

India Inc for more PLIs, higher capex, tax tweaks

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On the second day of pre-Budget consultations on Thursday, Union Finance Minister Nirmala Sitharaman met representatives of India Inc. and they suggested increasing the capital expenditure, simplifying the tax regime and introducing new production-linked incentive (PLI) schemes.

Sanjiv Puri, President of the Confederation of Indian Industry (CII) suggested that the capex spending should be increased by 25 per cent over the revised estimate of 2023-24.

“The enhanced capex may be considered for deployment in rural infrastructure such as irrigation, warehousing, cold chain etc,” he said adding that the Centre must also adhere to the path of bringing down the fiscal deficit to 4.5 per cent of the Gross Domestic Product (GDP) by 2025-26.

Puri also demanded a high-powered expert group be set up to review the Fiscal Responsibility & Budget Management (FRBM) Act. Enacted in 2003, the act was aimed at improving fiscal and public fund management.

Subhrakant Panda, immediate Past President of the Federation of Indian Chambers of Commerce and Industry (Ficci) said that the Centre must continue supporting the growth momentum by “energising” demand, laying thrust on infrastructure development, taking further measures to rein in food inflation, supporting MSMEs and prioritising innovation and research & development in the country.

He also said that there must be “simplification and rationalisation” of the tax regime in India.



Finance Minister Nirmala Sitharaman at a meeting with industry leaders on Thursday

PHOTO: PTI

This included bringing down the Goods and Services Tax slabs to three, a three-rate structure for Tax Deducted at Source (TDS) payments and rationalising custom duty rates where duty inversions exist.

The Associated Chambers of Commerce and Industry of India (Assocham) suggested raising the basic income tax exemption limit from ₹3 lakh to ₹5 lakh to provide “significant relief” to individual taxpayers and increase their disposable income.

It also said that the current standard deduction, which has remained unchanged at ₹50,000 since 2019, should be increased to ₹100,000 to adjust for inflation and rising living costs.

Sanjay Nayar, president of Assocham, said that Micro, Small, and Medium Enterprises (MSMEs) should be a key focus area for the government.

“There is a pressing need to establish a dedicated working group tasked with identifying

underperforming schemes related to Micro, Small, and Medium Enterprises (MSMEs). Such an initiative would systematically assess the effectiveness of current programs, pinpointing areas where interventions are falling short in supporting MSMEs,” he said.

“By conducting thorough evaluations and gathering empirical data, this group can recommend targeted reforms or adjustments to policies, ensuring that government initiatives align closely with the evolving needs and challenges faced by MSMEs,” he said.

The PHD Chamber of Commerce and Industry (PHDCCI) suggested that a status quo must be maintained on the corporate tax rates. However, it added that the 30 per cent income tax must apply only to those with taxable income above ₹40 lakh.

“This will support consumption demand in this country,” said Sanjeev Agrawal, president of PHDCCI.