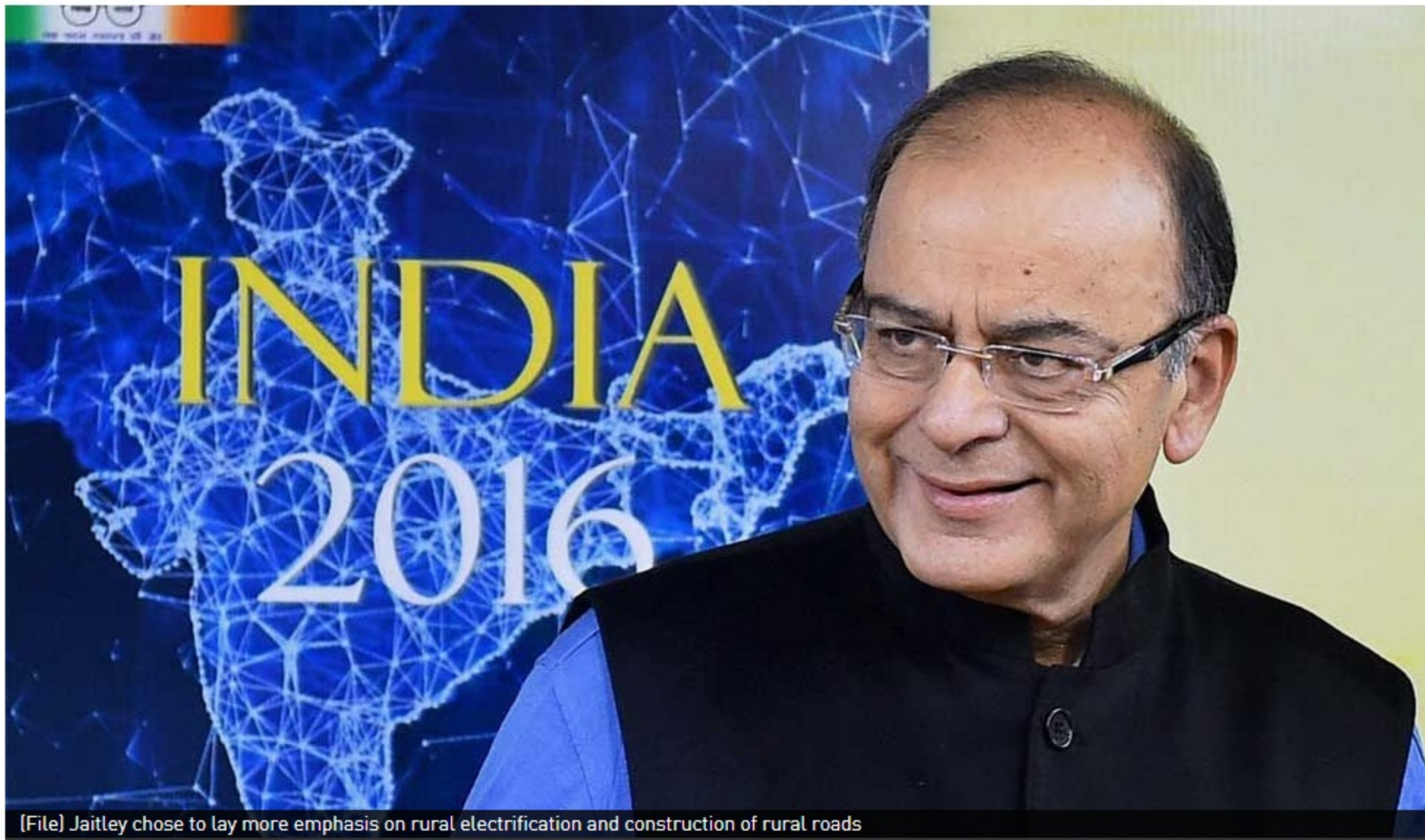


BUDGET

Budget aims to focus on rural India, infrastructure and IT spends

By Soumik Dey / February 29, 2016



[File] Jaitley chose to lay more emphasis on rural electrification and construction of rural roads

Finance Minister Arun Jaitley's second full-year budget held more cheers for the rural India.

Just ahead of the state assembly polls in four big states, the finance minister had renewed focus of the Union Budget to rural and urban India. The focus was also on the youth with higher allocations targeted towards skill development and start-up incubation programmes of the government.

The impact of higher allocations for social sector, health and agriculture were anticipated and well timed. "The Union Budget 2016 proposed a target of Rs 9 lakh crore in farm credit (in 2016-17), which is an all-time high," said Sandeep Sabharwal, CEO of Logistics and Agri-credit Institution, Sohan Lal Commodities Management (SLCM).

The provision of higher allocation towards irrigation programmes under the Union government along with the Accelerated Irrigation Benefits Programme (AIBP) was also commended by players in the agriculture industry. "If the government aims to cover as many as 89 irrigation projects under the programme, it can provide a huge thrust to the agriculture sector," said Anil Jain, managing director of BSE-listed Jain Irrigation.

Some agriculture experts felt that though irrigation has been given focus, other basic infrastructure may have been left out. "Thousands of crores are needed for an agriculture system where hardly much irrigation canals exists. But the question is where will the water come up from," social rights and farm activist Kavitha Kurungati asked.

Jaitley also chose to lay more emphasis on rural electrification and construction of rural roads. "We have given the highest ever allocation of Rs 38,956 crore under the MGNREGA programme," Jaitley said in Parliament while presenting the Budget.

Acknowledging the fact that more than 14 crore rural households, out of an estimated 16.8 crore in the country, face a digital divide, Jaitley allocated Rs 6,000 crore for government's digital literacy scheme. The rural development sector has, this year, received an allocation of Rs 87,765 crore, which is higher than about Rs 15,000 crore from last year.

Quoting Swami Vivekananda, Jaitley said his Budget seeks to look beyond politics to keep the people of the country well cared for.

"The tax breaks offered to dialysis units is welcome. It is also welcome if the government seeks to provide subsidised dialysis of kidney patients, but the concern still remains over high duties on import of many other critical illness management programmes. More focus could have been laid in the Budget on various patents by Indian companies and medical research," said bio-technology entrepreneur Kiran Mazumdar Shaw.

The Budget has also sought to introduce a medical insurance cover for the economically weaker section, providing Rs 1 lakh medical cover at government expense.

The city dwelling middle class, however, felt bit let down by the budget. For the middle class, the biggest take away from the budget was an additional Rs 50,000 exemption for first home buys in major metros. Tax breaks are also applicable to purchasers of affordable housing, but is not applicable to those who plan to purchase a property worth above Rs 50 lakhs.

They would also be at the more unpleasant end of a Krishi Kalyan or farmers' welfare cess at 0.5 per cent. Not to mention that the purchase of car dream would get more expensive by 2.5 to 4 per cent due to levy of an additional infrastructure cess.

For entrepreneurs, the Budget came across as mixed bag with no additional support than those already existing. The Employees' Provident Fund Organisation (EPFO) benefits to start-ups and tax holiday provided to help the start-ups settle well were well appreciated but a few concerns remained.

"We also look forward to the amendments in the Companies Act to ensure speedy registration and boost start-ups as the long paperwork have been consuming a lot of time and energy. While these efforts by the government are really appreciated, its disheartening to see categorisation of start-ups. Additionally, there is not much that this Budget has brought for already established or registered start-ups," said Anubhav Rane of Indian Startups Coalition.



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crore towards interest subvention will boost farmers' future prospects considerably said Sandeep Sabharwal, Group CEO, SLCM Group.

The author is Sandeep Sabharwal, Group CEO, Sohan Lal Commodities Management Pvt. Ltd.

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