

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**FM: IMMEDIATE CHALLENGES BEFORE THE GOVERNMENT IS TO
INCREASE THE GROWTH RATE AS IT WILL BOOST BOTH THE ECONOMIC
ACTIVITIES AND THE REVENUE COLLECTIONS; FM HOLDS PRE BUDGET
CONSULTATION MEETING WITH FINANCE MINISTERS OF STATES AND
UNION TERRITORIES**

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The Union Finance Minister Shri Arun Jaitley said that immediate challenges before the Government is to increase the growth rate as it will boost both the economic activities and the revenue collections. The Finance Minister said that as per different estimates, the growth rate is expected to be in the range of 6 to 6.5% during 2015-16 even though Indian economy has a potential to grow at much higher rate. The Finance Minister Shri Jaitley was making the Opening Remarks during his Pre-Budget Meeting with the Finance Ministers of all the States and Union Territories here today. The Finance Minister Shri Jaitley said the growth in service sector is quite good while growth in agriculture is reasonable. He referred to the patchy growth in the manufacturing sector and stated that this was one of the biggest challenge for the Centre. He urged the States to work with Centre for putting India back on the path of higher growth rate. The Finance Minister referred to the Prime Minister's formulation that in the federal structure, Centre and State together constitute "Team India". The Finance Minister Shri Jaitley stated that the "*India grows when the States grow*". He told the forum that active reform steps have been taken and some more steps would be taken in the coming months. The Finance Minister Shri Jaitley informed the State CMs/FMs that the Fourteenth Finance Commission (FFC) has submitted its report which is under the consideration of the Central Government.

The participating in the discussion, the Finance Ministers of different States and Union Territories gave their suggestions and requested the Union Finance Minister to consider the same while formulating the budgetary proposals for the Union Budget 2015-16. State Governments made suggestions related to Goods and Services Tax (GST), streamlining and decentralisation of Centrally Sponsored Schemes(CSS), fiscal transfers to States, State specific economic issues, infrastructure related issues, inter linking of rivers and financial

inclusion etc.

Other suggestions include more allocations of funds directly to the States. Some states asked for tax holiday in order to increase investment in their States. Mining States called for removal of export duty on iron ore among others. Some States asked for increasing the limits of borrowing keeping in view FRBM requirements and the decrease in rate of market borrowing etc. Some states called for more funds under JNNURM for urban renewal mission and encouragement to the SME sector. Some asked for declaration of water as a national asset, restructuring of MGNAREGA and provision of remunerative price mechanism for agriculture produce in lieu of Minimum Support Price (MSP) among others.

In his concluding remarks, the Finance Minister Shri Arun Jaitley assured the States that the suggestions made by the State representatives in the meeting and the memorandum submitted by them would be duly examined in the Ministry and would be used as valuable inputs to the Budget 2015-2016. He emphasised the need to address regional disparities through evenness of growth between states. While maintaining the imperative of growth fiscal discipline can not be compromised, the Finance Minister indicated that cooperative federalism has been the underlying theme of the financial management by this Government. The Finance Minister Shri Jaitley reiterated that economic spin-off of implementation of GST will be hugely beneficial to both Centre and the States. Shri Jaitley said that we have to jointly ensure its implementation. Most of the States supported and welcomed the initiative of the Central Government regarding the implementation of GST and provision of Rs. 11,000 crore in the current fiscal for CST compensation to the States and assurance of the Central Government that any State suffering any loss due to GST implementation would be fully compensated among others.

In the end, the Finance Minister assured the States and the UTs that the issues raised and suggestions made by them will be looked into in detail and all efforts would be made to address them.

The meeting was attended by among other by the three (3) Chief Ministers holding Finance portfolio, 13 Finance Ministers/ Ministers representing their Finance Ministers of States, Lt.Governor of NCT-Delhi, and Senior Officials of the different States and Union Territories.

The meeting was also attended by the Minister of State for Finance Shri Jayant Sinha, Finance Secretary Sh. Rajeev Mehrishi, Revenue Secretary Shri Shakti Kanta Das, Expenditure Secretary Shri Ratan P. Watal, Secretary Financial Services Dr. Hasmukh Adhia, Chief Economic Adviser (CEA) Dr. Arvind Subramanian and other senior officials of the Ministry of Finance among others.

DSM/rs