# BUDGET A BALANCED EFFORT TO MAINTAIN GROWTH BUT SPECIFIC DEMAND BOOSTERS MISSING: FICCI PRESIDENT RAJAN BHARTI MITTAL

**NEW DELHI, February 28, 2011**. Describing Pranab Mukherjee's Budget 2011-12 as a "balanced effort to maintain the growth momentum", **Mr.Rajan Bharti Mittal, President, FICCI** said that the Finance Minister has presented a forward-looking budget at a time when the global economy was still looking fragile.

Mr. Mittal pointed out that in the greater interest of economic growth, the Finance Minister has avoided the temptation of raising excise duties, as was widely feared. "The Finance Minister seems to be banking on the economy going well and therefore has placed his hopes on revenues rising on the back of overall higher growth of the economy."

The Finance Minister has taken several positive steps like maintaining the disinvestment target of Rs. 40,000 crore for 2011-12, development of mega clusters for labour intensive industries such as leather and the possibility of further liberalization of FDI policy. The Finance Minister has also announced steps for roll out of the GST and DTC. These will create a favourable environment for the corporate sector. He has also announced several measures for smoothening the farm products supply chain and distribution, which should help in moderating food inflation.

While the reduction in the surcharge on corporate tax from 7.5 per cent to 5 per cent would only marginally reduce the tax burden on the corporate, the FICCI president said that the surcharge and education cess should have been totally abolished. With the increase in the direct tax collections, FICCI chief feels that a portion of these collections could have been utilized for funding educations projects

In this context, he emphasized that in the competitive global business environment, the corporate tax rate should have been in the vicinity of the global average rate of 24.99 per cent.

The FICCI chief felt that the cascading effect of DDT should have been removed, and instead of increasing the MAT rate to 18.5 per cent from 18 per cent, the Finance Minister should have reduced it to 15 per cent.

Mr. Mittal observed that during the past three budgets, and this year is no exception, the ambit of investment-linked incentive is being enlarged but this would be meaningful only if the losses arising from the deduction of capital expenditure are allowed to be set off against the profits of other businesses of the assessee.

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