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# DECCAN Chronicle

**DC DEBATE** THERE WERE NO BIG BANG INITIATIVES IN THE BUDGET

## Yeh pocket maange more

Budget is below expectations



**H.P. Ranina**

**THERE WERE** a lot of expectations as this was a mid-term Budget where the finance minister, Mr Pranab Mukherjee, had the flexibility to revive the reform agenda and take a number of decisions in the interest of the Indian economy. But no major initiatives were announced.

Inflation has been tackled only in a limited sense, by announcing incentives for agricultural growth, by allocating ₹300-500 crore. However, what was needed was a change in agricultural strategy to enable increase in productivity in the short term. Corporates could have been allowed to undertake contract farming in a big way. This would have enabled new technologies to be inducted immediately for increasing productivity. The finance minister's proposals for encouraging investments in cold storage plants, warehouses and distribution channels will take time to fructify.

Mr Mukherjee should have announced immediate relaxation of FDI guidelines for retail trade. Multi-national retailers are known to have brought down the inflation rate in other countries by eliminating middlemen, giving higher procurement prices to farmers and lowering the market price. Unfortunately, no announcement was made in this regard. Possibly, the government may come up with additional announcements later in the year.

The manufacturing sector has also slowed down in recent months. Therefore,

the proposed excise duty increase of 19 per cent projected for the fiscal year 2011-12 may not materialise, leading to further strain on the fiscal deficit. Also, the minister could have increased the exemption limits for individuals to ₹2,50,000 per annum. He could have taken bold steps to raise revenues by proposing measures to recover

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While the voluntary disclosure scheme is not desirable for several reasons, Mr Mukherjee could have come up with an innovative infrastructure

bond of 15-year duration bearing a low rate of interest. People investing in these would not be required to disclose the source of their funds. Having issued these bonds, the minister could have announced harsh measures for those who continue to hold on to their black money. Hopefully, the Budget proposals can be modified and several measures taken once the Group of Ministers comes to a decision on finding ways to tackle black money. Ultimately, the government has to be decisive in its resolve to tackle the issue of black money and channelise it for productive investments.

■ **H.P. RANINA**,  
advocate, Supreme Court,  
and tax expert



**Arun Nanda**

FM took care of basic needs

**WE ARE** never satisfied, are we? Industry was expecting an increase in excise and service tax of two per cent and a rollback in the concessions given in the wake of the global financial crisis. But the finance minister, Mr Pranab Mukherjee, has not done that. Isn't that an initiative in the post-recession situation? He has also not resorted to populist measures to win in the upcoming Assembly election in five states.

Let us look at the good things. The most important is the fact that Mr Mukherjee has, for the first time in the history of any Budget,

dealt with the issue of corruption at the lowest level.

He has even touched on matters that farmers and common people face on a daily basis at the stamp office and registry. This he has done by saying that he is going to simplify the process so that the harassment caused to a farmer by the clerk sitting in the office stops.

The minister has also touched upon inflation, where food items are the culprit, by making states streamline the distribution process, as in getting rid of the middleman and improving the supply chain by incentivising the setting up of cold storage chains and warehouses.

In the social sector, Mr Mukherjee has introduced various schemes to encour-

age employment of women and incentivised vegetable clusters and cereals. He has given a higher allocation for farmers' credit and microfinancing and increased allocation for education and healthcare. Besides taking care of *roti* and *kapda*, the minister has also tackled *makan* by giving interest subsidy for housing loans.

But — most important — for affordable housing he's planning on bringing in some legislation and schemes for mortgage risk sharing.

The problem is that we have started to expect any and everything through the Budget.

The Budget is primarily meant to approve the annual income and expenditure plan for the country, and the

amendments required to various statutes primarily in the areas of direct and indirect taxes. The finance minister has done well to send the right signals for curbing black money, improving governance, boosting agriculture, attracting foreign investment and going green and innovative. What else can we want from the finance minister who is facing so many problems for things he is not responsible for?

I strongly believe the finance minister has done a very good job of showing the government's intention to do good for the economy and the *aam aadmi*.

■ **ARUN NANDA**, non-executive chairman, Mahindra Lifespace Developers Ltd