

# Govt focusing on formalising economy: FM

No plan to issue dollar-denominated govt securities: Secy

FE BUREAU  
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**FINANCE MINISTER NIRMALA** Sitharaman on Thursday said the government was making a lot of efforts to formalise the economy, with tax deducted at source (TDS) being one of the ways of achieving that goal.

"TDS is not a new tax. The government is doing a lot to promote the industry, but we are also wanting to formulate the economy," Sitharaman said responding to a suggestion for removal of a particular TDS provision at a post-Budget stakeholders' event at Hyderabad.

"With the TDS, we try to send a message that we know who's the giver and who's the taker... at that time of paying tax, they are going to reconcile this," she said.

The Budget was prepared keeping growth in focus and also external economic challenges such as fuel prices, the minister added. "The priority is to keep the growth momentum as it is and also to make sure that the further support measures for sustaining growth... And be conscious of the fact that challenges which are extraneous to India. External challenges will have to be kept in mind. We should be ready for any unpredictable events from outside of our border," she said when asked what the priorities were when the budget was given a final shape.

Speaking at the event, finance secretary TV Somanathan said the government has no plans of issuing foreign currency-denominated sovereign government securities.

"In this very volatile world, we have seen that even central bank money can be stopped by a foreign country for political reasons. So, this is not a very simple question of yields alone," Somanathan said responding to a suggestion that India should borrow abroad to create more borrowing space for the private sector in the country.

"We are already open to foreign portfolio investment in rupee-denominated securities," he said.

The European Council president Charles Michel has recently urged member countries to push forward with talks on using \$300 billion worth of confiscated Russian central bank assets for the reconstruction of Ukraine, as the scale of the destruction mounts in the war-torn country.

Responding to another ques-



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tion, Somanathan said the government has given a lot of emphasis on reducing the cost of borrowing relatively for MSMEs compared to the cost of borrowing for others and that has also been strengthened in this budget.

Revenue secretary Sanjay Malhotra said the department for promotion of industry and internal trade (DPIIT) has increased the number of boards to fast-track certification of start-ups in the country. To catalyse and trigger private capital expenditure to boost growth, the Centre has steeply increased budget outlay for capex by 37.4% on year to ₹10 trillion for the next financial year including ₹1.3 trillion in long-term interest-free loans to the state governments. The key infrastructure and strategic ministries such as roads, railways and defence will lead in driving the capital expenditure in FY24.

The government aims to reduce the fiscal deficit to 5.9% of GDP in FY24 from an estimated 6.4% in FY23. According to the fiscal consolidation roadmap unveiled in FY22, the fiscal deficit has to be below 4.5% by FY26.

—With PTI inputs