



Budget spearheaded many radical measures

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This year, the Union Budget was one of the most-watched in recent years, in view of the complex macroeconomic paradigm against which it was set. Given the fact that the monetary headroom available to the central bank has become limited due to the sharp increase in inflation, all eyes were on the Finance Minister to announce a fiscal plan to kick-start growth. The Union Budget did not disappoint as it spearheaded a host of radical measures for arresting slowing growth.

Notably, the abolition of dividend distribution tax and introduction of the classical system of taxing dividends in the hands of shareholders is a bold measure and is expected to have positive spin-offs of reducing the cost of equity capital in the country. Abolition of DDT has been a long-standing recommendation of the CII. In addition, the rationalisation of personal income tax slabs is likely to spur demand in the economy.

In a good move, the government also announced its intent to divest part of its stake in Life Insurance Corporation of India (LIC) and balance shareholding in IDBI Bank. This is likely to help unlock value in these companies apart from boosting the revenue stream of the government.

The imprimatur of Bharat was unmissable in the budget. The budget highlighted 16 action points for supporting agriculture and rural development.

The measures such as encouraging states who adopt model laws, expanding PM-KUSUM scheme for setting up solar pumps, launching of "Kisan Rail" & "Kishi Udaan" for developing seamless national cold supply chain for perishables, involving youth in fish farmer producer organisations and *Sagar Mitras* among others are likely to hasten the country's journey towards reaching the goal of doubling farmers' incomes by 2022.

In addition, the move for proposing comprehensive measures for 100 water-stressed districts is a positive.

Recognising the need for giving infrastructure investment a renewed push, the budget announced a slew of measures for the sector including the launch of a National Logistics Policy, developing 100 more airports under UDAAN, enunciating five points agenda for the development of railways and accelerating the development of highways among others. In addition, the Rs 22,000 crore equity support to IIFCL and NIIF to create a funding pipeline of Rs 103,000 lakh crore and granting 100% exemption to interest, dividend and capital gains income of the sovereign wealth funds in respect of investment made in infrastructure are very important initiatives for funding infrastructure creation.

(The writer is Director General, CII)