

PRESIDENT'S SPEECH AT THE POST BUDGET INTERACTIVE SESSION OF THE FINANCE MINISTER WITH FICCI MEMBERS ON 24TH MARCH, 2012

Hon'ble Pranab Babu,

It is a pleasure for us to once again welcome you amidst you. Pranab babu, thank you for kindly acceding to our request and agreeing to meet and interact with members of FICCI at this very special meeting.

The last few days have seen a lot of debate, a lot of analysis and a lot of commentary on the budget for 2012-13.

We recognize that this budget was presented amidst a difficult economic situation. With the tremors of inflation still being felt in different segments of the economy and with growth declining quarter after quarter, you had a very difficult task at hand. What complicated matters was tremendous pressure on the fiscal side as well as widening of the current account deficit.

The industry completely shares your vision for the country of promoting inclusive growth. Any effort needed to move the nation in this direction should be equally shared between the government and industry. However, our only request is that we should be considered as your trusted partners and not otherwise.

In the midst of all this, you presented to us a workmanlike no frills budget with a clear desire for fiscal consolidation.

We are grateful to you for the direction you have taken with regard to agriculture, infrastructure and the MSME sectors. We are also happy about the proposals for the financial sector as well as the broadening of the tax base and definite moves towards the introduction of GST.

I reiterate, however, that the proposal to partially restore the rates of service tax and excise duty to pre crisis levels, though necessary for revenue augmentation, is likely

to be inflationary and counter-productive in terms of inhibiting a shift in the currently hawkish monetary stance. FICCI's suggestions for fiscal measures to stimulate investments may please be considered by you, Sir.

I would not like to speak on the specific budget proposals as I have already had the opportunity to present FICCI's viewpoints in the meeting at Vigyan Bhawan when the Hon'ble Minister met with representatives of industry bodies. These were also presented in our meeting with the Revenue Secretary and Chairpersons of CBDT and CBEC.

I will try to express a genuine feeling that is permeating Indian business. As President, FICCI, I derive my courage from the teachings and philosophy of the Geeta, which emboldens me to do my duty in my present capacity. Karmanya vadhika raste ma phaleshu kadachana.

Provisions such as suggested in the General Anti Avoidance Rules appear to be too over-reaching.

Sir, I believe that the role of the conscience keeper must rest with the individual and this role can neither be delegated nor usurped. Nation building is every individual's responsibility. By becoming the conscience keeper, government is undermining this responsibility that could lead to the erosion of the moral and ethical fabric of the country.

The fitness of a people for democracy is directly proportional to their ability for self discipline. We would like to see a change in policies of policing to policies of trust.

Pranab babu, you have the wisdom, experience and an eye for detail. You have steered the nation through good times and bad. You, Sir, are the best person to appreciate my point.

That maximizing revenues would be the intent of any government is obvious. It is for the courts to interpret the wordings of the law. Sir, let me assure you that we are steadfastly with the government. We also believe that revenues should accrue. Any

transaction should result in the contribution of due share to society, no matter in which part of the world. The feeling in industry, however, is that decisions of the court could be overturned, thereby undermining the sanctity of the legal system and also questioning the fairness of a parliamentary democracy.

We welcome the Advisory Committee set up by the Finance Ministry to advise the government on issues of international taxation. That the Committee has adequate representation from industry is even more encouraging.

This is probably the worst time for clarifications of intent and interpretation when there is all round uncertainty, political consensus is elusive and there are hiccups in implementation of decisions.

Major reforms like the GST are becoming victims, not because of the lack of government will, particularly your will and desire to make it happen, Sir, but because of the political process.

It is imperative to build the confidence of Indian business. It is also a fact that nation building is best supported by domestic constituents. We believe what is good for domestic industry will also be good for foreign investment.

In our partnership with you on unleashing the true potential of our great nation, we need to live within our means regardless of the consequences and our quest for social security has to be within the realms of sustainability.

We look forward to the process of reforms in the coming months that would motivate industry to contribute more to nation building. Like Helen Keller said, "Alone we can do so little; together we can do so much."
