

Union Budget 2017: Industry Leaders Speak Up

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India's business community welcomes the budget proposals as Finance Minister Arun Jaitley announces increases in spending on rural areas, infrastructure

Finance Minister Arun Jaitley on Wednesday announced increases in spending on rural areas, infrastructure and fighting poverty. He said the economic impact of demonetisation would wear off soon. Most in the business community welcome the budget proposals.

Naushad Forbes, President CII, Co-Chairman Forbes Marshall Pvt Ltd

Budget has delivered more than it needed to. It emphasis on the importance of fiscal consolidation of sticking to the deficit targets that we have.

M Ravichandran - President at Tata AIG General Insurance Company

The Union Budget 2017 announced earlier today focussed largely on three themes – agriculture, digital revolution and emphasis on eliminating corruption and black money, while also giving a huge impetus to small and medium businesses. With a view to boost the agricultural sector, the government has increased the coverage under the Pradhan Mantri Fasal Bima Yojana from 30% to 40% in 2017-18 and 50% in 2018-19 which will help farmers get insured. Farmers will also benefit further with the government spending Rs 13,240 Cr in FY 18 on crop insurance.

Rituparna Chakraborty, President, Indian Staffing Federation

The 10 thrust areas poses a smart packaging of populism and pragmatism. The government's focus on digitisation, transparency in governance & politics, upliftment of women & youth, quality of education, rural India is evident in this budget. It's encouraging that the budget eludes to simplification of labour laws through the 4 labour codes as well reform in UGC – which has been long due. Shifting focus of secondary education to a system driven by learning outcomes is a bold and radical move. This budget firmly establishes the winds of change for India ushered in by demonetization and GST.

A.P. Hota, MD & CEO, NPCI

It was a moment of pride for all of us at NPCI to see Hon'ble Finance Minister mentioning about Bharat Interface for Money (BHIM) and its potential to take India towards digital economy in his budget speech today. We are happy that the government is focusing on digital payments and considering our products to cater to our diversified population. We will support the mission of achieving 2,500 crore digital transactions for FY 2017-18 through UPI, USSD *99#, IMPS, Aadhaar Pay, RuPay Debit cards and other upcoming products of NPCI. By banks deploying more PoS terminals, introducing incentivizing schemes and creating use cases, we are confident that NPCI's Mission to 'Touch Every Indian by 2020' will be achieved comfortably. NPCI will continue to innovate and introduce new payments mechanism to support the ecosystem.

Himanshu Bindal, CEO & Founder, One Internet

The 2017/18 budget seeks to pursue prudent fiscal management to preserve financial stability. It will help start-ups as it proposes to cut income tax rate in 2017/18 for small companies, extends relaxation on withholding tax on foreign investor's interest income from debt until June 30, 2020 and proposes change in capital gains tax in real

estate, land.

Sameer Grover, Founder and CEO Crownit

Overall the budget is pro-entrepreneurs which will help create jobs in India, hire skilled talent at low cost and also improve industry output.

Two specific highlights of the budget which particularly enthuse me are:

-Firstly the easing of tax for India based funds and FDI/FIPB changes- this will give a big boost to early stage startups.

-Secondly, the tax exemption for startups, now that's a big support to the Indian startups.

Anil Sardana, MD & CEO, Tata Power

We commend the efforts that the government has undertaken to bring a positive structure into the economy by moving towards a policy based administration with an increased focus on digitisation. The government's commitment to rural electrification and the announcement of an additional 20,000 MW of solar target is a welcome step that gives a much needed boost to the renewable sector. However, we believe that for renewable sector to achieve its potential strengthening the Renewable Purchase Obligations (RPO) mechanism is essential and should be part of government's larger vision for renewable energy.

Shilpa Divekar Nirula, CEO, Monsanto India Region

The Union Budget 2017 has focused on India's agriculture sector and the country's farmers to drive growth in rural India while continuing to propel the nation's economic engine. Credit is an important input to improve agricultural output and productivity and attempts to expand farm credit across rural India is a welcome move. In addition, increased facilities for irrigation through the Pradhan Mantri Krishi Sinchai Yojana, a dedicated irrigation fund, augmented access to crop insurance under the Pradhan Mantri Fasal Bima Yojana are admirable interventions aimed at doubling farmer income. Irrigation and farm credit remain key pillars that will strengthen farm productivity, help in managing risks and maintain the uptrend in the agriculture sector's growth.

Sachin Sharma, CEO, GEM Enviro Management

Overall it's a good budget with no major changes. Though the Textile sector has not been specifically mentioned but following aspects will favor the sector:

1. Reduction in corporate tax rate from 30% to 25% for companies where turnover is less than Rs. 50 crore is expected to enable the MSME companies in Textile sector. This will help them allocate their resources in expansion and growth and is therefore a welcome step in that perspective.
2. Reduction in personal tax rate in the slab Rs 2.5 lacs to Rs 3.0 lacs will increase the disposal income of individuals which will empower them with better assets. This in turn will increase their purchasing power and lead to increased consumption and procurement of goods and apparels.
3. No tax hikes again is a relief for the industry.

Nilesh Shah, Managing Director, Kotak Mahindra Asset Management Company Ltd

The budget has reassured investors. It has maintained the path of fiscal prudence. Fiscal deficit target of 3.2% for FY 18 and 3% for FY19 will reassure investors. Target of 60% debt to GDP by 2023 can change the Moody's ratings who have demonstrated poor standards while rating India in the past. FII concern on taxation arising from indirect transfer of shares has been addressed. Extension of concessional withholding tax of 5% on ECB and Masala Bonds can turn around debt FII flows. Host of benefits given to affordable housing sector can create supply necessary to absorb unskilled labour and create demand for local materials from cement to tiles. It will allow banking sector to deploy liquidity in safe housing loans. Budget has provided for 25% increase in capital expenditure focussed on railway and road. The crucial thing here will be ability of government to spend it.

Rajiv Srivastava, MD, HP India

The Union Budget 2017-18 is extremely positive for the common man, farmers, small and medium businesses and would drive significant growth in Indian economy. Government's commitment to make taxation rate reasonable, tax administration fair and expand the tax base is the step taken in the right direction. The tax relief given by the Government for the middle class tax payers will definitely boost the purchasing power, thereby aiding the overall growth of the economy. The major tax relief given to the MSMEs and SMEs with an annual turnover of Rs. 50 crores, would enable them to invest in job creation, increase capital expenditure and explore their digital journey. The strong emphasis laid on technology in almost all the development areas in the budget reaffirms that technology has been at the forefront of India's recent economic growth and digital transformation.

Rajat Tandon, President, Indian Venture Capital Association

The announcement by the Finance Minister brings in a slew of positive reforms for start-ups. Significant developments such as the carry forward implementation specifically, will build the "Saahas" an encouragement to take risks. This is the "sahyaog" which was sought by IVCA. Despite the fact that start-ups are not exempt from MAT, the carry forward limit of 15 years as against 10 years will boost the start-up hopes and operations."

Padmanabh Sinha, Vice Chairman, Indian Venture Capital Association, and Managing Partner, Tata Opportunities Fund - Tata Capital

IVCA welcomes such prolific initiatives undertaken by the Government and thank the Finance Minister, for undertaking comprehensive steps in the budget that will ease the art of doing business in the country. The Union Budget 2017 has laid out a clear road map for AIFs in India, simultaneously generating a pool of opportunities for businesses. FPI, AIF 1 and 2 indirect tax issues explicitly addressed. Mr. Jaitely also referred to the broader principles of not taxing overseas LP transfers in India funds. I hope it addresses all our industry's needs and will streamline procedures, revive the demand and ultimately cultivate a robust environment for investors/AIFs in the country.

Anirudh Dhoot, Director, Videocon

The 2017-18 financial budget based on the objective to Transform, Energise and Clean India, is aimed at spurring economic growth, synergizing investments and establishing greater transparency. With 100% rural electrification, lowered tax rates for MSMEs, and increased allocation towards schemes like M-SIPS and Electronic Development Fund (EDF), the budget fosters positive steps to further accelerate manufacturing capabilities and boost employment in the country. High disposable income as a result of lower tax rates will lead to higher purchasing power of the individuals. This will lead to increase in demand of consumer goods. Also, we are happy to learn that GST is on track and will be implemented in April 2017. In addition to this, the Abolishing of Foreign Investment Promotion Board to ease the inflow of Foreign Direct Investment (FDI) will expand investments significantly.

Ayush Lohia, CEO, Lohia Auto Industries

Considering the unfavourable environment for the auto industry on the whole due to demonetization we had all pine highest ever hope with the union budget. The good news for the sector is that the GST will go as scheduled as the government has taken two tectonic policy initiatives - passage of GST Bill and demonetisation. GST implementation is positive for the auto sector on the whole. We are certain that positive sentiments will be restored as it bears good tidings for Electric Vehicle industry and the sector overall." Says Mr. Ayush Lohia, CEO, Lohia Auto Industries.

Naveen Kukreja, CEO & Co-founder, Paisabazaar.com

This year's budget has been slightly disappointing on the personal finance front with no announcement regarding retirement savings scheme, NPS and insurance. However, the new pension scheme for senior citizens with 8%

guaranteed return (for 10 years) will help provide some relief to retired people, especially during the current falling interest rate regime. On personal taxes, the 5% reduction in income tax rates for people earning below Rs 5 lakh will provide some relief for middle classes. As this segment has the highest Marginal Propensity to Consume (MPC), it may help boost consumer spending. Providing infrastructure status to affordable housing projects will encourage more builders/promoters to focus on this segment, thereby increasing the supply for the middle classes in the near future.

DS Negi, CEO, Rajiv Gandhi Cancer Institute and Research Centre

As a major contribution to the healthcare sector, the Union Budget 2017 has put a lot of emphasis on essential as well as life-saving drugs. It was announced that while the government will widen the availability of essential drugs across India, it will also reduce the cost of life-saving drugs at the same time which is a big relief for cancer patients. Recognizing the fact that medical education in the country needs a boost, the government has announced the setting up of two new All India Institute of Medical Sciences (AIIMS) in Gujarat and Jharkhand. The setting up of these new institutions would, in turn, help the government in fulfilling its target of eliminating Kala Azar and Filariasis by 2017, Leprosy by 2018 and Tuberculosis by 2025. This objective would be further met with around 1.5 lakh health sub-centres which are being converted to Health Wellness Centres.

Deepak Mehrotra, Managing Director, Pearson India

A well balanced budget is presented by Finance Minister today with a focus on addressing the three fundamental needs of education in India: access, quality and equity. Access and reach will receive a significant boost with the provision of 350 online courses under SWAYAM. The promotion of digital platforms and use of technology will increase reach and access under Digital India and ensure digital learning in rural India. While the budget does not elaborate on how these programs will be linked to industry acknowledgement and acceptance, it will be useful to suitably link successful completion of these programs to industry acceptance, leading to improvement in employability and employment.

Bipin Solanki, Territory Head, South Asia, Syngenta

Union Budget of 2017 presented by the Finance Minister, Arun Jaitley clearly demonstrates the government's commitment to ensuring that agriculture continues to grow at a minimum 4% year-on-year. The measures announced also are in line with making farming profitable and doubling the farm income by 2022. The increased credit flow in the agriculture sector, will add substantially to this new growth phase in the national agrarian economy. Giving a further boost, The Finance Minister has announced among other things, a model law on contract farming that will be circulated to states for consultation. Another welcome feature is the proposal to spread crop insurance to over 40% area cropped and assistance of up to Rs 75 lakh for cleaning and packaging of farmer produce.

Motilal Oswal, CMD, Motilal Oswal Financial Services Ltd

This budget has come on the back of looming risks from global markets such as increasing rates and diminished capital flows on account of the Trump policies. It has been a very clinical effort to contain fiscal deficit at 3.2%, increased focus on rural, affordable housing and infrastructure spending. This display of efficiency in spending and ability to reiterate fiscal prudence would enable to deepen the country's fundamental strength vis-à-vis our peer group. Looking specifically at Capital Markets, they will breathe a sigh of relief with no negative implications on Long term capital gains and the tenure for classification of the same.

Kishore Bhatija, MD, Real Estate Development, K Raheja Corp

The Union Budget is comprehensive and addresses aspects that will help in the economy's growth. We are glad that the direction laid down by the Finance Minister is towards the steady progress of the sector and country. The government has been working towards boosting the affordable housing segment and the announcements made

today are in line with their objectives. The infrastructure status to affordable housing sector is a quantum step for the development of housing.

Surendra Hiranandani, CMD, House of Hiranandani

I would term it as a reform oriented budget where the expenditure was well directed towards economic growth and development, especially in the rural areas. It also reflected the government's concern and priority to improve the investment climate with a view to stimulate growth. The massive push for improvement in infrastructure including record capital expenditure for roads, railways will indirectly benefit the real estate sector in the long run.

Pranay Bhatia, Partner - Direct Tax, BDO India

As an impetus to foreign exchange inflow, concessional withholding rate of 5% on ECBs and specified foreign currency bonds now available upto June 30, 2020. Rupee denominated Masala bonds also get uniform treatment.

Anshuman Magazine, Chairman, India and South East Asia, CBRE

Overall, the Union budget 2017 augers well for real estate, affordable housing and the infrastructure segment. The affordable housing sector is finally set to get infrastructure status. This was a long awaited announcement. While we are yet to read the fine-print, this is indeed an important step to promote access to priority lending thereby spurring supply of low cost housing units across various cities in India. Relaxation in area measurement as well as completion timelines to seek tax exemption are, welcome steps. Further, the government has also increased allocation under the PMAY scheme. This will encourage home buyers and further boost participation from the Private players.

Getamber Anand, President, CREDAI National

We must appreciate the fact that the government is very serious on the mission of 'Housing for All' and in the same light we have seen some extremely positive announcements in the budget today. The real estate industry thanks the government for understanding the need to enable efficient supply of housing stock in the country. Affordable Housing has been declared 'Infrastructure' with all its associated benefits. Additional refinance of INR 20,000 crore from NHB and lower interest rates resulting from increased liquidity in the banking sector would add to the funds for the sector at lower costs to the ultimate consumer.

Gagan Banga, Vice Chairman and Managing Director, Indiabulls Housing Finance

The Government is on a fast track mode - building a sustainable ecosystem for both developers and home buyers. With the Infrastructure status bestowed upon the affordable housing segment, the cost of borrowing is expected to reduce for developers, thereby boosting the supply of affordable houses in the country. Furthermore, by increasing the PMAY allocation to 23000 crore, redefining affordable housing by carpet area & the previously announced subsidies, the government has laid down its intention to provide Affordable Housing the best possible boost. Also allowing property owners the benefits of capital gains after two years will also boost ownership in a country where real estate is still the most trusted investment option. This is a great budget for stakeholders across the Housing Sector.