

THE ASIAN AGE

THE AGE DEBATE THERE WERE NO BIG BANG INITIATIVES IN BUDGET 2011-12

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 finance minister 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 crores. 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. Multinational retailers are known to have brought down the inflation rate in other countries by elimi-

nating 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. There-

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fore, 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 taxes which are locked in litigation, estimated at around ₹65,000 crores.

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 roti, kapda, makan

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 encourage employment of

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women and incentivised vegetable clusters and cereals. He has given a higher allocation for farmers' credit and micro financing 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 curtailing 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