

Change in ideology brings breath of fresh air

WE NEED to look differently at the Budget (which is a landmark one) as efforts have been made to change the way in which we go about raising revenue and spending the same. The FM has taken a bold step of not procrastinating crucial expenditure at a time when fiscal deficit is already running very high and traditional sources for revenues appeared to be very limited. It has hence simultaneously looked at new ways to garner resources. This would be the main takeaway from the FM's presentation on the 1st of February.

What will strike the reader is that the Budget does not look at the usual avenues when it comes to raising revenue and hence, we see minimal alterations to the tax rates. Where



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they have been done, it is more for correcting the disadvantages that Indian industry face when it comes to imports. Tax slabs have been left largely unchanged which means that there are new thought processes in motion that have been implemented this time. This is also indicative of how things will be in future.

Here the asset monetisation scheme that has been proposed is significant because this can change the way we look at resource mobilisation in future. Monetisation of potential brownfield infra-assets will be launched during the year and the sponsored InvITs of NHAI and PGCL will attract domestic and foreign investors. Railways will be monetising freight corridors which is again an innovative step. The SPV to monetise land owned by the government and

PSUs will be another source of revenue. This will lay the bricks for the future too and as the government will be driving the high growth agenda, there will be enhanced activity here. This, I believe, is a major philosophical change that has metamorphosed which actually moves away from the conventional path of raising taxes to more innovative ways which is the need of the day. In a way it can be said that as tax buoyancy has come down and the immediate growth path is not one which will garner accelerated revenue, new ideas are required which have been brought in.

This idea also blends into the new approach to disinvestment which now is tilted towards privatisation. This comes not just from the steps announced but also the language

used by the FM though this was made clear during the Atmanirbhar announcements last year. Units that don't perform should be sold, and those that have high value should be leveraged. Hence the focus now seems to be on privatisation and the distinction is necessary as it sends a different signal to investors who can look to owning these companies over a period of time.

Hence even the number that we see of ₹1.75 lakh crore appears to be a firm value that has been calculated rather than a balancing item of the difference between total revenue and expenditure.

The target this year is lower than what was budgeted last year, but the names of the companies are more specific which means that the plans to divest them are very much in place.