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THE UNION BUDGET 2014-15

From left: Sanjiv Goenka, Kishore Biyani, Motilal Oswal, Rana Kapoor, Baba Kalyani, Preetha Reddy, Hemant Kanoria. Look for their comments inside

INDIAINC SPEAKS

Focus on infra, mfg will help in reviving demand

Baba Kalyani
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Increased allocations for roads, ports, airports, power will spur the economy

We had moderate expectations from this budget and I am happy that these have largely been met. From a macroeconomic perspective, the budget emphasises the need for fiscal prudence which clearly is the need of the hour. What is particularly noteworthy is the emphasis on the manufacturing and infrastructure sectors as the key levers to revive economic growth. This is perhaps one of the few times that the manufacturing sector has received special attention. The government's commitment for early introduction of GST and a new DTC are positive signals. The proposed overhaul of the subsidy regime to make food and fuel subsidies better targeted is also encouraging.

As regards the automotive industry, government last month announced its decision to extend the excise duty concessions provided in the interim budget till December 31, 2014. We hope that this together with initiatives contained in this budget for the infrastructure and manufacturing sectors will help revive demand for all categories of vehicles in the country. This would in turn benefit the domestic automotive component manufacturing industry.

From a policy perspective, the decision to raise FDI in the defence sector from 26% to 49%through the FIPB route with management control in Indian hands will provide a boost to domestic manufacturing industry. The finance minister's statement of wanting to reduce reliance on imports coupled with his intent to streamline defence procurement systems is very positive. We are confident that Indian manufacturing industry would now be able toplay a more effective role in indigenisation in this critical sector of the national economy.

The emphasis on infrastructure through increased allocations for roads, national highways and expressways, ports, airports, power, new & renewable energy, industrial corridors, smart cities, etc are measures that will spur the economy.

We also welcome the government's commitment to take effective steps to operationalise SEZs as a means to revive investor interest and use unutilised lands for productive purposes. Industry is keen to understand what these measures are. Expectations were that Minimum Alternate Tax and Dividend Distribution Tax introduced in 2011 on SEZ developers and units would be entirely withdrawn. We hope suitable instructions in this regard will follow.

This being the first budget of the new government, we believe it is a good beginning. The key lies in efficient implementation of the various proposals through quick decision making across bureaucratic levels.