

Jaitley bats for lower tariffs, says it will curb evasion

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New Delhi: Ahead of the budget, which is going to be a vote on account for the next fiscal, finance minister Arun Jaitley supported a lower tariff regime saying higher the tariff, bigger the evasion across sectors.

Speaking at the 61st Foundation Day celebration of the Directorate of Revenue Intelligence (DRI) here on Tuesday, the FM pointed out how agencies such as the DRI have detected huge evasion of Rs 4,000 crore in the form of trade-based money laundering.

"For decades we were a regulated economy. We had very high tariffs. Higher the tariff, the level of evasion will be widespread across sectors and therefore you had widespread smuggling," Jaitley said. The minister said that though, over the last quarter century, successive governments gradually rationalised the tariffs, the challenges to the economy continue to exist.

The FM mentioned Indians attraction for gold and the widespread smuggling of the precious metal. The DRI had in the last fiscal seized gold valued at over Rs 970 crore.

This is the second time in a week the FM has spoken about a dismantling high tariff regime. On Monday, the FM had spoken about bringing down trade barriers as it 'takes away competitiveness' and ultimately hurts the domestic economy. There may be a course correction in the government as in the last budget, it had proposed increased customs tariffs on a lot of consumer electronics and other imports in line with its 'Make in India' policy.

The FM advised investigative agencies to remain fearless and free from collateral controversies, ensuring the cases taken up by them result in convictions and penalty. "If I look at the cross section of various investigative agencies, it goes to the credit of DRI that by and large it has remained free from any collateral controversies," he said.

