

# There is something in it for you and me in this Budget



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**M**EEETING the expectations of all stakeholders, Budget 2016-17 is an innovative and progressive document that provides something for everyone, including farmers, youth, industry and households in general. Aimed at growth and improving the lives of the people, the finance minister has introduced many creative policy interventions.

We compliment the finance minister for maintaining macroeconomic stability while carrying forward the reforms process. GDP growth accelerated to 7.6 per cent in 2015-16, inflation stands at an acceptable level and the current account deficit is expected to be at 1.4 per cent of GDP at the end of this financial year.

To tackle the global risks, the finance minister has prioritised prudent fiscal management, domestic demand and faster progress on economic reforms.

Towards this end, the Budget identified nine priority areas ranging from agriculture and farmer incomes to infrastructure and investment. Families below the poverty line (BPL) have been targeted through different means so as to improve their living conditions. The healthcare initiative of providing gas cylinders to women in rural BPL households is an innovative measure and the new health protection scheme will prevent households from sliding back into poverty due to medical reasons.

As about agriculture, the

expansion of pradhan mantri krishi sinchai yojana in mission mode and irrigation projects under the accelerated irrigation benefit programme, will help to mitigate rainfall uncertainties. Equally, more rural roads under the pradhan mantri gram sadak yojana will open up opportunities. Enhanced allocation under the MNREGS to the tune of Rs 38,500 crore would go a long way to alleviate rural distress.

These steps would boost rural demand and help kick start the economy. In addition, initiatives for education, skill development and job creation are comprehensive and would add to employability of youth. We particularly appreciate the government's contribution to

the employees' provident fund for all new employees for the first three years.

CII had also recommended that employment-linked incentives be offered to encourage job creation and the Budget has announced extension of section 80JJAA of the Income Tax Act to all assesseees subject to statutory audit. This implies that deduction of 30 per cent of additional wages to new regular workers can be claimed by all such companies instead of only manufacturing companies.

The infrastructure sector has received a big boost with additional government spending, which is in line with CII recommendations. Priority to connectivity in the form of highways and rural roads, ports, waterways

and airports was a much-needed measure and we are hopeful that implementation would be fast-tracked. The housing sector, which is a growth multiplier, has received high attention in the Budget so that its contribution to GDP and employment can be elevated.

Within the infrastructure sector, public private partnerships (PPP) were of concern to industry as a large number of projects were stuck due to disputes. The announcement of a public utility (resolution of disputes) bill is most welcome as also the proposed guidelines to revisit PPP contracts due to changed circumstances.

A key sector that has been addressed in Budget 2016-17 is the financial sector,

which matches savings to investments. Several incentives have been offered to promote an international financial centre in India. The pension sector is envisaged to enable individuals to go in for savings for their future.

Industry welcomes the roadmap for lowering of corporate income taxes and the beginning made by offering cuts to small enterprises. Increased taxation in the form of excise duties is understandable and would help bridge the fiscal deficit.

To conclude, Budget 2016-17 addresses all sections of the economy and would greatly contribute to accelerating GDP growth rate for the country.

(The writer is CMD, TIL Ltd)