

Working on road map to advanced economy, says FM

'Equitable distribution of wealth will be main focus'

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New Delhi, 5 September

Finance Minister Nirmala Sitharaman said on Monday that while the necessary stimulus for growth would continue, her ministry and the Reserve Bank of India (RBI) would work on a pathway to maintain the growth momentum for the next 25 years to make India an advanced economy.

"The next 25 years will be very critical for India. We have to work towards maintaining the growth momentum. So together with the central bank, the ministry of finance will be working out a pathway which will be predictable and consistent and which will give every stimulus required for growth of the Indian economy," Sitharaman said at an Elara Capital event.

Prime Minister Narendra Modi in his address to the nation on August 15 had called upon citizens to make India a developed nation when it celebrates 100 years of Independence in 2047.

Sitharaman said the principal focus would be equitable distribution of wealth so that India grows to become an advanced economy by 2047.

Indirectly criticising the freebie culture, Sitharaman said the poor would be empowered through handholding measures and not through entitlements. "The sense of entitlement being the guiding principle of governance has actually brought an element of condescension which people don't need. They require you to have better sensitivity for building the capacities so that with dignity they can rise up and do what they would like to do for their families," she added.



NIRMALA SITHARAMAN,
Finance Minister

"IT IS UNFAIR TO CALL WINDFALL TAX AD HOC BECAUSE THE TAX RATE AND ITS RESETTING ARE DONE IN COMPLETE CONSULTATIONS WITH THE INDUSTRY"

RBI IS ANCHORING EXPECTATIONS AROUND ₹ WEAKNESS, SAYS DAS

The RBI's interventions in the foreign exchange market are not just aimed at preventing excessive volatility in the rupee but also to anchor expectations around the currency's depreciation, Governor Shaktikanta Das said on Monday.

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said E Prasanth Prabhakaran, MD & CEO, YES Securities.

Near-term factors aside, market players believe there is still a long runway ahead as brokerages try to penetrate into newer cities. "A large part of growth over the past two years has come from tier-2 and tier-3 cities. We have barely scratched the surface. Once investing becomes part of everyone's life and the economy returns to high growth, structurally the broking industry has high growth potential," said Prabhakaran.

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The finance minister said the world order was definitely seeing a phase of significant changes. "It is obvious that China plus is going to determine now the world's approach to business so that supply chain disruptions don't happen. To enable and facilitate that, PLI (production-



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linked incentive scheme) is one of the major decisions of the government and we are finding industry responding positively to it. So the entire ecosystem of certain segments of industry are now willing to move into India, and the Union government is working together along with the state governments to make sure that they are brought in and the facilitation should be with the 'plug and play' model," she added.

On public sector bank privatisation announced in the Budget, Sitharaman said the government shall go ahead with banking sector reforms. "The Cabinet has given clear-

ance, we have mentioned it in the Budget, and we will take it forward," she added.

Sitharaman said she was conscious of the glide path of fiscal consolidation committed by the government. "The necessary stimulus for growth will continue. We are conscious of what implications there will be when your debt to GDP goes out of control," she added.

On the windfall tax on the petroleum sector, the finance minister said the government was not interested in ad-hocism in tax policy. "But the government also understands after consulting with the industry that windfall gains

were abnormal," she added.

In its latest review last week, the Centre increased windfall tax on domestic crude oil to ₹13,300 per tonne from ₹13,000 per tonne. It also revised the cess on export of aviation turbine fuel (ATF) to ₹9 per litre from ₹2 per litre, and increased additional excise duty on export of diesel to ₹12 per litre from ₹6 per litre. This was the fourth revision since the implementation of the tax from July 1.

On whether the government is planning to increase the tax-GDP ratio which is only about 10 now, the finance minister said the widening tax base is an issue that needs a lot of consultations and analysis, though the increasing number of income tax filings gives her some clue on the possibility of widening the base. "But we want to ensure that as and when it is done it looks reasonable and tech-driven," she said.

On inclusion of Indian sovereign bonds in global indices, Sitharaman said many things have changed since the pandemic, especially in terms of inflows. Mostly, fund inflows have not been as expected, which of course is mostly due to the pandemic, she said.

