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Budget Calls...

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Budget Calls...

As B-Day or the Budget Day of February 28th draws closer, many voices of advice and protest will be directed towards the finance minister and his team. Here are some views from leaders of industry. Over the next few weeks we will bring you more. Simply put; we will give voice to the advice of the experts...

Populism not at the expense of prudence

"The Union Budget for 2013-14 would walk the tight balance between regaining fiscal discipline and making expenditure more effective given that economic growth may not be too buoyant to bring in additional tax revenue. While some marginal benefits may be given to individual taxpayers given the prevalence of high inflation, focus would tend to be more on incentivizing infrastructure bonds through tax breaks. On the expenditure side, hopefully we would get to see the government spend on infrastructure now that we have passed the hurdle of linking diesel prices to the market which wili help in controlling the subsidy bill. As this will be the last budget before the elections, there would be some affirmative steps in the areas of agriculture, warehousing, continuation of interest subvention and write-offs, SMEs etc. But, we may be assured that populism wili not be at the expense of prudence".

- D.R. Dogra *<MD & CEO - CARE Ratings & Research)*

A mix of soft and hard

"This year's budget will be a mix of soft and hard. The threat of rating downgrade will not let finance minister have a free hand at doling out largess while the taste of past electoral successes reaped by populist schemes will not let govt go slow on making its voters happy. There will be a strong focus on containment of fiscal deficit. This will be achieved by increase in tax rates, inclusion of new activities in the tax.net and taxes on super rich. The expenses on Defence '" and infrastructure might take a back seat. The subsidies wit) see a movement towards Direct Cash Transfer. Given the recent social instances, we are likely to see focus on women oriented schemes for employmentand a higher expenditure on internal security and judicial . reforms"

— **Kunj Bansal** *(CIO-Sanlam India Investments)*

Revive the investment climate

All stakeholders are eyeing on the government as to what can it do revive the investment climate and growth that dipped to 5.4% in the first half current fiscal.

In my opinion the actions taken by trie government so far are the steps in right direction "as India economy is primarily suffering from uncertainty as regard to policy making and long pending reforms. With the change of guard in the finance Ministry, we have seen lot of activity and passing of long pending reforms happening since September this year starting from FD1 in Retail, setting up of a Cabinet Committee for fast clearance of Infra Projects, etc.

The government and especially Finance Minister knows that it is not about the taxes that cad revive the growth, it is about creating conducive and workable environment that can stimulate growth and revive investment demand. I"n my opinion from this budget, Finance Minister would try to address some key priorities;

1. Clear roadmap to FRBM i.e Fiscal Health
2. To address the problem of rising current account deficit.
3. Focus on demand driven growth recovery
4. Create conditions for revival of private investment
5. To address the bottlenecks in the way of infrastructure developments

— **D.K. Aggarwal** *(CMD-SMC Investments & Advisors Limited)*

Should provide a Big Push to NBFC

There is no dearth of entrepreneurial talent in India. Entrepreneurs in the form of Micro, Small and Medium Enterprises (MSMEs) are scattered all over the country. They constitute the backbone of the India Growth Story. Even in infrastructure creation, numerous MSMEs undertake activities like construction, transportation, etc. However the principal challenge to their growth is financing as many of them reside in remote locations which are outside the reach of banking network. For their credit needs, they essentially rely on NBFCs. The reason why I have outlined this is because the Finance Minister must understand that in order to set in motion infrastructure creation, the machinery that needs to be oiled is the financing vehicle of the infrastructure MSMEs- namely the NBFCs, especially NBFC-AFCs (those which finance infrastructure assets) and NBFC-IFCs (those which finance infrastructure projects). Ideally the Finance Minister should provide a Big Push to NBFC-AFCs and NBFC-IFCs in the forthcoming . budget.

— **Hemant Kanoria,** *CMD, Srei Infrastructure Finance Limited.*