

Budget to boost balanced growth



THE UNION finance minister has presented a Budget which is unique and will accelerate a new phase of balanced growth. The emphasis on rural development and infrastructure, including housing, was imperative to bring about all-round development.

The finance minister has increased investment in agriculture and rural development by 24% to ₹1.9 lakh crore. This will encourage development and improve rural incomes. The other major sector which has received the attention of the finance minister is infrastructure, including roads, airports, telecommunications, among others. A provision of ₹3.9 lakh crore has been made in the Budget. This investment will make up the deficiency in the development process. The two together will also encourage employment growth, which in the past two years was on a decline, particularly in industry and construction.



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Investment in rural development and infrastructure will generate demand for a variety of producer and consumer goods. Further, the reduction in tax liability and consequent increase in disposable income of middle class will supplement demand and support growth. Demand is the key to industrial growth.

Industry will be able to regain its poise with foreign direct and portfolio investment, for which doing business has been considerably eased with total opening of the automatic route. Private investment, which has slowed down in the last two years, will regain momentum and bring a better balance in the economy with industrial growth and exports picking up in the next year, supplemented by agriculture.

The increase in expenditure will not, however, disturb fiscal consolidation and the Budget deficit will be restricted to 3.2% of GDP.