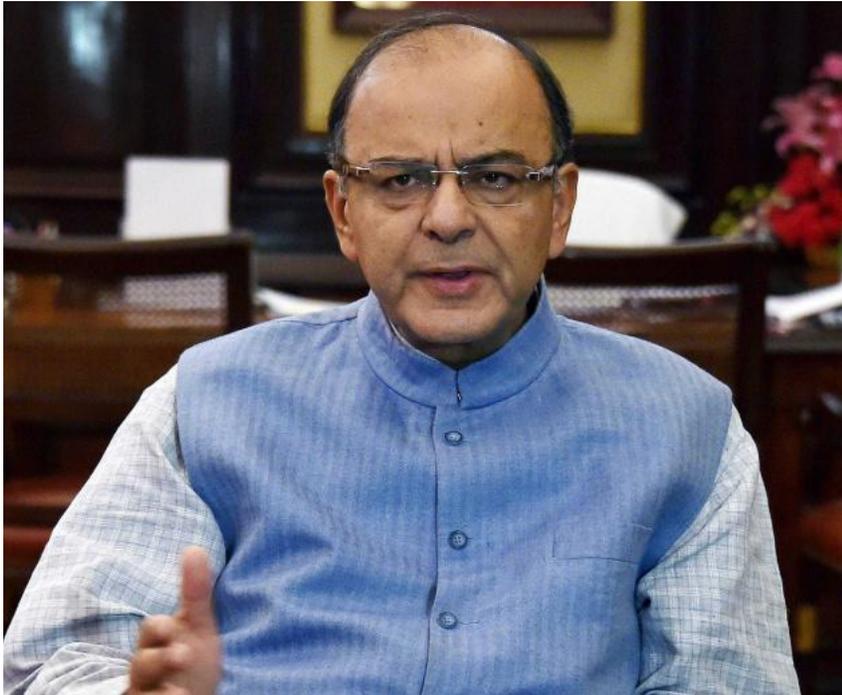


Jaitley hints at big banking reforms, but no full divestment from PSBs

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Union Finance Minister Arun Jaitley. File Photo

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The country has not reached a stage where the government can completely exit its holding in the 27 public sector banks
Mumbai, Feb 14:

Finance Minister Arun Jaitley on Sunday hinted at major banking reforms in the forthcoming Budget and assured foreign investors that retrospective taxation will be a thing of the past.

With the Budget scheduled for February 29, he did not elaborate on what the shape of the banking reforms will be.

“We have two tax disputes with large corporates. This we are working to settle amicably,” he said while speaking at the Asia Business Forum 2016 as part of ‘Make in India’ week here on Sunday.

He said legacy issues in the tax system will be sorted out.

The government, Jaitley said, would maintain an arm’s length in the functioning of banks but will not divest completely from public sector banks.

“The country has not reached a stage where the government can completely exit its holding in the 27 public sector banks,” he said. To professionalise the operations of state-run banks, which control over 70 per cent of the industry, the government has already committed to bringing down its holding up to 51 per cent, he said.

GST Bill

On the passage of the Goods and Services Tax in the Rajya Sabha, Jaitley said he hopes to “negotiate through” in the coming days.

Divestment target

On divestment, the Finance Minister blamed the choppy market for not being able to meet the target.

The windfall gains from declining oil prices have been used to create infrastructure, he said. However, there is a need to focus on investing in rural roads, electrification and irrigation to push up rural demand, which has been hit by two successive droughts, he added.

Advising States to reconsider the issue of higher taxes in the tourism sector, Jaitley said the Centre has offered visa-on-arrival facility to 125 countries and this has already resulted in a quantum jump of foreign visitors.

Manmohan, 'great as FM'

Taking a jibe at former Prime Minister Manmohan Singh, Jaitley said the Congress leader did a "great job" as Finance Minister but the reforms process stopped after he became Prime Minister.

"To be fair to him (Singh), he did a great job as a Finance Minister in initiating reforms. That process stalled when he became the Prime Minister," he said.

(This article was published on February 14, 2016)

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