

## Capital Budget

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By Sidharth Mishra



In the ongoing cricket season, with finance minister Arun Jaitley himself being a cricket enthusiast, the best cricketing euphemism to describe his full Budget speech would be that the Narendra Modi government was still playing the opening overs. While the robust economic survey released on Friday raised expectations of a Budget which would usher second generation reforms, the annual financial statement presented a day later fell a little short. At the end of his 95-minutes-long address, the minister said, “People who urge us to undertake Big Bang Reforms, also say that the Indian economy is a giant super tanker, or an elephant. An elephant, moves slowly but surely.” Though short on big bang reforms,

but by no standards it could be said that Budget 2015-16 is not growth oriented. While it caters to the aspirations of the huge constituency of the poor by introducing various social security schemes, ‘funding the unfunded’ as the finance minister put it but also puts in a word of caution underlining the need for prudence in such expenditure.

“Well-intentioned schemes introduced in the past, have often been ill-targeted, riddled with leakages and delivered with inefficiency. What we need is a well targeted system of subsidy delivery,” said the minister. And not letting a chance to take dig at the opposition go, He opened his speech with a verse in Hindi saying “

*Kuch to phool khilaye humne, aur kuch phool khilane hai Mushkil yeh hai bagh me ab tak, kaante kai purane hai*

(though we have grown some flowers; and want to grow more but the problem is that there are many thorns remaining from the past).”

If one takes stock of the targets the finance minister has set out in his Budget on a long-term basis, it would come out as — 1. A roof over everyone’s head where each household has a 24/7 water supply; 2. Build two crore houses in rural India and four crore houses in urban India by 2022; 3. Ensure employment for 2/3rd of population below 35 years by transforming India into a manufacturing hub; 4. Build 100,000 lakh kilometers of roads.

The underlying theme of the Budget seems consolidation of gains made in the past nine months. “My proposals lay out the roadmap for accelerating growth, enhancing investment and passing on the benefit of the growth process to the common man” said the Minister and went on to add, “We have turned around the economy dramatically, restoring macro-economic stability and creating the conditions for sustainable poverty elimination, job creation and durable

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double-digit economic growth.”

And without losing sight of the party manifesto which propelled BJP to power in May 2015, Jaitley’s Budget reiterated the government’s will to crackdown on black-money stashed abroad promising a stringent law which could send evaders behind bars for upto 10 years. “Tracking down and bringing back the wealth which legitimately belongs to the country is our abiding commitment to the country. To this end, I propose to introduce a Bill in the current Session of the Parliament,” said the Minister.

To create a conducive environment for investments it did away with the distinction between the foreign direct investment and foreign portfolio investment. It has brought corporate tax down to 25 per cent from the existing 30 per cent. “This will lead to higher level of investment, higher level of growth and more jobs,” the minister said.

However, the finance minister failed to keep the promise made in party manifesto on at least two major counts — increasing the income tax exemption limit, which the middle-class looked forward to and announcing one rank-one pension scheme for defence personnel. Both these constituencies backed Narendra Modi as Prime Minister in a big way. While on not increasing the exemption, finance minister has defended the move saying that it has proposed increasing the range of tax deductible investments/ spend. On one-rank-one-pension, the government claimed that the policy was announced in the last Budget and it would be provided for in current allocations.

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