

# Budget strikes the right balance

**CHANDRAJIT BANERJEE**

Director General, CII

It focuses on growth with inclusion

**T**HE FM HAS unravelled a most consequential and pathbreaking Budget, which rightly catalyses growth with social inclusion; and has struck a delicate balance between lives and livelihood, growth and fiscal prudence.

A significant push to public investment, on both physical and social infrastructure, has been the leitmotif. The NIP—launched with 6,835 projects—has now expanded to 7,400 projects with a capital allocation of ₹5.54 lakh crore in FY22(BE) against ₹4.39 lakh crore in FY21 (RE). This will help speed up infrastructure development, create demand and shore up growth, and create much-needed jobs.

Another stand-out feature is the higher allocation to health-care, particularly for Covid-19 vaccine. The pandemic has brought to the fore the fragile nature of public health infrastructure. The govt has also addressed the pertinent issue of infrastructure financing. DFI is a welcome move for strengthening the financing portfolio for infrastructure and would help in channelise investments. Further, the “National Monetization Pipeline” of potential brownfield infrastructure assets is proposed to be launched. The monetising of existing assets through this channel will help generate additional resources which could be ploughed back into infrastructure.

Cognisant of the financial sector's role, the government has announced a plethora of measures pertaining to banking, insurance, and the bond market. The setting up of a bad bank, in the form of asset reconstruction & management company, will help banks recycle their bad loans. Similarly, the increase in FDI in the insurance sector from 49% to 74%, bringing down the government stake in two PSBs, enabling debt financing of InVITs and REITs by FPIs, et al, are all moves in the right direction. The Budget has retained an agrarian and rural pivot. A comprehensive set of measures to reduce the supply-side bottlenecks in delivery and distribution have been announced. The Budget FY22 focusses on creating an efficient agriculture marketing ecosystem, bridging the infrastructure gaps, reducing wastages across the supply chain, enhancing domestic competitiveness, creating high-value segments and nutrition.

Coming to specifics, the planned investment in agri-infra, by enhancing the allocation to the rural infra development fund and micro-irrigation fund is significant. Similarly, the Budget has rightly enhanced the target for credit to agriculture to ₹16.5 lakh crore in FY22. And the extension of e-Nam to 1,000 more *a* would also help in price discovery for farmers. Another key feature is a gradual shift towards green and sustainable development—₹2,217 crore has been allocated for 42 urban centres with a million-plus population to address air pollution issues. The expansion of metro network and augmenting public transport would help decongest roads, boost urban mobility and promote decongestion and pollution.

The provision of water supply to urban households through the JJM (urban) in all 4,378 Urban Local Bodies with 2.86 crore household tap connections, as well as liquid waste management in 500 AMRUT cities over five years, is noteworthy. To bring this programme under the key component of infrastructure and accordingly awarding water supply and sewage work contracts would improve the living conditions.