



POPULAR, NOT POPULIST

Finance minister Arun Jaitley's Budget 2018 might not check all the boxes, but it is a step in the right direction, says Mumbai Mirror's panel of experts

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CEO & Wholtime Director, Liberty
Videocon General Insurance

SHILPA JOSHI
42, Home-maker

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Associate Professor, Thakur Institute
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PURSHOTTAM AGWAN
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Finance Minister Arun Jaitley hit the country with a no-fireworks show on Thursday; no dramatic reforms, no bombastic promises. As the panel of experts put together by *Mumbai Mirror* agreed, Budget 2018 is popular rather than populist; tries to strengthen and consolidate, rather than be disruptive.

The panelists agreed, rather unsurprisingly, that the farm sector received the lion's share of sops, but promises regarding job creation and a fillip for manufacturing and services rang rather hollow, with no clear plans outlined for either. Also, the government has clearly learned from its previous overestimations: the projected growth rate of eight per cent, panelists said, was conservative. The budget was also clearly skewed towards specific beneficiaries: farmers, the poor and women — clearly in line with the Prime Minister Narendra Modi's targeted

vote bank. Conversely, the salaried middle class and big business have little to cheer about.

The panel included experts from across categories to study the Budget with a 360-degree perspective. "The Budget was along expected lines," says Dr Chandrahas Deshpande, professor of Economics at Welingkar Education. "It was slow rather than expeditious when it came to suggesting reform, although the rural thrust is a holistic one." Added Dr Suchi Gautam, senior professor at TIMSR: "The budget stresses macro-stability rather than growth." The announcement of a merger of three Insurance PSUs (National Insurance, United India Assurance and Oriental India) was seen as a "bold step" that will create a better, more competitive entity. Dr Tarang Gianchandani, Director of Jaslok Hospital and Research Centre, lauded the healthcare initiatives as reasonably strategic. "Spends on hospitals and healthcare is never enough, but at least this budget is on the right track," she said. And, according to homemaker

Shilpa Joshi, while the salaried class had hoped for more concessions, "the lack of tax breaks will affect both household budget as well as the savings of every middle class family". Still, she says, this is not a bad budget for the aam admi.

The lack of a blueprint regarding job creation caused some concern. "The Budget does not address the multi-level lacunae that impede employment generation," said Purushottam Agwan of the Thane Small Scale Industries Association. And while the Centre talks about preparing for jobs in the age of AI, robotics and future-tech, it has still not addressed the needs of the existing job market, the panel felt.

Also, some of the rural reforms may, in the long term — prove to be inflationary. "The MSPs will have an effect on food prices," said Asthana.

Other disappointments include the less-than-desired speed of fiscal consolidation. The government has only slightly enhanced its fiscal deficit to 3.3 per cent of the GDP from its earlier 3.2 per cent; it made no major announcements for exports and opted for a conservative rather than aggressive divestment target — especially since Jaitley emphasised that the government had met its divestment targets from last year. The idea of affordable housing for all is also fraught with problems, said Rohit Poddar, Managing Director, Poddar Developers. Unless you improve ancillaries like better urban transport and better rates for home loans, this will just be a pipe dream.

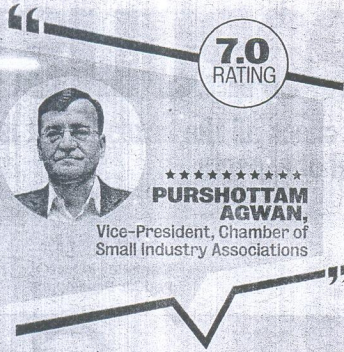


7.0 RATING

Roopam Asthana
CEO & Wholtime Director, Liberty
Videocon General Insurance

Insurance PSUs merger bold move

The high point is the National Health Protection Scheme for the poor that will provide Rs 5 lakh health coverage per family. It could well be a government-insurance industry joint initiative, and it will drastically reduce rural distress arising out of illnesses and hospitalisation. Another move is to look for opportunities to offer additional services such as micro insurance and pension to 60 crore basic accounts under the Jan Dhan Yojana. What unfortunately has not got addressed is the middle income segment. Penetration of health insurance in this sector, especially in the lower middle class, self-employed and professional segment, is low. One would have probably expected an increase in Section 80C or a separate sub-limit for health insurance. The merger of three PSUs — National Insurance, United India Assurance and Oriental India Insurance — is a bold step. Divestment of this merged entity will certainly fetch the government better value.

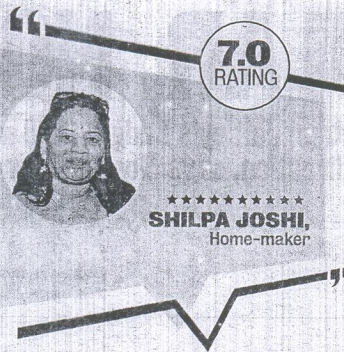
7.0
RATING

PURSHOTTAM AGWAN,
Vice-President, Chamber of
Small Industry Associations

A step in the right direction

THE OVERALL direction of the budget is right. The decision to increase limit for lower income tax rate for corporates from annual turnover of Rs 50 crore to Rs 250 crore is welcome. It will boost investment by MSMEs. However, if finance minister had lowered the income tax rate further for industries whose turnover is less than Rs 50 crore, it would have given an additional incentive for small entrepreneurs to invest in their units. The announcement to give MSP of 50% above the input cost to farmers is a welcome one, as it will increase the incomes in rural sector. However, to further incentivise the investment in manufacturing, the FM could have, for instance, offered weighted deduction on an employer's salary bill. If an employer were to get, say, 150% deduction on his salary expenses for every new hire, he would be incentivised to employ more people. This would help achieve the target of creating 70 lakh jobs in the next financial year.

“The announcement to give MSP of 50% above the input cost to farmers is welcome, as it will increase incomes in rural sector”

7.0
RATING

SHILPA JOSHI,
Home-maker

Nothing for the salaried class

THE SALARIED class has not benefitted from this budget at all. I was hoping for some relief for taxpayers, as it would have a positive effect on a family's savings. For Mumbaiers, the decision to roll out CCTV cameras, Wi-Fi and escalators at railway stations is a good thing. The medical health insurance scheme for the underprivileged is another positive, and if it is rolled out for more people in the future, the finance minister has promised, it could be a real game-changer. The eight crore free gas connections under the Ujjwala scheme will be a boon for many women, as will the push to increase loans to women's Self Help Groups (SHGs). As far as prices of commodities are concerned, the hiked duties on imported products like mobile phones is good in a way, as we can discourage kids from buying the latest gadgets.

“8 crore free gas connections will be a boon for women, as will the push to increase loans to women's Self Help Groups”

7.0
RATING

DR. TARANG GIANCHANDANI,
CEO, Jaslok Hospital

Good news for health sector

THERE ARE some good initiatives such as the National Health Protection Scheme that provides universal health insurance of Rs 5 lakh per family per year, but it has to be implemented well. The finance minister also announced the setting up of 24 medical colleges — another welcome move, as we desperately need more doctors. However, there should also have been a thrust on nursing or paramedical staff training. Allocating Rs 600 crore for nutritional support of tuberculosis patients in India, under which Rs 500 will be provided to each patient, is great, but how about cancer treatment, or a package for women's health? The finance minister is right when he says that private hospitals should look at more corporate social responsibility work, but the government should also help private hospitals by providing them with some kind of tax exemption.

“The announcement of 24 new medical colleges is great, because we desperately need more doctors”

6.0
RATING

SHUCHI GAUTAM,
Associate Professor, Thakur
Institute of Management

A fiscally-prudent effort

THIS BUDGET has been neutral as far as the education sector goes. More allocation would have helped, especially towards skill development, technology and such. One of the schemes, which involves providing fellowship to 1,000 B.Tech students to pursue their PhD — and teach as well — is a good move, as India lacks trained teaching staff. The government has picked sectors which were left out in the previous budgets and that explains the focus on the rural economy. The MSME (micro, small and medium enterprises) sector does not have much to take away from this budget. In case of long-term capital gains taxation, the limit could have been increased to two lakh so that middle-class investors are not affected. On the whole, no grand, populist schemes were announced, so this is more of a fiscally-prudent budget.

“More budgetary allocation for education would have helped, especially towards skill development, technology, etc”

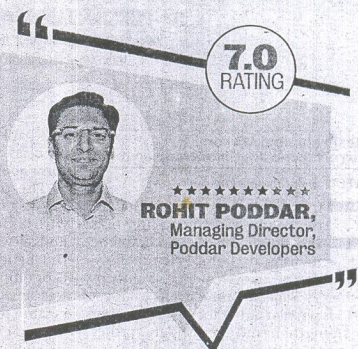
6.0
RATING

PROFESSOR CHANDRAS DESHPANDE,
Welinkar Institute of Management

A 'Make in Bharat' budget

THE BUDGET is not fiscally expansionary, but at the same time, there has been an admission to what the Economic Survey has suggested. And the line taken is that this is the time to go in for slow, rather than expeditious, fiscal consolidation. The main thrust is towards the rural sector. A Niti Aayog report revealed contribution of the non-agricultural rural sector to the rural economy. This has been an untapped area. This budget will go a long way in boosting non-farming rural employment. This is a big positive along with the partial tax concessions offered to MSMEs. There are, of course, some anomalies. Last year, the budget targeted a fiscal deficit of 3.2 per cent of the GDP. The government could not achieve the target and the deficit is 3.5 per cent of the GDP. Fiscal consolidation is still not at the desired speed. And there was no major announcement for exports, which the Economic Survey had identified as a key area for growth.

“This budget, whose main thrust is the rural sector, will go a long way in boosting non-farming rural employment”

7.0
RATING

ROHIT PODDAR,
Managing Director,
Poddar Developers

No fillip for urban housing

THERE ARE no intervention schemes in this budget for the housing sector. The Pradhan Mantri Awas Yojana was already announced in Maharashtra, and the reduction in GST rates for it — from 12 per cent to eight per cent — had already been announced. Affordable housing has been a part of Narendra Modi's plan, and a lot of that is still happening at the policy level. The revival of the housing sectors has, in general, been the function of GDP growth. But job creation isn't there anymore and the manufacturing sector hasn't been prioritised in this budget. So until these macro-economic factors actually pick up, the demand for housing in this sector will be slow. However, the rural economy has been given a lot of importance in this budget, so you may have people in the agricultural sector who will want to buy houses and push up consumption. But I don't see much of a fillip for urban housing.

“Until macro-economic factors pick up, the demand for affordable housing will be very slow”