BUDGET BRIEFING

THE TIMES OF INDIA

‘Centre must fuel 10% GDP growth’

FM Pranab Mukherjee will present the Budget this Friday. Wishlists have poured in. Former CII chief mentor Tarun Das outlines the A to Z of the Budget — its likely focus, and proposals

Associations are subjected to income tax. It’s a huge negative. Should be withdrawn.

Budget must fuel the economy towards 10% gross domestic product growth (GDP) per annum which can be achieved by 2012 and maintained up to 2014 and beyond.

Capital Expenditure implementation needs to be evaluated and monitored carefully. The progress and slippages should be updated on a website. That will bring transparency and public accountability.

Deficit should be reduced by 1% each year, and by the year 2013 there will be a reasonable fiscal balance.

Expenditure on revenue account, non-plan, noncapital, needs to be contained, controlled and cut. The action points are known, thanks to the various reports prepared by the government committees.

Fiscal incentives for infrastructure to fuel development and growth.

GST is top priority. A greater sense of urgency is required on the part of the Centre and states. Postponement is no longer an option. Also gender budgeting should be made more robust.

Healthcare should be treated at par with infotech and infrastructure for purposes of tax and low-cost healthcare should be given additional incentives.

Industry has to be globally competitive. Budget should remove indirect tax anomalies and give access to an incentive for capital expenditure via additional depreciation.

Job creation through construction has to be supported fiscally plus all skills development programmes which enable employability.

Key to growth, development and employment is industry, both public and private sectors, manufacturing, services and infrastructure sectors.

Limited liability partnerships are subject to tax anomalies which need to be removed.

MAT on infrastructure companies should be abolished to incentivise investments in infrastructure sector.

National security requires that the massive expenditure on the Defence is fully utilized and private sector is involved in the armed forces' modernization.

Onus for leadership is with the finance minister to ensure that 2010 takes India's economy forward on a sound, balanced basis.

Public sector requires to be supported both through disinvestment and autonomy to individual public sector undertakings (PSUs), boards for decisionmaking and action; policies for these to be achieved need to be expedited.

Questions have been repeatedly raised about the ministry's penchant for continued litigation. The Budget could signal a change in policy and security to those in the ministry who shun litigation.

Rural economy requires special attention and support so as to integrate the "rural" with the national economy.

Small and medium enterprises (SMEs) sector is crucial to employment generation, decentralized development and low cost products and services. The Budget must incentivise the SME sector growth.

Tax structure simplification, abolition of surcharges and cesses, need to be implemented in Budget.

Unexpected policies and announcement which depress confidence and sentiment should be avoided in the Budget.

Value addition in manufacture in the country needs fiscal support from the Budget. Value depletion to be discouraged.

War on food price inflation has to be waged through additional imports (free of customs duty).

Xenophobic micro-controls and procedures based on mistrust need to be abolished.

Young men and women
below 30 years age setting up greenfield industry (which lead to employment) should be given “no tax” facility for 5 years.

Zero tax should only apply
to young entrepreneurs, poor farmers and to R&D centres according to prescribed norms.