

President's Message

Friends,

“The biggest source of getting the country to a balanced budget is not by raising taxes or by cutting spending. It's by encouraging the growth of the economy.” Mitt Romney

On February 1st the Modi government rolled out its interim 2019 budget. A dynamic, inclusive and pragmatic budget, the PHD Chamber warmly congratulates Prime Minister, Narendra Modi and his esteemed ministers for presenting a document that lays the foundation for sustainable growth, development and better quality of life for the people of our country. As 'New India' emerges as the world's fastest growing economy, overcoming international economic turbulence and steadfastly moving towards prosperity, the budget forecasts India's trajectory towards becoming a five trillion dollar economy by 2023 and further double to ten trillion in the next eight years thereafter.

Concurring with the sentiments of our Prime Minister, Narendra Modi, “The Strategy for New India @75 is an attempt to bring innovation, technology, enterprise and efficient management together, at the core of policy formulation and implementation.” This would ensure every family has a home with access to water, electricity and toilets; farmers' income double; and the country be free from terrorism, communalism, corruption and nepotism. Such development can only be achieved with engagement with all relevant stakeholders, including the government and industry and mass public participation i.e. a surge of “Jan Andolan.”

This budget deserves high accolades for continuing with structured reforms and creating a confidence-building environment in India. It aims to ensure the benefits of development reach up till the last mile, with a thrust on creating a digital economy. Focusing on improving the livelihood of the poor, small and marginal farmers, the middle class, and MSMEs, several avenues for job creation have been proposed. These include schemes such as MUDRA, Start-up India and Stand-up India.

The Chamber appreciates the Modi government for tackling the agrarian crisis by introducing a direct income support scheme for 120 million small and marginal farmer families under which farmers owning up to two hectares will get Rs. 6,000 per year. The setting up of a separate Department of Fisheries would provide sustained attention to the sector that would generate extra income for people employed in the fisheries sector.

We opine setting up of 100,000 digital villages is an important announcement as it shall bridge the urban-rural divide and enhance growth of the rural economy. Increased allocations for MGNREGA to Rs. 60,000 crores would provide rural employment and also create demand. India will reap the benefits of the Digital revolution only when villages are mapped to it.

We also laud the pension scheme launched for workers in the unorganized sector. Named the Pradhan Mantri Shramyogi



Man Dhan Yojana, the scheme aims to ensure workers above 60 years of age receive a monthly pension of Rs. 3000, with government pitching in a matching share of the employee's contribution, up to Rs.100 every month.

The Chamber welcomes the proactive role of the government in providing a great tax relief to the middle class by giving tax exemption of upto Rs. 5 lakh, hike in standard tax deduction and increase in exemption limit on interest income from banks and post offices. This would go a long way to boost consumption demand for mass products as there will be more disposable income in the hands of the consumers.

The relief provided in the form of increased scope for investment into two homes, with benefit of rollover of capital gains tax of upto Rs. 2 crores, once in a lifetime, is a great sop for the common man aspiring to improve their life style. Further, extension in the period of exemption from levy of tax on notional rent on unsold inventories, from one to two years, shall be a huge impetus to the real estate sector.

I truly appreciate the government's 10-year roadmap to improve the ease of living and make India a pollution-free country. By leading the world in transport and energy storage devices and bringing down dependency on imports for energy needs, India shall be a shining example of sustainable development. Electric cars and other energy efficient technologies shall soon be commonplace. Also, the focus on



cleaning of rivers and self-sufficiency in food, all leading to a healthy society, among others are inspiring and promising in building confidence of the people.

With such reforms suggested to cater to the aspirations of the middle class, India will soar to new heights. The Chamber is proud of the hard work and innovative ideas of our youth due to which India has become the world's second largest start-up hub. India will benefit from its demographic trend, increase in productivity and improvement in quality of entrepreneurship among the youth.

India's macro-economic environment has improved significantly during the last four and a half years of the Modi government, becoming the sixth largest economy in the world.

Inflation has been contained remarkably, fiscal consolidation is on the right path and foreign investment flows are growing year after year. There is a revival of investment activity in the economy with companies continuing to expand production on the back of strong inflows of new business orders. Exports have recently shown a significant growth with stability in trade deficit. Experts forecast that the Indian economy will grow by 7.2 percent in 2018-19 and is poised to pick up to 7.5 percent in the next two years, benefiting from lower oil prices and a slower pace of monetary tightening as inflationary pressures ease.

Going further, I would like to point out that being the Age of Industrial Revolution 4.0 and age of disruption, access to data is crucial for achieving faster growth driven by digitalization. With increasing usage of artificial intelligence, cloud computing, big data analytics and block chain technology, we are glad that the Indian government is evolving technologies for the benefit of industry, particularly the MSMEs. The National Centre for Artificial Intelligence would be set up as a hub along with Centres of Excellence and an Artificial Intelligence Portal. This shall help leverage emerging technologies at a national level with India specific use cases paving way for Digital India 2.0, propelling India towards becoming a US\$ one trillion Digital Economy by 2025.

Though most of PHD Chamber's suggestions were taken into consideration by the government while framing the budget,

the budget had little or no tax incentives for large corporates. Nonetheless, the announcements made prior to the budget such as exemption from GST for small businesses being doubled from Rs. 20 lakh to Rs. 40 lakh and increase in turnover limit for availing Composition Scheme for Goods shall immensely benefit small businesses and manufacturing.

I must also commend that progressive transformation has taken place through government's structural reforms such as GST harmonization, bank recapitalization and the Insolvency and Bankruptcy Code combined with well-developed infrastructure projects such as green field airports, ports, roads, smart-cities, high speed train corridors and digital platforms.

I appreciate that the budget announced a single window clearance for filmmaking for Indian filmmakers as promised by Union Minister for Minority Affairs, Mr. Mukhtar Abbas Naqvi when he presided as Chief Guest last month at the 'Global Film Tourism Conclave' organized by the PHD Chamber at Mumbai.

The Chamber's initiatives towards Skill development received a huge thrust this year when we in partnership with the Government of Jharkhand organized a 'Global Skill Summit 2019' last month at Ranchi. This was an endeavour to promote skilling, employability and entrepreneurship among the youth and develop Jharkhand as the 'Skill hub of India'. The Summit was graced by Ms. Draupadi Murmu, Governor of Jharkhand, Mr. Dharmendra Pradhan, Union Minister, Petroleum & Natural Gas and Skill Development & Entrepreneurship and several other ministers.

With the forthcoming elections, there are bound to be further huge economic promises to different sections of the electorate by the political parties. Having said this, I suggest industry should retain its focus on increasing investments and not be swayed by political slogans as we are on course to becoming a global economic powerhouse. As envisioned by our former Prime Minister Atal Bihari Vajpayee, "I dream of an India that is prosperous, strong and caring. An India that regains a place of honour in the comity of nations."



“One of the greatest lessons I have learned in my life is to pay as much attention to the means of work as to its end. I have always been learning great lessons from that one principle, and it appears to me that all the secret of success is there: to pay as much attention to the means as to the end.”

Swami Vivekananda