

**Merchants' Chamber of Commerce & Industry**  
**Symposium on Union Interim Budget 2019–20**  
on Saturday, 02 February, 2019 at 2.30 pm at Conference Hall of the Chamber

**Brief Proceedings**

The Chamber organized a **Symposium on Union Interim Budget 2019–20 on Saturday, 2<sup>nd</sup> February, 2019** with the following speakers :

- ✓ **Shri N K Poddar**, FCA, Senior Advocate, Supreme Court of India,
  - ✓ **Dr. Saikat Sinha Roy**, Professor, Department of Economics, Jadavpur University
  - ✓ **Shri Amitav Kothari**, FCA, Former President of MCCI & Managing Partner, Kothari & Co.
  - ✓ **CA Arun Kumar Agarwal**, Chairman, Standing Committee on GST & Indirect Taxes, MCCI
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- Referring to Pradhan Mantri Kisan Samman Nidhi, in which 12 cr. small and marginal Indian farmers who have less than 2 hectares of landholding will get up to Rs. 6,000 per year as minimum income support in 3 equal instalments, **Shri N K Poddar** said that there would be serious implementation issues. He felt that it would be very difficult to determine ownership of land. He referred to a Supreme Court Judgement which said that merely somebody's name appearing as owner, does not prove his/her ownership. He said that the Government has said that Rs. 6000/- to 'owners', which includes 'co-owners' as well. He felt that this would lead to litigations immediately.
  - He observed that felt that the estimated expenditure of this measure would be around Rs. 75,000 cr. which could have gone to raising 150% of Minimum Support Price (MSP) or Crop Insurance.
  - On the rebate up to Rs. 5 cr. mark, Shri Poddar said that once the income exceeds Rs. 5 lakhs, it would be taxed at 12.5%. He felt that majority of the returns would now reflect income below Rs. 5 lakhs per annum.
  - He observed that the concept of 'Notional Income' from House property would not help anybody, neither the industry, nor the Government. These days, nobody wants to invest in real estate these days. Instead the Government should have given some fillip to the real estate sector, which is going down.
  - He suggested that MCCI should send a Representation to the Government urging for abolition of 'Notional Income'.
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- **Prof Saikat Sinha Roy** observed that the economy of India is the 6<sup>th</sup> largest in the world, in which around 76% is still informal economy in terms of production and employment. He observed that the move towards demonetization & GST was to make it the share of the formal sector larger.

- Referring to the 7%+ growth rate, he said that India has been one of the top most economies, mostly because other economies had slowed down. He felt that the easing of inflation had been the only positive point. The Fiscal Deficit is still high at 3.4% exceeding FRBM targets, Revenue Deficit quite high; Balance of Payments Deficit alarming at 2.5% of GSP, gold imports not much as it was earlier. Unemployment rate is the highest now, in the last 45 years. Under these circumstances, the Union Government should have continued investing heavily in infrastructure, he noted.
  - He strongly felt that instead of going for a slew of populist measures in this Budget, Government should have increased investment in infrastructure, as the economy is in imminent crisis. If these populist measures are continued, there would be serious budgetary implications and might act as a boomerang and become anti-people.
  - Although giving Rs. 6,000 per year to poor farmers would give them some space, but that was not sufficient, as this amount might be spent on conspicuous consumption, not adding much value to the farm, sector. He felt that prices of seeds and fertilizers have gibe up so much that the farmers do not have enough incentive to put land into farming. Lowering of input prices could have been another alternative. There should have been serious thinking regarding improved seeds, enhanced irrigation and other facilities.
  - He also felt that the incentive to dole out Rs. 6,000 could be increase consumption level as a boost in consumption would increase the growth rate, but that is too far-fetched.
  - He further pointed out that giving farm loan waiver would put heavy pressure on Government finance.
  - He lauded the exemption of Customs Duty on 36 Capital Goods as this would enhance competitiveness of manufacturing industries in India.
  - He pointed out that there is no measure for the industrial sector and particularly the MSME sector, who have faced a slow down for the last few years; also, very little FDI. He also felt that a plethora of measures should have been there to attract Investment from the private sector.
- **Shri Amitabh Kothari** said that this Budget, full of Financial Jugglery, had been a Please–All Budget with an eye on elections.
  - He pointed out that a total relief of Rs. 23,200 cr. to the tax payers had been announced in the Budget, which included rebate on Income Tax up to 5 lakhs, raising of the TDS threshold from Rs. 10,000 to Rs.40,000/- as also pension scheme for the unorganized sector. The tax collections had doubled, no doubt, however, the Budget was silent as to from where the funds are going to come.
  - Regarding commissioning of a Department on Internal Trade, he observed that way back in 1998, MCCI had submitted a Research Paper regarding setting up of a Ministry of Internal Trade. He expressed satisfaction that this has seen the light of the day in this year's budget.

- He also referred to with the rate of inflation to around 4.6% in 2017–18, which was 2.19% in December and Fiscal Deficit pegged at 3.4% of GDP, to be gradually lowered to 3% by 2020–21.
- He also referred to the plan to make India USD 5 trillion economy in 5 years and USD 10 trillion economy in 8 years.
- ❖ **CA Arun Kumar Agarwal** said that the GST Council being the supreme authority with the Central Government having only 33% of voting rights, all the major decisions regarding GST were being at the GST Council meetings, leaving little scope for the Union Budget to being in changes. He referred to the major amendments brought in by the 32<sup>nd</sup> GST Council Meeting in January 2019.
- ❖ He said that monthly GST collections had increased, which was Rs. 1.02 lakh cr. in Jan 2019.

Earlier, in his Welcome Address, **Shri Vishal Jhajharia**, President of the Chamber said that under Pradhan Mantri Kisan Samman Nidhi, all farmers having a land of not more than 2 hectares would be entitled to receive Rs. 6,000 per year as minimum income support. He felt that this might induce the farmers to divide and fragment their land further so that each member of the family could claim Rs. 6000. He also felt that the 'Rebate' granted to individual tax payers up to an annual income level of Rs. 5 lakhs had been misunderstood by the common man as doubling the 'exemption limit' from the existing Rs. 2.5 lakhs to Rs. 5 lakhs.

The Session ended with a hearty Vote of Thanks by **Shri Bharat Agarwal**, Hony. Secretary of the Chamber.

Munmun Banerjee  
Assistant Director General

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