

Fresh ideas to facilitate sustained growth

The slew of measures and proposals for use of new technologies will help the economy get back on track



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In a significant departure from conventional wisdom, the Budget boldly adopts an expansionary fiscal policy, allowing the fiscal deficit target to rise from 3.4 per cent of the GDP in FY19 to 3.8 per cent in FY20. Given the prevailing exceptional economic situation, this is a sensible move. The Budget recognises the need for a clear glide path to converge the fiscal deficit to the targeted figure, in the medium term. Boosting agriculture, rural and social infrastructure is a dominant theme in the Budget.

Easing land-related issues by encouraging States to adopt model laws is an

important step towards ensuring commercially viable farming. The focus on agri-infrastructure through measures such as providing viability gap funding for building warehouses should assist in strengthening market linkages.

Given India's poor performance in human development indicators, the emphasis on health and education is much-needed. Providing viability gap funding for constructing Ayushman Bharat-empanelled hospitals in aspirational districts will ensure accessible healthcare facilities for all and spur employment for unskilled workers.

Digital progress

In another instance of fresh thinking, the Budget proposes the use of technology to mitigate some critical issues. Geotagging of warehouses, cold storage facilities and other similar infrastructure is a useful move. Supporting farmers to set up solar pumps and grid

connections will boost farmer incomes by allowing them to leverage unproductive land and treat solar as a 'third crop'. Use of technologies has also been extended to healthcare. Leveraging artificial intelligence in the Ayushman Bharat scheme will assist in identifying medical vulnerabilities and design appropriate preventive regimes.

The Centre plans to digitise 1,00,000 *gram panchayats* through Fibre-to-the-Home connections by the year-end. This will enable *anganwadis*, health centres, schools, PDS outlets, etc. to be digitally connected. Mapping of India's genetic landscape for the development of next-generation medicine, agriculture and biodiversity management is also on the cards.

Some of the other new ideas presented in the Budget relate to the introduction of a taxpayers' charter, the removal of dividend distribution tax and divestment. In an attempt to curtail tax har-

assment and build trust between taxpayers and tax authorities, the Central Board of Direct Taxes will be mandated to adopt a taxpayers' charter. Complementing this with faceless appeal will give greater comfort to taxpayers.

Eliminating the Dividend Distribution Tax and reverting to the classical system of taxing dividends at the hands of the recipient is expected to boost the attractiveness of the Indian market relative to its Asian peers. In a significant move, the government has announced its intent to divest part of its stake in LIC and its balance shareholding in IDBI Bank. This will help the government unlock value in these companies and boost coffers. While details on some of the announcements such as the logistics policy, education policy and DISCOM reforms are awaited, this is a well-rounded Budget.

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