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EXPERT TAKE

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In keeping with party's electoral promises

THE finance minister presented the maiden Budget of the new government, trying to live up to the expectations of all the sections. What he presented was a Budget that was low on big-bang announcements and high on steps that covered a number of sectors with a special focus on infrastructure. Retaining the fiscal deficit target at 4.1% of GDP for FY15 and sticking to the road map, which takes us to fiscal deficit of 3% by FY17, were cheered by all.

As far as expenditure is concerned, there is a fine balance between the manufacturing and services sectors. Within the services sector, improving connectivity in the country and focusing on tourism were the highlights. From developing inland waterways like the 'Jal Marg Vikas' to building 16 new ports, developing airports in Tier 1 and Tier 2 cities to more funds for NHAI to build 8,500 km of additional roads, Budget aims at facilitating movement of goods and people in the country.

The creation of five tourism circuits, launch of PRASAD (National Mission on Pilgrimage Rejuvenation and Spiritual Augmentation), beautification of ghats and rivers, preservation of archaeological sites and the facility for e-visas at nine airports will give a boost to tourist arrivals.

By spreading the reach of schemes to all the parts of India, the Budget signals the importance of federal structure as well.

IN LINE WITH THE PM'S VISION TO STRENGTHEN INFRASTRUCTURE, THE EXEMPTION ON THE LONG-TERM FUNDS RAISED BY BANKS IS NOTEWORTHY

In line with the PM's vision to strengthen infrastructure, the exemption on the long-term funds raised by banks from SLR and CRR requirements is noteworthy. The FDI limit in defence manufacturing and insurance was raised from 26% to 49%. Conditions for FDI in manufacturing have been automated and they will be allowed to sell their products through retail companies, including e-commerce platforms without any additional approval. The government proposed to liberalise the ADR/GDR regime for depository receipts, allowing international settlement of Indian debt securities and extended the 5% withholding tax on bonds issued by Indian companies abroad till June 30, 2017.

Mobilisation of domestic savings to channelise more investments was paid attention as the limit on PPF investment has been raised from ₹1 lakh to ₹1.5 lakh. At the same time, the income tax exemption limit was revised upward by ₹50,000. All these are expected to boost savings. The reintroduction of 'Kisan Vikas Patra' is another step in the same direction.

The Budget is a pragmatic one and a delivery mechanism of the party's manifesto, from creation of a price stabilisation fund to making national market for agriculture, from focus on the Ganga project to the Sarnath-Gaya-Varanasi Buddhist circuit, from a skill India programme to 100 smart cities, from encouraging entrepreneurship to allowing uniform KYC norms. The time to execute various elements of the electoral promises has begun.