

PRESS RELEASE ON UNION BUDGET 2014-15

Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs and Defence has presented the Union Budget for the year 2014-15. We congratulate Shri Jaitley, Hon'ble Union Minister, Smt. Nirmala Sitharaman, Hon'ble Minister of State for Commerce & Industry (I/C), Finance and Corporate Affairs and the dedicated team of officials engaged in the process of preparing the Budget.

Institute applauds the recommendations made in the Union Budget 2014-15, which has a major thrust to revive the economy, increase the pace of growth for both manufacturing and service sectors besides implementing proper measures to rationalize tax administration, reduce litigation and widen tax base.

Besides addressing issues and challenges in the current economic situation, the proposals in the Budget adequately covers - economic initiatives, education, agriculture, industry, infrastructure, financial sector, banking and insurance sector, defence & internal security, culture & tourism, women and child empowerment and etc.

It is indeed a privilege that like in the past few years, many of our suggestions on rationalization of tax administration, controlling deficit and inflation, reduction of litigation and tax proposals were recognized in the making of Union Budget 2014-15.

CMA Dr. Suresh Chandra Mohanty President of the Institute of Cost Accountants of India welcomed the Union Budget 2014-15 as it focuses on the vision of higher growth, lower inflation, sustained level of external sector balance, provision of basic amenities and infrastructure development. The proposal to constitute an Expenditure Management Commission to look into expenditure reforms will rationalize the Allocation and spending of Government expenditure ensuring its most productive use.

The Government intends to expedite introduction of GST which will streamline tax administration, avoid harassment of business and result in higher tax collection. There is a clear policy statement that the Government will not ordinarily bring about any change in tax retrospectively which creates a fresh liability. This will lead to a stable and predictable tax regime that would be investor friendly and stimulate FDI.

Setting up of a high level committee to interact with trade and industry on a regular basis to ascertain where clarity in tax laws is required will lead to reduction in tax disputes. The Government has proposed to revive the SEZs and make them instruments of economic growth, export promotion and employment generation. Emphasis on infrastructure, power, mining is expected to provide the much needed support to trade and industry for enhanced performance. CMAs can provide professional support in Project Management and assist in enhancing operational efficiency.

Introduction of uniform KYC across the entire financial sector will help avoid duplicacy of personal data base and spare the customers from the hassel of filling up the form repeatedly for different financial transactions.

Concern on rising NPAs in banks and setting up of differentiated banks serving niche interests is very timely. This will help in achieving the objective of financial inclusion. Increase in FDI limit in Insurance sector to 49% will facilitate insurance cover for wider base of population which is welcome. CMA's can carry out pre-credit approval appraisal and analyse operational efficiency of the borrowers to reduce the chances of NPA.

With the announcement regarding implementation schedule for convergence of Indian Accounting Standards with the IFRS, the existing uncertainty will end and will lead to better accounting and presentation of financial information in line with global practices.

The target of fiscal deficit of 4.1% and revenue deficit of 2.9% of GDP seems ambitious. It would be possible to achieve the same only if there is due focus and emphasis on expenditure and cost management, appropriate monitoring of expenditure on social schemes and effective budgetary control.

Increase in personal income tax exemption limit by Rs.50000/- and also increase in the investment limit U/s 80C of the Income Tax Act from Rs.1 lakh to Rs.1.5 lakhs will reduce the tax burden on individuals and also boost savings in the economy which will get infused into productive channels and help in enhancing economic growth.

The proposals for promoting investment in manufacturing sector are welcome as this sector is the key driver for overall economic development due to inter linkages and multiplier effect. The key will be efficiency in utilization of resources which will make the manufacturing sector competitive and sustainable where CMA's have a key role to play.

There are many cases of disputes relating to Transfer Pricing. Introduction of the range concept for determination of arm's length price would help in reducing litigation.

Certain anomalies in the Service Tax are being proposed to be duly addressed which will facilitate the growth of service sector

It is expected that the budget proposals will result in desired macro-economic outcome and help in creating a vibrant and strong India Dr. Mohanty said.

The entire CMA Fraternity had been sharing their professional expertise to the Union Government and shall continue to extend valuable support to facilitate much desired inclusive growth of the economy - which is also the prime mandate of the NDA Government.