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Sandeep Jajodia,
President, ASSOCHAM

LARGER PICTURE

Achhe Din are here for MSME sectors

FM ignores big ones, cuts tax for small biz to boost job creation

Sumit Moitra

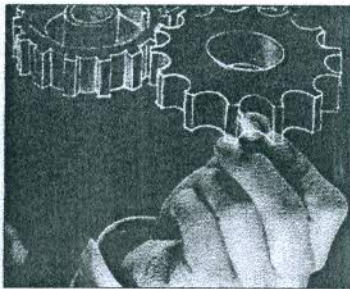
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The big daddies of India Inc, many of whom are lovingly called 'lovingly' called start-ups, who would now benefit mostly from reduction of corporate tax rate from 30% to 25% for those with annual turnover of up to Rs 250 crore. In the previous Budget, the

Finance Minister reduced corporate tax rate to 25% for companies whose turnover was less than Rs 50 crore.

This benefited 96% of the total firms filing tax returns.

“Towards fulfillment of my promise to reduce corporate tax rate in a phased manner, I now propose to extend the benefit of this reduced rate of 25% also to companies who have reported turnover up to Rs 250 crore. This will benefit the entire class of micro, small and medium enterprises which accounts for almost 99% of companies filing their tax returns. The estimate of



revenue forgone due to this measure is Rs 7,000 crore,” Jajodia said.

The rest 1% aren't happy though. “Headline tax rates are falling all across the world, with now even the US joining and leading the race,” said

THIS UNION BUDGET IS FOR SMALL BUSINESSES, SOME OF WHICH ARE LOVINGLY CALLED START-UPS

Milind Kothari, Managing Partner BDO India.

India Inc has been demanding cut in corporate tax rates with industry bodies like ASSOCHAM and FICCI seeking reduction to 25% with CII even demanding a deeper cut to

18% with CII president Shobhana Kamnieni arguing that rates in India are one of the highest.

However, of the near 7 lakh companies filing returns, just 7,000 companies, which file returns of income and whose turnover is above Rs 250 crore, will remain in the 30% slab.

Clearly, the Finance Minister is in no mood to reward large corporate with such low tax compliance.

A small cut in tax for smaller business would have much larger impact on the economy in terms of capital and job creations. “The lower corporate income tax rate for 99% of the companies will leave them with higher investible surplus, which in turn will create more jobs,” the FM said.

“Reduction in corporate income tax for more number of MSMEs should be contingent on the fact that the net gains in profits should be reinvested in a manner that would promote jobs and some kind of share in that should be reflected in wage shares of employees. These clearly will show that employment is the core concern of the government,” says Prof. KR Shyam Sundar, XIRI-Xavier School of Management.

The tax cut would strengthen the manufacturing sector, believes Rahul Garg, Senior Partner with PwC India, while it would also increase their access to finance, and address issue of non-performing assets, helping the MSME alleviate the stress, says Kamnieni.



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- SANDEEP JAJODIA, ASSOCHAM PRESIDENT

Budget focused on 'Bharat' to create jobs, says India Inc

PNS ■ NEW DELHI

India Inc on Thursday said the 'Bharat' oriented Budget with a thrust on improving the rural economy will create jobs, encourage entrepreneurship and sets the tone for future growth.

Sharing views on the Budget 2018-19, corporate honchos cheered measures like the ₹5 lakh cover per family per year to 10 crore families for secondary and tertiary care hospitalisation, saying these would help the broader objective of universal healthcare.

"At last a beginning of Universal Healthcare - a long overdue need to enable inclusive economic development. Without health protection the poor will remain poor," Biocon CMD Kiran Mazumdar-Shaw tweeted.

Mahindra Group Chairman Anand Mahindra said in a tweet "In a populous, agrarian country, a populist, pre-election budget can be pro-growth! I'm biased, since it ignites growth in our key rural markets. So instead, I'll laud the budget for health insurance for 10 crore people. That's a REAL step towards becoming a developed society."

CII Director General Chandrajit Banerjee termed it a balanced and prudent Budget that sets the foundation for future growth in the economy.

"In a difficult year, the Finance Minister has done well to contain the fiscal deficit at 3.5 per cent of GDP, a deviation of 0.3 per cent from the Budget estimate. The plan to move

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towards fiscal consolidation in the coming year would maintain macro stability and enhance investor confidence," Banerjee said.

However, CEO of Serum Institute of India, Adar Poonawalla rated the Budget as a highly mixed one.

"One of the main focuses of the Government in this Budget was touted to be employment generation. However, none of the announcements are expected to boost the creation of jobs in any significant manner.

"Secondly, I was expecting some relief towards Minimum Alternate Tax (MAT), which was missing in the Budget. It would have catered to India's SEZ units, helping the export business to great extent," he said.

Assocham President Sandeep Jajodia said the Budget is on expected lines and provides support to sections of the society, where it was needed the most. The Finance

Minister and Prime Minister Narendra

Modi know how to put the money where the mouth is, he said.

"The agricultural and rural landscape were in some kind of distress and provision of over ₹14.34 lakh crore to be spent on rural infrastructure should also add to the employment generation especially in the farm sector," Jajodia said.

Bharat, or rural India, has been the key focus of the Budget, Dabur India CEO Sunil Duggal said, adding the Budget is on expected lines and is focused on improving the quality of life in rural India.

PHD Chamber of Commerce President Anil Khaitan said the Government has provided a Budget for all. The focus on agriculture, rural economy, health, infrastructure and MSMEs is highly appreciable.

Ashok Hinduja, Chairman, Hinduja Group of Companies said: "The focus on development of agriculture, healthcare, education, employment generation and infrastructure with an innovative approach should comfortably place the economy in the growth trajectory of 8-10 per cent per annum and double its GDP by 2025."

Ficci President Rashesh Shah is of the view the Budget will drive consumption in a big way, thus helping growth in other related sectors. He said the impetus to the rural economy and the overall agriculture sector in the Budget would be a force multiplier for overall growth in the coming years.

Budget focuses on Bharat to create jobs: India Inc

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