CII asks Fin Min not to hike excise tax

Industry body CII today asked Finance Minister Pranab Mukherjee to retain the current rates of excise and service tax in the Budget to boost investments.

"There is a strong need for retaining the current rates of excise and service tax to spur investment by the industry," CII said in its pre-Budget memorandum.

As the government is faced with widening fiscal deficit, there are apprehensions in the industry that excise duty may be hiked in the Budget.

Finance Minister Pranab Mukherjee will present the Budget for 2012-13 fiscal on March 16.

Following the economic slowdown in September 2008, the government had provided fiscal stimulus, including cut in excise duty, to provide a cushion to the domestic industry.

The industry chamber has recommended continuation of 10 per cent standard rate of excise duty in the next financial year.

The industrial growth as measured by the Index of Industrial Production (IIP) during April-December was meagre 3.9 per cent, as compared to 9 per cent in the corresponding period of 2010-11.

Further, CII has sought some initiatives to accelerate the pace of private investments in the Budget.

"In the wake of deteriorating fiscal health of the government...announce initiatives that can accelerate the pace of private investments," it said.

CII said the revival in the investment growth has to essentially come from the private sector and the Union Budget can do a lot in this direction.

The chamber has underlined the need for identifying and fast-tracking at least 100 mega projects in the manufacturing and infrastructure.

The government's plan to attract an average annual investment of USD 200 billion over the 12th Five-Year Plan starting next fiscal, according to CII, requires many bold initiatives, especially as 50 per cent of the investment is to come from the private sector.

It has also recommended that depreciation rates be raised for plant and machinery from 15 per cent to 30 per cent, at least for a period of two years to encourage more capital investment.

"It is a well-known fact that technology is changing very fast and unless we are able to replace our assets accordingly, we cannot match with other countries in terms of productivity," it said.

(Financial Express)