

PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA

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**FINANCE MINISTER HOLDS MEETING WITH LEADING ECONOMISTS AS  
PART OF THE PRE-BUDGET CONSULTATION PROCESS; ECONOMISTS  
WANTS BUDGET TO RESTORE INVESTORS' SENSE OF CONFIDENCE IN  
INDIA'S GROWTH STORY**

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The Union Finance Minister Shri Pranab Mukherjee said that in the era of coalition politics, decisions are taken through consensus as you have to carry others with you. The Finance Minister said that the current year was a challenging year as we had to face the problem of inflation, fiscal deficit and maintenance of sustainable and inclusive growth. He said that due to volatility of international crude prices, euro zone crisis and overall slowdown in the growth process in developed economies, the emerging economies including India had also to face adverse impact of global slowdown. The Finance Minister said that we are hopeful that by the end of March, the head on inflation would be between 6 and 7 per cent while the growth rate may be around 7 per cent plus. Shri Mukherjee was addressing the leading economists who attended the pre-Budget meeting convened by the Finance Minister to solicit their suggestions on various vital economic issues. Among the leading economists who attended the today's meeting included Dr. Surjit Bhalla from OXUS Research & Invests., Shri Nitin Desai, Dr. Rajiv Kumar, FICCI, Dr. Sudipto Mundle, NIPFP, Shri Bharat Ramaswamy, ISI, Delhi, Shri Ajit Ranade, Aditya Birla Group, Dr. M. Govind Rao, NIPFP, Prof. Rohini Somanathan, Delhi School of Economics and Prof. Amar Yumnam from School of Social Sciences, Manipur.

Participating in the discussion, the economists suggested that the primary task of this year Budget should be to restore a sense of confidence among the investors both domestic and international in India's growth story. They said that Budget should be used as an instrument for restoring the confidence of the investors. They asked the Finance Minister to make this year Budget a Policy Budget rather than only a statement of account. Many economists suggested that the message of fiscal consolidation should also be sent through the Budget. They suggested that expenditure on populist measures be reduced and the leakages of funds in implementing them be curbed. In this regard they suggested decontrol of diesel, higher excise duty on

diesel cars and use of cash transfer system to distribute subsidies directly to the beneficiaries among others. Certain participants suggested that mega projects which are held up for long may be cleared especially relating to power, mining and steel etc to send a positive signal to the corporate world. APMC Act may be amended and perishable commodities such as fruits and vegetables be taken out of its purview. Many experts suggested high expenditure on health and education sector. Some experts suggested for organized retail which would help in containing the prices of food items especially. Some economists suggested giving infrastructure status to aviation sector and township housing among others. Some members suggested extension of section 80(i) of Income Tax Act for at least another three years for attracting investment in infrastructure sector. Certain participants suggested to abolish Security Transaction Tax, reforms in tax administration system, better Tax-GDP ratio, budgetary incentives to tackle environmental problems, ensuring availability of updated information and data for better policy decisions and focus on core development issues for people of north-east regions among others.

Minister of State for Revenue, Shri S.S. Palanimanickam, Finance Secretary, Shri R.S. Gujral, Advisor to Finance Minister, Ms. Omita Paul, Secretary, Department of Economic Affairs, Shri R. Gopalan, Secretary, Expenditure, Shri Sumit Bose, Secretary, Financial Services, Shri D.K. Mittal, Secretary, Disinvestment Shri Mohd. Haleem Khan, Chief Economic Advisor, Dr. Kaushik Basu and Additional Secretary (Budget), Shri Shaktikanta Das also attended the meeting among others from the official side.

**DSM/GN**