

Political donations should get tax breaks, says new CII chief

**John Sarkar &
Surojit Gupta | TNN**

Ajay Shriram takes over the leadership of the Confederation of Indian Industry (CII) at a very challenging time when business confidence is down and all eyes are on the new government. In an interview to TOI, Shriram says there should be tax breaks for corporate funding of political parties to make the process transparent : Excerpts:

When the new government comes in what would be three priorities that you would want them to address?

One is GST, we do believe that GST is important. From the point of view of increasing transparency, bringing in revenue generation and bringing in fewer barriers between states in the movement of goods and services. We would like to work with state governments and convince them why GST should be taken up.

Second, we think is infrastructure. I would also like to include a lot of pending projects. Then, there is ease of doing business. How to bring about a

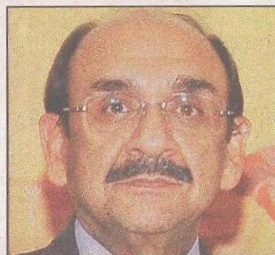
mental change so that you can attract investment? Today we are ranked 134 by a World Bank study. We need to do something there.

What about interest rate?

Interest rate is important. It is important from two points of view. One is from the point of view of capital investments. We did feel inflation has come under control in last four months, rupee is more stable, current account deficit is better. There was scope for reduction in interest rate. Second view is from the consumption side. For somebody who has taken a loan, if interest rate goes up by 50 basis points his/her monthly outgo goes up. Interest rate needs to be addressed.

RBI announced two bank licences. Are you disappointed that corporate were not included?

RBI has its own norms. They are cautious at the moment. There's no indication that this is the end of giving licences. They could look at it in the future again. The good thing is that they have started. The companies which have got the licences are already



ONE-ON-ONE

Ajay Shriram
PRESIDENT, CII

present in some form of banking but not under the name of banking. It's a good direction.

What are your views on corporate funding of political parties?

There are two areas we can look at. State funding of elections is a good idea. To maintain a vibrant democracy funding is a given. So, why can't the state, out of the budget running into lakhs of crores, put aside some amount to fund elections. If the govt was to put think tanks on the job, there could be some structured way. Second, from the point of view of corporates or individuals, if you make a political donation there should be tax break, there should be

some advantages of encouraging people to fund elections in a transparent, open, legal way.

The UPA government faced the criticism over crony capitalism. What will you do to build trust between the government and the industry?

We believe that the only way to tackle crony capitalism is to have transparent laws, rules and regulations and less discretion. You will have a black sheep. Let not one black sheep cast a shadow over the rest. Industry has to come beyond this and industry will have to improve their image of transparency. There is a trust deficit and we have to address that. I don't think the government per se distrusts industry.

Will you ask the government to consider tax breaks for CSR activities?

We feel it would be practical to give it (tax break). Companies which make profits are contributing many ways to various welfare issues. We feel giving a tax break on CSR would be good. It makes it mentally more positive for undertaking that activity. We are planning to take it up with new government.