

ECONOMY

India has potential to achieve 7-8% growth, says Arun Jaitley



PTI

NEW DELHI, FEBRUARY 27, 2018 16:16 IST

UPDATED: FEBRUARY 27, 2018 16:43 IST

The Indian economy had the potential to achieve a growth rate of more than 7-8% in view of policy changes, accompanied by a supportive global environment, Union Finance Minister Arun Jaitley said on Tuesday.

Addressing the India-Korea Business Summit here, he observed that over the next 10-20 years India would continue to remain one of the fastest growing economies in the world.

India had demonstrated in the last few years that it had, even in a global environment of adversity, a potential to self correct itself, to continue to take difficult decisions if necessary and maintain a high growth trajectory, Mr. Jaitley said.

He said the country had been able to blend its economic decisions along with political acceptability to the extent that there was now a huge support, almost bordering on impatience, where people want India to reform and grow much faster .

According to Mr. Jaitley, most people in India believed that a 7-8% growth rate was an absolute normal for the country but the real potential of India was to beat that. Therefore with policy changes accompanied by a supportive global environment, India had the potential to achieve a little more than that, the Finance Minister said.

Mr. Jaitley also said the Indian economy had become very open in the last few years, it had integrated globally, and invited investments in most sectors. India also made its procedures for investment extremely simple, he added.

Mr. Jaitley said the government's decision-making had made doing business in India much easier and whatever challenges and difficulties do arise, there was an extensive debate in the country as to why procedures must be further simplified and a combined national effort to move in that direction.

It's a rule based decision making where governmental discretions based on individual cases have been virtually eliminated, Mr. Jaitley said on the country's regime.

He said the government had been able to unify taxes and bring about a relatively simpler tax structure and for international investors, indirect tax structures had become extremely investor friendly.

In an apparent reference to retrospective taxation, Mr. Jaitley said: Whatever misgivings we had about our direct tax structures in the past including some erroneous decisions which governments have taken, we have completely eliminated those fears and added more predictability and stability as far as taxation is concerned.

He said the government was consciously encouraging some sectors.

"The manufacturing sector is an area where India still has to achieve its best and therefore we believe that in the next decade or two, this is a sector which is going to expand very substantially and most policies therefore are now conducive to domestic manufacturing," he said adding that there was a lot of potential for companies wanting to invest in infrastructure in India.

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