

PREPARE BLUEPRINT FOR LONG-TERM GROWTH: FM TO BANKING SECTOR¹

High Growth Rate Must Be Accompanied by Strong Macroeconomic Fundamentals: FM Shri Arun Jaitley

Insolvency & Bankruptcy Code has redefined the Creditor-Lender relationship in India: FM

India has achieved unmatched financial inclusion in last four years: Shri Arun Jaitley

The Union Minister for Finance and Corporate Affairs Shri Arun Jaitley has said that India may probably become the fifth largest economy next year. Given the kind of economic activity happening in India, he said that the role of the banking industry is going to be vital in strengthening the economy itself. He said that the sector should do this by upholding professionalism, credibility and expansion. He said that the industry needs to use the occasion of AGM to introspect and prepare a blueprint for the long term. The Minister was speaking via video conference, addressing the 71st Annual General Meeting of the Indian Banks Association, held in Mumbai.

The Finance Minister said that the desire to have a high growth rate must be accompanied by strong macroeconomic fundamentals. He said that sacrificing the fundamentals for temporary spurt in growth is not desirable. The Minister said that growth with fiscal prudence is necessary.

Shri Jaitley said that indiscriminate lending done in the past created funding of projects which were not able to service those debts. He observed that this was followed by the subsequent error of dressing up the bad loans. He noted that excessive fear of consequences in the old regime led to a situation where this problem could not be resolved.

The Minister stated that creation of the Insolvency & Bankruptcy Code has redefined the creditor-lender relationship in India. He said that the need now is to expedite the process.

He said that amendment to Section 29A of Insolvency and Bankruptcy Code will prevent defaulting promoters from bidding for their own assets. He added that a pre-liberalization Prevention of Corruption Act (PCA) could not attract the penal provisions for corruption, and that the amended PCA empowers civil servants in making bonafide bold decisions, thereby empowering bankers and other decision makers too.

Speaking about the growth of the banking sector and its role in the growth of the economy, the Minister said that the achievements of Jan Dhan Yojana, MUDRA Yojana and the low-cost insurance schemes are commendable. He added that it is no small achievement for the banking sector to have reached every household.

He said that the banking institutions are the heart and soul of the economy. Shri Jaitley said that the contribution of the banking sector towards nation-building, especially in terms of support to industry, is invaluable.

Shri Jaitley said that India is continuing its run as a fast-growing economy, and that it will continue to be in this sweet spot.

The Minister said that the challenges to the economy are primarily external, citing unpredictable oil prices, trade wars and sporadic political issues. He said that this is therefore all the more imperative that the domestic sector is equipped to deal with these external factors.

¹ Available at: <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1544074>

Shri Jaitley said that the ability of the Government to spend on infrastructure has improved, due to increase in assessee base as well as tax collections.

Shri Jaitley said that banks play a vital role in job creation, infrastructure development, agricultural credit and others, making it the lifeline of the economy. He said that this makes it imperative to strengthen the credibility of the sector. He added that the onus is on banks to avoid even stray incidents of frauds.

Chairman, Shri Shyam Srinivasan said that the IBA has played a noteworthy role in helping banks deal with the challenges of the times and to stay relevant. Other officials of IBA and leading bankers were present at the occasion.

INDIA TO DOUBLE EXPORTS BY 2025: SURESH PRABHU²

Union Minister of Commerce & Industry and Civil Aviation today chaired a meeting of different exports stakeholders and Commerce Ministry officers to discuss a strategy for revitalizing India's exports and doubling the country's exports by 2025. The Minister said that this is necessary in view of challenges like uncertainty of global trade, rigid approach of banks affecting availability of credit, high logistics cost and productivity standards and qualities. Exports create jobs, bring in foreign exchange and validate India's international competitiveness. Minister of State, C R Chaudhary will be the chairperson of this mission and will regularly review the work of different export promotion councils and divisions of the Ministry of Commerce.

The Commerce Minister has already held two meetings with key Ministries for preparing sectoral export strategies which are being finalized. Federation of Indian Export Organisations (FIEO) has done a study identifying 100 billion exports in traditional, new markets and products. EXIM has conducted market research and draft export strategy is being prepared.

India had acceded to WTO's TFA (Trade Facilitation Agreement) in April, 2016 and action plan containing specific activities to further ease out the bottlenecks to trade has been prepared. To facilitate transparency through Ease of Doing Business and IT initiatives DGFT and SEZ have been online integrated with customs ICEGATE and mandatory documents required for exports and imports have been reduced to 3 each. Import Export Code (IEC) has been integrated with PAN and MoU signed with GSTN for complete integration. Electronic bank realization certificate (eBRC) system has been shared with 14 State Governments for quick tax refunds and MoU signed with GST Network for integration of e-BRC with GSTN. State Governments have been provided access to DGCI&S export data in real time.

Union Cabinet has approved the proposal of Department of Commerce to give focused attention to 12 identified Champion Services Sectors for promoting their development, and realizing their potential. Suresh Prabhu emphasised that special strategy is being prepared for the services sector in order to achieve broad-based growth instead of the existing pre-dominance of IT-ITeS, diversification of services exports across geographical territories, sensitization of the States to formulate new structures, policies and action plans for services sector and promotion of India as a services hub. The Agricultural Export Policy is in the process of being finalized, after incorporating stakeholders' comments.

Commodity and territory specific strategy is also being prepared for items like gems and jewellery, leather, textile & apparel, engineering sector, electronics, chemicals and petrochemicals, pharma, agri and allied products and marine products. Territory specific strategy will cover North American Free Trade Agreement (NAFTA), Europe, North East Asia, ASEAN, South Asia, Latin America, Africa and WANA, Australia, New Zealand, and CIS.

² <http://pib.nic.in/newsite/PrintRelease.aspx?relid=183085>

The Commerce Minister said that apart from traditional markets India must also look at boosting trade with smaller countries and explore new territories like Africa which has 54 countries but accounts for only 8 % of exports from India. The Minister exhorted exporters to not miss the opportunity presented by China's consumer market and make the most of the world's mega import expo being held in China in November, 2018

Team ICSI

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