

Banking reforms coming: Jaitley

Says committed to having PSBs managed professionally, a stable tax regime and globally competitive economy

A day after Prime Minister Narendra Modi hinted at more tax reforms, Union finance minister Arun Jaitley spoke of some to come in the banking sector.

He also said the government would reduce its stake in public sector banks (PSBs) to 52 per cent.

The thrust is on managing of PSBs with competent professionals on board, though the sector is not ripe for the government to move out completely from these, he said. "There is much work to be done in financial inclusion," added the minister, who is to present the Union Budget proposals for 2016-17 on February 29.

"There are a series of banking reforms which I am likely to announce in the days to come," said Jaitley, at the week-long event organised here on the Centre's 'Make in India project. He did not elaborate.

The comments came days after the state-owned lenders posted a poor set of earnings for the December quarter, with a combined loss of Rs 12,867 crore, the highest ever.

The government is committed to zero interference, and keeping banks at arm's length (from the government, in operational decisions) and letting the institutions run professionally, Jaitley said. Adding: "We have erred in the past on this."

The economy is increasingly becoming a market- oriented one, with emphasis on safeguarding the interests of the poor, he said.

Business leaders at the event on Sunday said things are not that bad for India, taking into account the global volatility. "India is in a sweet spot, with 7.5 per cent (annual) growth, highest among the large economies, despite global headwinds," said Kumar Mangalam Birla, chairman of the Aditya Birla Group.

Anand Mahindra, chairman of the Mahindra group, said India should not become sweatshop of the world and wanted the government to "put in place institutions that encourage entrepreneurship".

Jaitley said the government was already working to that goal. The work done by it was "more than incremental, if looked at the sum total," he said. He also praised former Prime Minister Manmohan Singh for the major economic reforms in the 1990s as finance minister.

Some chief executives complained that despite the Modi government having been in power for 20 months, much needed to be done. Such as on improving of infrastructure and legislation such as a national goods and services tax (GST) and better rules on land acquisition, stuck in Parliament. Jaitley said he hoped to "negotiate through" the GST in the coming days.

The minister reiterated the government was committed to providing a predictable and stable tax regime, saying demands raised in the past by officials had got the country a “bad reputation”.

The government has started on a path to make the economy globally competitive and the move to get corporate tax gradually to 25 per cent is part of this, he said. On divestment of government equity, including strategic stake sales, Jaitley said the process was on hold due to volatile market conditions.

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