

Reforms on fast track, deal on GST close: Jaitley

The government is readying a raft of reform measures in the coming weeks. The Centre and the states are close to hammering out a consensus on a nation-wide Goods and Services Tax (GST), finance minister Arun Jaitley told HT in an exclusive interview. Excerpts:

The Prime Minister has recently said that the next Union Budget should be “transformational”. Can you elaborate on the broad contours of the government’s next policy steps, both in terms of sequence as well as expectations?

I can’t predict what is going to happen in the next budget. But reforms in India had been stalled for several years and the economy was facing a very challenging situation. We have restarted the whole process; it will require several steps. We have undertaken some of them and few more are in the pipeline. The net and cumulative effect of all these is going to be felt in the system. These are not steps which bring you overnight results. They are capable of changing sentiment overnight but the data alterations are visible after some reasonable time. Growth in some sectors has been patchy, but there is always scope for improvement as the economy moves on.

India’s stand on food subsidies at the World Trade Organisation (WTO) has finally got support from the US. Were there concerns that India was pushing the case a bit too hard?

The WTO decision will only be taken at the General Council meeting. Till then, only negotiations with important member states had been going on. The commerce ministry and our representatives have been doing it. I do believe India has been on the right track. India is committed to trade facilitation. At the same time, we want to protect our domestic interests on food stock holdings, which I think is extremely important to protect the interests of both small and marginal farmers, and vulnerable sections of society which need subsidised food. India’s position consistently has been that we are not opposed to trade facilitation, but the peace clause (that no cases should be filed) should continue till a final solution to the stockholding issue is found. I think our stand is extremely reasonable and I am sure eventually most member states would agree with that.

You have hinted that the Parliament’s winter session (which begins on November 24), could seen major reforms initiatives. Which are these?

We are in the process of discussing possible changes in the land acquisition law and therefore, nobody has said that it will come in the winter session. We will have the supplementary grants, we will have the insurance bill, and we will have the Coal Ordinance. Hopefully, these will be passed. I also intend introducing after a larger consensus, the Constitution Amendment Bill to introduce GST.

How close are we to a consensus on the GST?

There are only very few minor issues to be sorted out. I am in constant discussion with the state governments.

The government has sprung a surprise with the Rs. 1.50 hike in excise duty on diesel and petrol on Thursday. This can push up retail fuel prices at a time when crude prices are falling. What prompted this move? Do you expect a shortfall in revenue targets and, therefore, a slippage on the fiscal deficit front?

I have publicly said that we are doing reasonably well as far as direct tax revenues are concerned. But there is a greater challenge as far as indirect tax revenues are concerned. Therefore, to come out with fiscal moves that augment government revenue and at the same time don't adversely impact the consumer, can be taken. As far as indirect taxes are concerned, the situation is a little more challenging.

You have recently said that the retrospective tax law was a mess that the UPA had left over. Your predecessor P Chidambaram, on the other hand, has said that he felt let down that you did not repeal the law despite having a clear majority in Parliament. Your comments.

Some people become bolder when they are out of office. That seems to be the case with my predecessor. I am quite surprised at the stance of a UPA finance minister when he says undoing what UPA did is economic reforms. To the extent we could cushion the Indian economy against the dangers of retrospective tax, I have already done.

Unearthing black money has been an electoral promise. Your critics say the government is delaying the process citing legal reasons. Where do you stand on this?

The stand that we have taken is legally and politically correct. This government will not spare any effort to unearth black money both within the country and outside. We are actively cooperating with the SIT (Special Investigation Team) in this matter. We are not willing to follow the advice of those who suggest adventurist action, which eventually will help only the account holders.

Is offering a tax amnesty scheme like the Voluntary Disclosure of Income Scheme (VDIS) of 1997 an option the government is considering?

The last time an amnesty scheme was brought there was a serious challenge before the Supreme Court. We will have to examine that.

How do you look back at your tenure as the defence minister?

I concentrated on four things; giving India the agenda for defence production and even opening up for that; expediting procurement; working towards a professional relationship between the civilian government and the armed forces, and restoring the honour of the soldier. Ideas such as a

war museum, a war memorial, war history, were intended to be in that the direction. There was work in progress on two things, and I am sure, Mr Manohar Parrikar would be able to resolve them. One, relating to very large number of blacklisting of companies, which narrows down our option of purchases, and two to find the formula for enforcement of 'one rank, one pension'.

The BJP has begun a major membership drive. There are crucial Assembly elections scheduled over the next 12 months. Critics say the party, however, seems to have only one face to project—that of Prime Minister Narendra Modi. Your comments.

If you are in the government then the Prime Minister should be the key face. He is obviously the first among many other colleagues. Before we declared Mr Modi's name as the Prime Minister, the media used to mention several names and the criticism against us was that we had too many names. Now we have named the one, he has established himself, so what's wrong with that?

The developments in Maharashtra have raised questions about the BJP's ability, or even willingness, to stick to traditional allies. What went wrong?

I can't get into the details of what we had offered pre-elections to the Shiv Sena. They would have been better off accepting our offer. So, their decision to reject our offer and part company was not to their own advantage.

Are there any plans to restructure the National Rural Employment Guarantee Scheme?

Now that you have a new rural development minister, I am sure he will look into that. Suggestions have been made and I am sure the new minister himself to the matter.

In an age of increased automation, how can the manufacturing sector create appropriate jobs?

The steps we are taking will create many jobs. There are certainly many challenges. But if we sell costlier products, we won't gain in number of consumers. If our emphasis on manufacturing succeeds, which I hope will, I am sure that will end up creating a lot of jobs.

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