Structural reforms key priority: FM

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Union finance minister Nirmala Sitharaman today said that structural reforms are key priority for the government as has been reflected in the slew of measures and policies announced since the outbreak of Covid-19.

While addressing the captains of the Indian industry, the minister said that every announcement has had a structural reform component with it, and the government is reaching out to industry to understand their concerns.

In order to facilitate the recovery process, she said the home ministry has given out directions to the state governments for imposing no curbs on the movement of people and inter-state movement of goods and services.

“There cannot be a better time for exemplar cooperation between government, regulators and industry to ensure that Indian comes out from the present crisis,” said the finance minister.

Sitharaman spoke on various issues, including local manufacturing. She said that productivity linked incentives (PLIs) scheme has met with excellent response and has helped speed up the manufacturing of critical bulk drugs and APIs in 6 states.

On sectors like tourism, hotels and hospitality, real estate and construction and airlines that have been disproportionately affected by the pandemic, Sitharaman said that these are critical sectors with significant multiplier impact on the economy. “In order to ease pain of a few of these ailing sectors, the standard operating procedures (SoPs) for the hotels, banquets and related activities will be looked into,” informed the finance minister.

Talking about disinvestment, the minister highlighted that there was a need to move fast on Cabinet-cleared disinvestment decisions. The finance minister said private investment cycle got a fillip from the corporate tax cut in September 2019. Investments, however, could not take off due to the outbreak of Covid-19. Sitharaman was of the view that in the post-Covid world, these should fructify.

“With post-Covid reset happening, the emphasis has to be on adoption of data-driven manufacturing models through ploughing greater investments in these models”, she further added.

Further, the finance minister said that the infrastructure sector plays a key role in speeding up growth momentum. Hence, to give its financing a further boost, external funds will also be welcome. Responding to a question about the need for lowering GST rates on 2-wheelers, she assured that this was indeed a good suggestion as this category is neither a luxury nor a sin good and hence merits a rate revision. Consequently, this will be taken up with the GST Council, the finance minister added.