

Economists stress need for manufacturing policy

Call for reining in food inflation and raising investment in pre-Budget talks

RUCHIKA CHITRAVANSHI

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The need for a manufacturing policy, reining in food inflation and raising investment in the country were among key suggestions given by economists who met Finance Minister Nirmala Sitharaman and senior ministry officials in the first round of pre-Budget consultations on Friday.

Various suggestions were given to the finance ministry on the need for fiscal consolidation with many suggesting that flexibility on this aspect can put more resources in the hands of the government.

"All economists agreed that the country needs a manufacturing policy beyond the industrial policy. There were also suggestions on the supply-side measures which can be taken to tackle food inflation such as cold chain storage at the local level," said Ashwini Mahajan, national co-convenor, Swadeshi Jagran Manch.

Economists suggested that there was scope to reduce personal income tax.

One of the economists suggested that there was a need to make a distinction between individual and corporate tax. This is especially since the dividend distribution tax paid by companies earlier is now paid



Union Finance Minister Nirmala Sitharaman chairs the first pre-Budget consultation with economists for the upcoming Union Budget 2025-26 in New Delhi

PHOTO: PTI

by the individual. The economists were divided on whether the government should take an approach of consumer demand-led development or investment and export-led growth. Chartered accountant and economist Anil Sharma proposed that the government should take steps to set up skilling universities at the district level to address the issue of unemployment.

"We have suggested that on the lines of central universities, skilling units can be opened at the district level. This may be a state subject but if the Centre takes the initiative, it will give impetus to employment," Sharma said.

The ongoing pilot project of the Prime Minister Internship Scheme was also touched upon in the meeting where the need for greater industry participation was flagged by the government, according to sources. Development of agriculture, expanding Prime Minister Jan Arogya

Yojana to health for all and providing some provisions in the budget for climate change were among some of the other suggestions economists made to the finance ministry.

Among the 13 economists who attended the meeting were Suresh Babu, director, Madras Institute of Development Studies; C Veeramani, professor and director, Centre for Development Studies; Nikhil Gupta, chief economist, Motilal Oswal and Samiran Chakraborty, chief economist, Citigroup. Also in attendance were Sitikantha Pattanaik, chief economist, National Bank for Agriculture and Rural Development (Nabard) along with Gaura Sen Gupta, chief economist, IDFC First Bank and Namrata Mittal, economist, SBI Mutual Fund. Economist Bharat Ramaswami from Ashoka University, Lekha Chakraborty, professor, National Institute of Public Finance and Policy and Ira Dugal of Thomson Reuters also took part in the consultations.

