

# President's Message

## Friends,

Mrs. Nirmala Sitharaman, India's first full-time lady Finance Minister presented the nation's Union Budget 2019-20 on July 5. Being inclusive and balanced, the Budget comes across as citizen-friendly, development-focused and future-oriented. It aims to empower the poor and provide a better future to the youth, as opined by our Prime Minister, Shri. Narendra Modi. I too believe reforms proposed shall work as building blocks for a prosperous New India, also as quoted by the Finance Minister from Chanakya Niti's sutra, "Karya purusha karena lakshyam sampadyate," meaning "with determined human efforts, the task will surely be completed."

This budget reflects the government's intent in its second term to spearhead the Indian economy towards a GDP of US\$ 5 trillion by 2024-25 with the proposal of achieving an immediate goal of US\$ 3 trillion by end of this fiscal year. It targets to revive the recent slowdown in growth through kick starting the virtuous cycle of investments and commits to follow the path of fiscal consolidation without compromising on public expenditure. Despite global headwinds, the Indian economy holds immense potential to grow at more than 8 percent in the coming years with a whopping increase in manufacturing and exports.

With a strong focus on socio-economic development, I truly appreciate the budget proposals that focus on MSMEs and start-ups, infrastructure, affordable housing and women's empowerment. Further, opening various sectors to foreign investments and providing credit to non-banking financial companies will also mean increase in liquidity. MSMEs being our niche segment, the Chamber is positive that all these measures will give a massive boost to job creation and provide better opportunities for the common man.

Significant reforms in terms of 2 percent interest subvention for all GST registered MSMEs on fresh or incremental loans and creation of a payment platform will facilitate better access to credit to the MSMEs. Streamlining of multiple labour laws would reduce compliances for the industry, particularly for MSMEs, and provide more room for deployment of workforce in factories. Going further, the government's commitment to support start-ups by solving the 'Angel Tax' issue with no scrutiny on their funds by the Income Tax Department would strengthen the business environment for start-ups.

Fulfilling the demands of industry, the Finance Minister has lowered corporate tax



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rates to 25 percent for companies with an annual turnover of Rs. 400 crores. This will enhance business sentiment. However, I would like to comment here that the move to tax the super-rich has concerns, particularly levying a surcharge on individuals having taxable income above Rs. 2 crores and more. Further, bank recapitalization of Rs. 70,000 to public sector banks and support to non-banking financial companies is laudable as it will increase the pace of lending in the economy.

Though the budget has given a strong focus to rural development with focus on infrastructure for fisheries, animal husbandry and dairying sectors, there is need for new initiatives to tackle farmers' distress. The formation of 10,000 new Farmer Producer Organizations to ensure economies of scale for farmers, along with the proposal to set up livelihood and technology business incubators to develop skilled entrepreneurs in agro-rural industries plus promotion of zero budget natural farming need to be further increased. We suggest that certain reforms such as agricultural marketing, warehousing support, educating farmers to adopt mechanized farming, increasing public investments in agriculture sector and modernizing agriculture need to be introduced on a large scale.

I must highlight that the government's move to invest Rs. 100 lakh crores in infrastructure sector over the next five years and developing an action plan to deepen the long-term bond markets is highly appreciable. The program for Railway modernization, industrial corridors and Bharatmala phase 2 will push the infrastructure health of the country to the next level. The government proposes use the Public-Private Partnership

model to supplement its own funding. I must also applaud the announcement of a blueprint for developing gas grids, water grids, i-ways and regional airports on lines of One Nation, One Grid for power availability to all states at affordable rates.

Affordable housing is another thrust area of the Chamber. I must commend the plan to build 1.95 crore houses in the second phase of PMAY-Gramin in rural areas and also the proposal of interest rate deduction for low cost housing loans. The cost of these affordable houses under the Income Tax Act with GST Acts, has been fixed at Rs. 45 lakh and below, which will boost the housing and construction sectors.

The introduction of a new education policy proposed in the budget with focus on learning outcomes will play a big role in revising the current education system. To encourage women entrepreneurship, Women SHG Interest Subvention Programme will be expanded to all districts in India. Moreover, the commitment to skilling the youth by adopting the new age technologies, like AI, Internet-of-Things, Big Data, Virtual Reality and Robotics, indicates the progressive thoughts of the government to steer the economy towards prosperity.

The Chamber continues to play an important role in policy making by interacting with government functionaries at the senior-most level. This month, I led high-level, delegations to meet several Union Ministers that included Mr. Nitin Gadkari, Minister of Road Transport and Highways and Micro, Small and Large Enterprises, Mr. Prakash Javadekar, Minister for Information and Broadcasting, Mr. Gajendra Singh Shekhawat, Minister for Jal Shakti and Mr. Hardeep S Puri, Minister of State for Housing and Urban Affairs, Civil Aviation and Commerce and Industry.

We opine that the Modi government has crafted this year's budget with a 10 year vision in mind to boost India's growth and development in the 21st century. Having said this, I would rest my pen with a famous quote, "You don't have to see the whole staircase, just take the first step." We at the Chamber would like to earnestly remain inspired and work assiduously with the government towards building a new Inclusive and Prosperous India.

**Rajeev Talwar**  
President, PHDCCI

