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GOVERNMENT OF INDIA**

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**FM: Indian economy is on path of recovery despite uncertainty and volatility in global economic situation; Government continues to adhere to the path of fiscal consolidation; Gross tax revenues of the Government increase by 20.8 per cent during April-November 2015-16 over the corresponding period in the previous year led by a buoyant growth in indirect taxes**

**New Delhi, January 13, 2016**  
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The Union Finance Minister Shri Arun Jaitley today said that Indian economy is on path of recovery despite uncertainty and volatility in global economic situation. He said that India recorded a higher growth of 7.3 per cent in 2014-15 as compared to 6.9 per cent growth achieved in 2013-14 and 5.1 per cent in 2012-13, despite the slowdown witnessed in the world economy, pointing toward resilience of the Indian economy. He said that the rate of growth of GDP in the first half of the current financial year 2016-17 is estimated to be 7.2 per cent. The Finance Minister was making the Opening Remarks during his pre-Budget consultation Meeting with the leading economists here today.

The Finance Minister Shri Jaitley further said that the Government continues to adhere to the path of fiscal consolidation. He said that the Budget 2015-16 targeted fiscal deficit of 3.9 per cent of GDP, as compared to 4.0 per cent in 2014-15 in spite of the pressing need for enhanced public investment to boost the economic growth. He said that this achievement is all the more significant as the Government fully implemented its tough commitments on account of requirements of federal structure i.e. greater tax devolution-from 32 per cent to 42 per cent of the divisible pool to States following the recommendations of the Fourteenth Finance Commission. He said that the fiscal deficit in April-November 2015-16 stood at 87 per cent of the Budget Estimates vis-à-vis 98.9 per cent in the corresponding period of the previous financial year. On the other hand, the Minister said that the Gross tax revenues of the Government increased by 20.8 per cent during April-November 2015-16 over the corresponding period in the previous year, which was mainly led by a buoyant growth in indirect taxes including excise, customs duty and service tax collections.

Various suggestions were made during the Finance Minister's Meeting with the eminent Economists for consideration of the Finance Minister while formulating the budgetary proposals for the Union Budget 2016-17.

The major suggestions included in bringing changes in small savings rate which will in turn push the economy and to focus on increasing private and public investment. Some of the members suggested not to go for aggressive fiscal consolidation and continue on public spending while some of the members were of the view that higher growth can be achieved even by following the path of fiscal consolidation among others and the Government should not compromise in fiscal measures.

Other suggestions included focusing on measures on poverty reduction, increasing female labour participation in the growing economy and development measures for Tribal community. It was suggested that the Socio Economic Caste Census need to be used for

identifying the right beneficiaries and thus bringing them to the forefront. It was suggested that the LPG subsidy is regressive and need to be done away with. It was further opined that the Fertilizer subsidy was not benefitting the farmers and it is time to relook into it. There was mixed opinion in terms on reduction of corporate tax as some found it be favoring the rich and others found it to be a great step towards increasing investment and thus boosting the economy. There was suggestion to relook into the Income Tax slabs to bring about parity within the different sections of population. At the same time, many congratulated the Government for the measures undertaken by it for swift online filing, processing of Income Tax returns, online issue of refunds within week in some cases, on line assessment, on line reply to queries etc and thus making the whole process transparent, efficient and citizens centric.

Other suggestions included setting-up of a Fiscal Council, maintaining medium term Fiscal targets, ensuring time bound investment under Corporate Social Responsibility(CSR), measures to address or incentivize the families affected by catastrophic diseases as this brings many families from APL to BPL. There were also suggestions to deal with NPAs, as declaration of 'Bad Banks', to be strict on companies defaulting and performing at loss due to their own mis-management and malfunctioning etc. It was also suggested to make the Disinvestment of companies in small phases through-out the year according to the changes in the market such that the targets can be attained and overall better returns can be ensured.

Along with the Finance Minister Shri Arun Jaitley, the aforesaid Pre-Budget Consultative Meeting with the Economists was also attended among others by Shri Jayant Sinha, Minister of State for Finance, Shri RP Watal, Finance Secretary, Shri Shaktikanta Das, Secretary, DEA, Dr. Hasmukh Adhia, Revenue Secretary, Ms. Anjuly Chib Duggal, Secretary, Financial Services, Dr. Arvind Subramanian, Chief Economic Adviser (CEA). The Economists present during the meeting included Shri Abhijit Banerjee, MIT, Shri Partha Mukhopadhyay, CPR, New Delhi, Ms Rinku Murgai, World Bank, Shri S. Mahendra Dev, IGIDR, Shri Pulapre Balakrishnan, CDS, Thiruvananthapuram, Shri T.N. Ninan, Business Standard, Shri Ajit Ranade, Aditya Birla Group, Shri Sajjid Chinoy, J.P. Morgan, Ms. Sonal Varma, Nomura, Shri Niranjan Rajadhyaksha, Livemint, Shri Sunil Jain, Express India, Shri Rakesh Mohan, Shri Nitin Desai, Shri Soumya Kanti Ghosh, State Bank of India, Ms Pranjul Bhandari, HSBC, Shri Josh Felmen among others.

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