



'Pro-growth and inclusive Budget'

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The Budget has set out clearly a vision for policy action backed by some realistic revenue assumptions. The tone of the Finance Minister's speech was optimistic and set out the key focus areas: health, housing, skilling, education, agriculture, connectivity and manufacturing.

In a move that is pro-growth, the Finance Minister eschewed the deficit target set for FY16 and instead opted for some fiscal stimulus.

This has been done through a 25 per cent increase in capital expenditure but also through allowing the leverage route, where entities such as NHB, IRFC etc would be allowed to lever up the money availed from the newly



formed NIIF (National infrastructure and investment fund) that has an initial capital flow by the government of ₹20,000 crore.

The focus on black money, the incentives to use debit cards rather than cash, the monetisation of gold and the incentives for REITs should bring in more money into the formal system and boost financial savings.

The increase in DBT and the creation of a social security system for health, pension and life insurance will add strength to the ongoing financial inclusion program.

The move to a bankruptcy code and the provision of SARFAESI for large NBFCs is welcome. The provision of capital for PSU Banks seems low, implying we should watch out for the possible creation of a holding company for PSU banks.

Overall, this Budget was high on credibility and vision and had something for everyone. We look at this Budget as being pro-growth which is inclusive and sustainable.

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