

Growth-oriented and bold Budget



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THE FM HAS delivered a Budget that would boost economic growth through capital expenditure and infrastructure growth, a large part of which will be funded through disinvestment and privatisation. In wake of the 'once in a century' health and economic crisis that the world is experiencing, the increased allocations for health, sanitation, nutrition and the introduction of a new health scheme are welcome.

The finance Budget has given impetus to Make in India and we are hopeful there will be a lot of opportunities for small-scale, home-grown industries.

We see a commitment from the government in extending education, employment opportunities and health to each segment of the society, and MFIs and small finance banks can play a major role in extending financial education with their wide reach.

The government has proposed a sharp increase in capex — to ₹5.54 lakh crore for FY22, which is 34.5% higher than the revised estimate of the previous fiscal. This highlights the push to spur demand and speed up eco-

nomie recovery.

The FM also initiated long-pending bold banking sector reforms such as announcement of privatisation of two public sector banks, setting up of a bad bank which is an important system and enable banks to lend further.

The creation of a development finance institution to fund the infrastructure needs of the economy and the government's decision to provide ₹20,000 crore for its initial capitalisation is laudable. If all goes per plan, the new institution will have a lending portfolio of ₹5 lakh crore in the coming three years and help catalyse infrastructure spending.

As a major leap in terms of reforms, the government continued its commitment towards affordable housing with the tax holiday for affordable housing projects extending for one more year, till March 2022. Further, the additional deduction on interest amounting to ₹1.5 lakh, for the purchase of affordable housing that was announced last year, has been extended by another year. These steps are expected to accelerate the pace of investments in the sector and will play a key role in achieving the objective of 'Housing for All'.

The financial sector has experienced robust growth in digital payments in recent years. In a bid to move further in the journey of a less-cash society, the FM earmarked ₹1,500 crore for a scheme that will provide the financial incentive to promote digital modes of payment.

That all of this has been proposed without resorting to significant additional tax burden and scotching anxieties about a one-time Covid-19 cess makes FM Nirmala Sitharaman's effort a bold Budget that can take India back to a higher growth trajectory in the coming years.