

# 'Budget is a growth-oriented'

There are many policy initiatives, incentives and direct spending measures which can promote savings and investment. Some of these measures are:

- Infrastructure spending of Rs 70,000 crore through budgetary allocation and PSUs
- 25.5% increase capital spending in FY 2015-16 over 2014-15 (RE)
- Creation National Infrastructure



**Ganesh Kumar Nidugala**  
IIM-I prof (Eco)

fund National Investment and Infrastructure Fund (NIIF) and allocation of Rs.20,000 crores. This can be leveraged into larger investments by the private sector.

- Tax-free infrastructure bonds which can encourage flow of savings to infrastructure sector
- Sovereign risk cover in PPP

- Five Plug and play UMPPs will speed up investment in power sector
- Corporatisation of ports
- MUDRA bank for financing SMEs
- Clarity on REITs and INVITs will help realty sector to unlock value and re-invest in new projects
- Gold monetisation scheme, tax exemptions on savings in NPS will give boost to financial savings
- The above things couples with measure to promote ease of doing

business along with lower corporate tax and greater clarity in tax regime like GAAR will promote investments

- Changes in import duty structure will encourage make in India.

- Policies for to promote start ups

Rationalisation of subsidies and promotion of direct benefit transfer will help in plugging leakages and better targeting of subsidies. Similarly social safety measures and social sector spending at a time when govt. has increased share of states is also commendable.

There are some disappointments in the budgets.

- Plan expenditure is expected to decline by 0.57% while non-plan expenditure will increase by 8.16%. Plan expenditure is considered more productive when compared to non-plan expenditure.

One of the reasons for higher inflation in India has been the food prices. There is no indication of any significant increase indirect govt. on investment in agriculture. On the agriculture market side there are no concrete reforms except for mention about need to create national market. Unless investment in agriculture sector picks up

- Revenue deficit continues to be high at 2.8% for FY 2015-16 suggesting that much of the fiscal deficit of 3.9% is due to revenue expenditure and so much capital expenditure. Revenue spending does not lead to asset creation.

# An exceptional budget

The budget is really an exceptional budget. It has its own challenges.

Industries: A company increases its enterprise value through Profitability and profit growth. The profit growth is through increasing consumption in current markets and entering new markets. The budget helped the companies have more money with them for future growth due to reduction in corporate tax. Due to increase in slab of IT, the disposable income has increased, this will help in increasing consumption.



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Indian companies suffered due to infrastructure. This budget gives concrete steps in infrastructure investment through proper implementation. Investment in Power will help in proper production. Visa on arrival will help in interaction.

The budget will help the companies to motivate employees to invest in Medical and pension front. A new welfare motives between employees and employee relation will start. Increasing transport allowance will be good for companies as well as employees.

In summary this budget speaks for giving proactive policies for investment, saving and growth. It has tried to have develop a system of transparency through stringent laws.

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**A word of caution**  
The states will get 62% of resources. It's a good step, but a step with huge challenges in implementation. State does not have robust, transparent and agile process like central government. A system has to be developed so that pilferage can be stopped. States also have to develop strategies for growth.

"As expected from Modi Government, it is no populist budget. Low crude prices, low inflation gave FM a chance to announce additional subsidies but it seems government is determined to reduce CAD further and to achieve fiscal discipline. It is overall economic revival plan with a long term vision."

**Vishal Ramchandani**  
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