



Budget sets vision for policy action with realism



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THE Union Budget sets out a vision for the policy action with some realism. It has clearly shown that a fiscal push, compromising a bit on the fiscal deficit front, is preferable at this juncture of the economy. Capital expenditure in the Budget is up, but given that there will be an infra fund which would possibly be leveraged and in turn provide equity that can be leveraged further by bodies like the NHB, means the multiplier can be significant.

The move to widen the tax base through a strong focus on curbing black money and moving money from the cash economy to the formal economy through greater use of say the Rupay card is in the right direction. The disin-

vestment target seems to be higher for next year which provides greater resources.

There are few proposals which are of interest to the financial services sector. The first proposal is the one relating to the issue of gold bonds. This will help monetise gold holdings and will help convert a physical asset into an earning asset. The trading and distribution of these bonds could be an active segment on the exchanges.

Second proposal relates to REITs where through a tax incentive we should see monetisation of real estate assets.

The third proposal that has been proposed is in the pension funds space where

the contribution to pension funds to the extent of ₹50,000 to NPS will be exempt from tax.

Fourth, the tax benefit on health insurance premium has been enhanced to ₹25,000 from the current ₹15,000. This should enhance the demand for health insurance products in the coming days mainly for the salaried sections.

Fifth, the conversion of the post-office network into a payments banks is another matter which will be of interest as this will help product manufacturers to take their products and solutions to millions of people across the country due to the reach of the post offices.

Something that may bring cheer to larger NBFCs — those companies with an asset size of ₹500 crore and above — is that they will now have recourse to the provisions of the Sarfaesi Act. This would aid them in resolving a number of issues around the recovery of assets.

Overall the Budget has prepared a roadmap of policy action and is pro-growth and pro-administrative reforms. *achhe din* should follow.

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