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Rana Kapoor
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The way the Budget has been presented has undergone massive changes in the form of removal of plan and non-plan distinction, amalgamation of the rail-budget with the Union Budget, and review of existing FRBM targets.

Despite challenging global circumstances, the Finance Minister has managed to tread on the path of fiscal consolidation, budgeting for 3.2 percent of GDP in FY18. At the same time, he has reduced tax liabilities for 96 percent of India’s MSMEs, granted infrastructure status to affordable housing and allocated ample funds for rural upliftment, which will act as fiscal multipliers.

Most importantly, this year’s Budget has brought the focus back on capex – with much-needed focus on roads, railways and highways. The Government has budgeted for a 10.7 percent increase in capex. Other than this, the Government has also attempted to create an eco-system that will make India a global hub for electronics manufacturing and planning for export infrastructure through the TIES Scheme and setting up Strategic Crude Oil Reserves. The total allocation for infrastructure development is at a record INR 3.96 Trillion.

Power and Renewable Energy: In addition to the proposed merger of all PSU oil companies to create a USD 100 billion behemoth, the Finance Minister has also announced duty reduction in LNG and creation of additional strategic reserves which will ensure adequate availability of energy to fuel India’s growing manufacturing sector.

Concessional withholding tax rate of 5 percent on interest payments under rupee denominated Masala Bonds has now been extended by 3 years till June 2020, which was earlier allowed till June 2017. This, I believe, is an important and extremely positive step to counter capital outflows, in the wake of rising interest rates in the US and other western countries. This will benefit Indian companies who are looking to raise funds abroad, especially players in the Renewable Energy space, to make good on commitments made at Paris COP-21 to reduce carbon footprint by 35 percent from 2005 levels.

Additionally, I believe that raising the carry-forward of MAT credit limit to 15 years will spur investments.

Roads and Highways: The Government has increased the allocation towards road development to INR 64,000 crore, from INR 57,000 crore, to achieve the stated target of building 40 km of highway per day. This will be augmented with funds earmarked towards decongestion of overloaded infrastructure and road safety engineering.

Railways: I welcome the government’s move to discontinue the age-old practice of separate Railway and Union Budget. I believe that with budgetary allocation of INR 1.3 lakh crores, investments in rail infrastructure, safety and cleanliness with get the much-needed fillip. The Budget has also allocated for a special rail safety corpus of INR 1 lakh crore and waiver of service charge on online booking.

Manufacturing: India has become the 6th largest manufacturing hub in the world on the back of increased focus on improving Ease of Doing Business and the positive impact of Make in India campaign.

The Government in no uncertain terms has announced its intention to provide impetus to the core sector through planned outlays in affordable housing, infrastructure, agriculture and digitization, which is expected to give a boost to Indian manufacturing. Of course, the Government’s decision to abolish FIPB, rationalize customs and excise duties deserves a special mention.

In conclusion, the decision to adhere to fiscal consolidation while boosting public expenditure for infrastructure is a hallmark of quality spending. As India targets 8-9 percent GDP growth, the Government needs to make a strong commitment to fiscal discipline, which will enhance investment prospects, and pave the way for creating a virtuous cycle of sustainable economic growth.