, follow the path of fiscal consolidation and to create an environment for higher employability. He said that recently released data by Central Statistical Organization shows that Mining and quarrying sectors have shown a negative growth trend. The manufacturing sector too had an abysmal performance last year, he added. The investment cycle has been disturbed. Inflation continues to be rising with April figure at 8.9%. Shri Jaitley said that the slow-down in economic growth coupled with high inflationary pressure poses a challenge to the macroeconomic environment. The Union Finance Minister Shri Jaitley said that his Government is committed to reverse this trend and take the things on positive path. The Finance Minister was making the Opening Remarks during his Pre-Budget Consultation with Economists here today.

Along with the Finance Minister, the meeting was attended by Ms. Nirmala Sitharaman, Minister of State for Finance and Corporate Affairs, Dr. Arvind Mayaram, Finance Secretary, Shri Ratan P. Watal, Expenditure Secretary, Shri Rajiv Takru, Revenue Secretary, and other senior officers of the Ministry of Finance among others.

Various suggestions were received from the Economists. Major suggestions made during the aforesaid meeting among others include to do away with retrospective tax amendments, removal of all kind of cess and surcharges rather increase rate of tax if so required, removal of dividend distribution tax and introduction of inheritance tax above certain threshold limit as in case of many other capitalist countries.

Other suggestions include simplification of process for transfer of funds to States including in case of Centrally Sponsored Schemes (CSS), consolidation of State Financing agencies and formulation of National Competition Policy among others.

Some of the other suggestions include change of entitlement mindset, provision of credit and support structure for labour intensive manufacturing sector to create more job opportunities, changes in labour laws and increasing revenue by use of technology, increasing tax base and reducing tax uncertainty as well as discretionary powes of junior tax officers among others.

Other suggestions include reduction of import duty on some of the food items, articulate economic vision in Budget Speech which way we are going and with what objectives, allow spectrum trading e.g. exchange of defence spectrum with DOT Specturum for better results, resolution of tax disputes of certain threshold limit at Tribunal level, need for review why there is tax refund of about 20% of total tax collections every year, low tax rate on dividend income above certain threshold limit, bring down interest rate to revive investment cycle, encouraging export promotion and import substitution and to have competitive exchange rate to build industrial capacity among others

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Economists who participated in today's meeting include Dr. Surjit Bhalla, OXUS Research & Investments, Prof. Rohini Somanathan, Delhi School of Economics, Dr. Omkar Goswami, CERG Advisory, Shri Nitin Desai, Dr. Ashima Goyal, IGIDR, Prof Manoj Panda, Institute of Economic Growth, Prof. Ritu Dewan, University of Mumbai, Prof Abhirup Sarkar, ISI, Kolkata, Shri Ajit Ranade, Aditya Birla Group, Prof Alakh N. Sharma, Institute for Human Development and Shri Nagesh Kumar, UN-ESCAP among others.

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