

The focus on fiscal prudence is welcome

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The first Budget of the new government, slated for the remaining nine months of this fiscal year, had numerous challenges to address, both on the domestic front and the external front. With a tight adherence to fiscal prudence norms, Finance Minister Nirmala Sitharaman has taken firm steps to achieve the new horizons the government envisages over the next five years.

The overall objective of the Budget is clearly to work towards ensuring that India reaches the milestone of \$5 trillion GDP by 2025. In this, it activates the growth drivers of consumption, investment and infrastructure connectivity. At the same time, there has been strong emphasis on future technologies, sustainability, agriculture, and manufacturing. Given that this is the first Budget presented by a woman in many years, its focus on women is welcome and would contribute towards raising their presence in the workforce.

The government's imperative was to raise resources to enable the high infrastructure expenditure to fructify. Its track record in building roads and highways, connecting new airports, modernising railways and creating new housing has been faster than ever before. With the acceleration of massive projects of Bharatmala, Sagarmala, gas and water grids, and optical fiber connectivity across villages, the costs of doing business are likely to be reduced.

The intention to involve the private sector in railways is laudable. However, there is much to be done in terms of private participation and unlocking delayed projects due to various reasons that could have been taken up in the Budget.

Industry welcomes the progressive expansion of the 25 per cent corporate income tax slab to 99.3 per cent of all enterprises. More importantly, the simplification of tax procedures will go a long way towards ease of doing business. We had hoped that this slab would have been extended to all enterprises, but this was understandably not feasible at this stage. Addressing the legacy issues in GST introduction was a demand of industry that was met. The announcement regarding development of a plan for deepening the corporate bond market for long-term bonds also responds to a key need of industry.

Special mention has to be made of the various measures taken for start-ups to reduce their compliance burden which will ensure that business is facilitated. Many conditions such as carry forward and set off of losses, angel tax, and verifications have been simplified for them which will bring relief to youth.

The Budget brings many more steps for the rural economy such as strengthening of farmer producer organisations, setting up business incubators, and developing 75,000 rural entrepreneurs. We would have liked to see more focus on irrigation and water management as well as incentives for food processing.

Overall, the Budget is well-balanced and pragmatic. At this stage, the economy needs a stable and sound foundation that will impart confidence to both investors and ordinary consumers, and this is adequately covered through the Budget. In addition, the Finance Minister has highlighted that India Inc provides jobs and is a wealth creator for the nation. We believe that mutual trust can catalyse sustained national growth and industry is with the government in ensuring that together, the target of a \$5-trillion economy is realised.