Issue to be addressed in Budget

What is the issue?

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As the budget is around corner, the Federation Of India Chamber Of Commerce & Industry (FICCI) had formulated a report that points out the areas that need to addressed.

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What are the key areas?

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- **Public Investments -** The thrust on public investments as seen in the last two budgets must continue.
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- Capital expenditure should grow and there should be focus on the creation of productive assets in the economy. The 'crowding in' of private investments will have to be led by the Government through its own investment programme aimed at large infrastructure projects, particularly in the rural areas.
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- **Consumption Demand** – It that has been the key driver for the economy in recent times. Therefore it needs to be strongly encouraged.
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- There has been a slowdown in demand due to de-monetisation.
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- Through a **recalibration of the tax slabs and tax rates** aimed at more liquidity, the demand has to be revamped.
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- **Corporate Tax Rate -** A cut in corporate tax rate will help boost business confidence and make more companies commit to further expansion.
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- Last year the Government initiated the process by lowering the corporate tax rate to new companies. This process needs to be hastened and it should be made applicable to all companies.
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- **Formalisation of the Economy -** The enterprises in the informal sector

should be given enough incentives to move into the formal system.
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- Unorganised small set-ups should be offered ease of registration, minimal regulatory and procedural compliances, and easy exit combined with lower taxes and subsidies/incentives such as social security benefits, skill development opportunities, access to finance at lower rates, and preferential treatment in government procurement.
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- **Digitisation –** People should be encouraged to opt for the use of digital modes of payments.
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- There is need for an awareness campaign to help people understand their benefits and clear any doubts about the security-related aspects of cashless transactions.
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- The national optical fibre network (NOFN) also needs to be scaled up rapidlyoost. This should be in focus when the finance minister presents the Budget on February 1.
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- **Banking Reforms -** A greater infusion of capital to strengthen the public sector banks should be done. There is also a need to pursue the disinvestment programme like the recent decision to divest government shareholding in general insurance companies.
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