

# Mum on service tax on rentals

THE NO-PLEASURE-NO-PAIN Budget 2009-10 presented by the finance minister seems to be focused only on seeing the next year through.

Though the government's focus this time is on rural upliftment and infrastructure growth, with the agenda of inclusive growth, a lot has been left unsaid.

The key positives were infrastructure investment in excess of 9% of GDP by 2014, growth rate target of 9% per annum and 4% growth in the agriculture sector.

However, I feel a few definitive measures would impact retail in a positive manner.

The additional interest subvention of 1% for farmers who pay their short-term crop loans on time, removal of surcharge on individual income tax and marginal increase in tax exemption for senior citizens and women are some of them.

The removal of fringe benefit tax (FBT) may prompt companies to rejig the cost of employment.

This apart, abolishing commodity transaction tax, introducing GST next fiscal, reducing customs duty on LCD panels and mobile phone compo-



**Kumar Rajagopalan**  
CEO, Retailers Association of India

**EXPERTVIEW**

nents, allowing investment-linked exemption for cold chain and others in the supply chain of agriculture products, and allocating Rs 7,000 crore to Rural Electrification Scheme may help develop rural markets and bridge the gap be-

tween rural and urban India.

However, the retail sector's issues have been left largely unaddressed, despite the fact that it accounts for over 12% of the gross domestic product (GDP) and employs 7.3% of the total workforce in India.

The finance minister did not mention the issue of service tax on rentals, which forced retailers to get a stay from the Delhi high court.

Surprisingly, not a word on foreign direct investment (FDI) in retail and no impetus for additional customer confidence and consumption by way of tax sops or expenditure credits. There were no initiatives to make India an attractive destination for tourists to boost the retail sector.

The most crucial of it all, the need for retail to be recognised as an industry, continues to be a dream.