INFRASTRUCTURE INDUSTRY AND LOGISTICS FEDERATION OF INDIA

Press Release

Focus on Infrastructure Augurs Well- ILFI on General Budget 2015-16

New Delhi, Saturday 28th February 2015: Welcoming the General Budget presented by the Union Finance Minister Mr Arum Jaitley, Dr Mahesh Y Reddy, Director General, Infrastructure Industry and Logistics Federation of India (ILFI) said that increase in investment in infrastructure by Rs 70,000 crore and creation of a Trust to ensure annual inflow of Rs 20,000 crore to the sector will give a boost to the cash starved sector.

In a statement issued today, ILFI said that the finance minster has rightly identified the present shortcomings in the public-private partnership (PPP) model and assured that it would be revisited to make it more result oriented. "This is a welcome step having regard to the fact that several PPP projects, particularly in infrastructure have either failed to take off or stalled at the midway. It is important to consult all stakeholders like infrastructure industry, business associations representing infrastructure, industry and logistics like ILFI while framing new parameters and norms for the PPP," he added.

The Budget has focused on augmenting generation in the renewable energy sector and allocated funds for greater investment. Generation in the renewable sector is set to go up by over 1, 75,000 Mw. Also, the government proposes to set up five ultra mega thermal projects " It is a good augury and the projects should be completed well within the time since many such projects are caught up in undue delays," he added.

ILFI expected that the budget would give focus on promotion of agri-business in the country since the sector can generate millions of jobs and income to the people besides helping development of the backward areas and in strengthening the supply chain and cold storage infrastructure.

Skilling India is critical for the success of flagship infra projects including Make in India campaign. With the launching of the National Skills Mission, the government endeavors to consolidate the skill formation in the country. An allocation of Rs 1500 crore has been made in this Budget. But going by the gigantic task ahead for bringing about qualitative changes in the skill sector, allocation could have been more, he opined.

The effort of the finance minister to hold the fiscal deficit under check and at the same time within the budgetary constrains committing more funds for social sectors like health, education, rural development, urban development etc. have to be hailed. At the same time, there should be

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conscious effort to check the wasteful expenditure. The strong macroeconomic fundamentals give the government to carry on with its further reform process. It has to be reckoned that the encouraging growth figures are mostly on account of the “base effect” and should not lull the government into any complacency. “We have to build and consolidate on the green shoots of recovery to further our growth profile,” he added.

ILFI has been demanding for quite some time reduction in corporate tax to make India an attractive destination for doing business. Now it is proposed to be reduced from 30 percent to 25 percent in four years’ time. The effective rate of corporate taxation was only 23 percent, according to the assertion of the finance minister on account of several exemptions. “it is important to remove such exemptions to make the tax more predictable and linear. But a careful study has to be undertaken to see the real effective rate and its impact on the industry before taking any steps for doing away with exemptions,” he added.

ILFI welcomed the proposals made by the government to eliminate the black money, incentives given to the individual tax payers for saving, creation of a new pension scheme, clubbing foreign portfolio investment with the foreign direct investment etc. Meanwhile, the impact of the increased educational cess and service tax should be studied properly for ensuring that will not adversely impact the common man.

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