

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

\*\*\*\*\*

**FINANCE MINISTER HOLDS MEETING WITH REPRESENTATIVES OF  
BUSINESS AND TRADE AS PART OF PRE-BUDGET CONSULTATIONS; CALLS  
FOR 9 PERCENT PLUS GROWTH FOR A SUSTAINABLE PERIOD TO ACHIEVE  
THE OBJECTIVE OF INCLUSIVE GROWTH; INDUSTRY ASKS FOR  
IMPROVEMENT IN OUTCOME OF EXPENDITURE ON SOCIAL PROGRAMMES,  
WIDENING OF TAX NET, SHIFTING TO ACCRUAL BASED BUDGETING FROM  
CASH BASED, ACCELERATION IN THE DISINVESTMENT PROCESS AND  
BOOST IN AGRICULTURAL GROWTH AMONG OTHERS**

**New Delhi: Magha 14, 1933  
February 03, 2012**

The Union Finance Minister Shri Pranab Mukherjee has said in order to achieve the objective of inclusive growth, we need to have 9 plus growth rate for a sustainable period. The Finance Minister said that in order to ensure that everybody gets due share of development, it is necessary that the benefits of the various development programmes reach the targeted beneficiaries in the given timeframe. The Finance Minister Shri Mukherjee was addressing the representatives of Indian business and trade here today in a meeting called by him as part of the Pre-Budget consultation process. The Finance Minister Shri Mukherjee said that there are various challenges before us including higher growth, keeping inflation and fiscal and revenue deficit to manageable level among others which we all have to address collectively. The Finance Minister gave a brief account of micro and macro economic situation to the business and corporate leaders before soliciting their suggestions on vital economic issues. About 20 representatives of industry and trade sector attended the today's meeting. Those who attended the today's meeting included Shri B. Muthuraman from CII, Shri R.V. Kanoria from FICCI, Shri R.N. Doot, Assocham, Shri Y.C. Deveshwar, ITC Ltd., Shri Nitin Paranjpe, Hindustan Unilever Ltd., Shri Tulsi R. Tanti, Suzlon Energy Ltd., Shri B.P. Rao, BHEL, Dr. Naresh Trehan, Mdeanta, Shri M. Rafeeq Ahmed, FIEO, Shri Som Mittal, Nasscom, Shri Suman Jyoti Khaitan, PHD Chamber of Commerce & Industry, Shri Joginder Kumar, Federation of Tiny & Small Industries of India and Shri R.K. Sonthalia, Export Promotion Council for EOUs & SEZ among others.

The representatives of business and trade sector gave various suggestions for consideration of the Finance Minister. Some business leaders suggested that there is a need for amendment of Fiscal Responsibility and Budget Management (FRBM) Act with a roadmap for reduction in fiscal deficit in the next five years which would help in infusing a sense of discipline in raising revenues and containing expenditure. Most of the business leaders were in favour of reduction in interest rate at least by 50 basis points to send the positive signal to the market, industry and the corporate world at large as well as to boost the investment sentiments. It was also suggested that service tax base may be widened with a negative list and to exempt infrastructure sector companies and SEZ units from MAT. It was suggested to shift to accrual based budgeting from

cash based budgeting for better outcome of money spent. It was suggested to revisit concept of dividend distribution tax. Disinvestment should come back on the agenda of the Government alongwith a roadmap. In order to improve health care, it was suggested that a benefit of tax deduction of Rs.10,000 be given to the citizens for preventive health check-up. It is better to invest in health care than curing the disease. In order to boost the renewable sector, it was suggested that accelerated depreciation be continued for another decade for SMEs in this sector. It was also suggested that to achieve 8-9 GDP growth, agriculture sector should also grow at 4-5% to feed more than 1.2 billion people of India. In order to achieve this, modern farming techniques, Model Land Leasing Act, legalising land leasing in all States, encouraging R&D, setting-up of National Mission on Farm Mechanisation in PPP mode among others were suggested. It was also suggested that fruits, vegetables, milk and other perishables should be de-notified from APMC list. In order to improve the tax administration system and better generation of revenue, it was suggested to make tax evasion difficult and bring more items under tax net, move to e-invoicing system, implement DTC in its entirety and clear funds held-up in tax litigation and disputes among others. In order to boost the exports, it was suggested that interest rate for MSME sector be kept at 7 per cent and for others at 9 per cent or subvention should be provided to all sectors of exports at least till 31<sup>st</sup> March, 2013. Exports to be included in priority sector lending by the banks. It was also suggested that tiny and small sector units be treated at par with agriculture sector and no service tax be charged from them. It was also demanded that duty on readymade garments be also reduced or withdrawn. Similarly, agro-based units be exempted from excise duty while off-set printers be exempted from service tax.

The Minister of State for Finance, Shri Namo Narain Meena, Finance Secretary, Shri R.S. Gujral, Advisor to FM, Ms. Omita Paul, Secretary (Expenditure) Shri Sumit Bose, Secretary, DEA, Shri R. Gopalan, Secretary (Financial Services), Shri D.K. Mittal, Secretary (Disinvestment), Shri Mohd. Haleem Khan, Secretary, DIPPS, Shri P.K. Chaudhary, Chief Economic Advisor, Dr. Kaushik Basu, Chairman, CBDT, Shri Laxman Das, Chairman, CBEC, Shri S.K. Goel, Addl. Secretary (Budget), Shri Shaktikanta Das and Addl. Secretary and FA (Commerce) Shri Rajan Katoch were also present in the aforesaid meeting.

**DSM/GN**