
Balancing growth & fiscal probity

The budget strives to attain a balance in the government's agenda to maintain a fiscal discipline and simultaneously bolster growth. It plans to achieve its goals on the back of a broader tax base, disinvestment income, planned capital expenditure and digitising subsidy transfers.

Faced with an arduous task of turning around the economy, the finance minister reassures that the government is steadfast on the path to fiscal consolidation of 3 per cent albeit delaying it by a year.

Re-dressal of systemic issues by revamping laws has been identified as key to bringing about sustainable change. The document identifies infrastructure and manufacturing to be the engines of change.

It is pertinent to note that the additional fiscal space is being used to fund infrastructure investment. Having a pre-existing regulatory mechanism for approvals, introducing infrastructure bonds and a comprehensive bankruptcy code are steps in the right direction.

Revitalising the PPP model, with the sovereign bearing a major part of the risk would lead to a much needed rebalancing and crowding in of the private sector.

The establishment of a National Investment & Infra-

structure Fund for Rs 20,000 crore will assist in funding infrastructure projects. A proposal to set up five new ultra mega power projects, each of 4000MWs in the plug-and-play mode with pre-clearances and linkages should unlock investments to the extent of Rs one lakh crore.

Clarity on the implementation of GST, staggered reduc-

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tion of corporate tax, deferring GAAR by 2 years and increasing defence expenditure is a welcome move for the "Make in India" initiative.

Tweaking the customs duty on raw material augurs well in revamping the inverted duty structure. The intent towards avoidance of retrospective taxation is commendable.

Setting up a public debt management agency will bring both India's external borrowings and domestic debt under one roof. This will lead to the debt market being at par with the equity market thereby leading to the deepening of Indian bond market. A proposal to overhaul capital gains taxes paves the way for the listing of real estate investment trusts (REITs). An autonomous Bank Board Bureau would help in overhauling the governance structure of public sector banks.

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