

India is financial 'role model'

Experts say budget for 2016-17 is growth-focused and gives confidence to investors

Issac John

DUBAI — The budget unveiled by Indian Finance Minister Arun Jaitley underscored the government's commitment to adhere to the stated fiscal deficit targets and showcased the country's financial discipline as a role model to the world economy, financial experts and businessmen said.

Sajith Kumar P K, chief executive and managing director, IBMC Financial Professionals Group, said the budget showcases India's financial discipline as a role model to the world economy.

The budget is growth-focused and gives more confidence level to the domestic and international investors. "Through the budget proposals, the Indian government is demonstrating its commitment to adhere to the stated fiscal deficit targets while signalling that it wanted to prioritise macro stability over growth," he said.

Thumbay Moideen, founder President of Thumbay Group, said the budget proposes relief on basic dialysis equipment, opening of generic drug stores, additional healthcare cover for senior citizens and new schemes for health cover. "However, the budget does not have any major announcements on improving the basic healthcare infrastructure, which is important to address the fundamental issues."

Abbas Ali Mirza, former president, Indian Business Council, Dubai, said the budget highlights several positive and "feel good" factors including the "CPI inflation" which has come down to 5.4 per cent from nine per cent plus. Noteworthy proposals include limited tax compliance window from June 1 to September 30 for declaring "undisclosed income" at 45 per cent including surcharge and penalties; raising deduction for rent paid from Rs20,000 to Rs60,000 to benefit those living in rented houses; and 15 per cent surcharge on income above Rs10 million.

Rizwan Sajjan, founder and chairman, Danube Group, said the budget proposes an ecosystem which is investor friendly through simplified tax structure and special schemes that offer debt, equity and receivable financing.

"So all in all it's a mixed budget and has something for everyone — entrepreneur, employee, householder, youth, farmer and senior citizen," he said.

James Mathew, secretary general— IBPC, Dubai, and managing partner, Crowe Horwath, UAE, said the government has clearly showed its intent to be pro-agricul-



The budget does not have any major announcements on improving the basic healthcare infrastructure

Thumbay Moideen,

Founder President of Thumbay Group



There are 160 airports and airstrips which can be revived for providing further connectivity in India

Sripriyaa Kumaria,

DG of India Trade and Exhibition Centre



The budget has been structured considering fiscal discipline despite need for investment

R. Seetharaman,

Group CEO, Doha Bank



So all in all it's a mixed budget and has something for everyone and is investor friendly

Rizwan Sajjan,

Founder and chairman, Danube Group

Balanced spending plans set to lift rural India

Haseeb Haider

ABU DHABI — Indian business executives in the capital say a balanced budget will lift rural India.

Shilpa Gandhi, director of Abu Dhabi-based GIC Consultants; Prakash Chand Mehta, a senior bank executive; and Padamakumar Pandurangan, a chartered accountant who is associated with a regional bank; said the finance minister focus on rural development, agriculture sector and support to start-ups would boost economic development.

Shilpa Gandhi said there is a clear intent to fiscal consolidation and aim to reduce fiscal deficit which is going to be beneficial in the long run.

ture and pro-rural infrastructure economy. "Among the nine points referred to as pillars of transformative agenda, five pillars predominantly focus on rural India and farmer welfare," he said.

Nimish Makvana, chairman of ICAI Dubai chapter, said with a lot of stress on agriculture, rural development, industry, and other critical growth areas, the budget is growth-oriented. "However, on personal tax front it was a bit disappointing. The focus on settlement and tax litigation is commendable as this should reduce the number of pending cases significantly. Reforms in FDI and Ease of Doing Business are welcome."

Bharat Bhatia, chief executive and managing partner, Conares, said there are no extra privileges for industries. The coal price increase will affect all industries, specifically the energy sector. "The banking sector has been

"There is also an intent shown on the divestment front but this needs to be backed up by action in the next 12-24 months," she said.

Prakash Chand Mehta, a senior financial executive with a local bank was not expecting much from the budget 2016-17. However, finance minister did some tweaking here and there, he said.

"There is not much to take away from this budget. Some headline announcements have been made but all depends on fine prints and successful implementation which is a big question," Mehta said.

Padamakumar Pandurangan said Finance Minister Arun Jaitley faced the tough task of balancing the needs of farm sector as well as the industrial sector before he

presented his third and challenging budget today. However, the Modi led government has not disappointed, as they seem to have touched upon all the sections of the economy positively.

He welcomed massive support to SMEs which has got a major push with tax holidays for setting up projects.

"Commitment to stable tax regime with no more retrospective amendments is a much needed announcement to get that FDI confidence back on track. "This is one of the steps which will attract investors and better ease of doing business in India. Though, not reducing the MAT rate for the manufacturing sector might disappoint some," Pandurangan said.

— haseeb@khaleejtimes.com

taken care of by the budget and there seems to be positive news for the infrastructure sector. Agriculture as well is encouraged, but I believe that the other industries should have been provided a better status in the budget."

R. Seetharaman, Group CEO, Doha Bank, said India has benefited from lower oil prices resulting in improvement in current account deficit and deceleration in CPI to 1.4 per cent of GDP and 5.4 per cent, respectively. India's foreign exchange reserves are at the highest ever level of about \$350 billion, which will provide the necessary support to manage rate hikes from US Fed and insulate the Indian economy. The budget has been structured considering fiscal discipline despite need for investment.

Shrikant Joshi, CEO and MD, L&T Realty, said the increased focus on affordable housing is in line with the Prime Minister's vision of

housing for all. Proposals for service tax exemption for construction of affordable housing will provide much needed boost to the affordable housing schemes. Removing the last hurdle for REITs will finally pave the way for its introduction in India. Once in play, REITs will bring in lot more investments in real estate space and will create much needed liquidity among the market participants.

K.V Shamsudheen, chairman, Pravasi Bandhu Welfare Trust, the budget focused on agriculture sector, social development in education, health and daily life of common people. "The government has ultimately set a goal to double the income of farmers before 2022. Definitely this focus will change the face of India which will be a catalyst to make India as an economic super power in future."

Sripriyaa Kumaria, director-general of India Trade and Exhibition

Centre, the impetus given by the balanced budget to rural, agricultural, infrastructural sector and the commitment to stable tax structure will give the much-required push to industrial growth. She said there are 160 airports and airstrips which can be revived for providing further network and connectivity in India.

Sudhesh Giriyan, COO, Xpress Money, said the budget's focus on education and skill development is a praiseworthy move since it will increase the employability of Indians within the country as well as overseas. "In this context, setting up of the high education financing agency and the allocation for multi-skill training institutes are two significant initiatives. The budget mentions that in the next three years, 10 million youth will be skilled — this could significantly increase the demand for potential Indian migrants."

Navin Kapoor, managing director, Xpertize United, said the allocation of enhanced land bank for organic farming and 100 per cent electrification of villages by 2018 are good proposals. LPG gas subsidy to BPL families is welcome. The proposal for substantial allocation for infrastructure development in roads and railways is aimed at driving growth. "I would have liked to see more sops for start-ups and 'Make in India' initiatives," he said.

Lokesh Puthran, treasurer for IBPC, agreed with several members, and said that NRIs were ignored in the budget. He also indicated that Rs90 billion reserved for the Prime Minister's Swachh Bharat Abhiyan was insufficient as India needed more funds for better infrastructure and cleaner roads.

"However, 5,000 new highways and rural roads are certainly something to be happy about. Tax relief for rented houses and LPG connections for women are also good measures," he added.

— issacjohn@khaleejtimes.com