

Setting the tone for rejuvenating economic growth

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■ **The increase in service tax to 14% could have been avoided in a low consumption market**

THOUGH there wasn't anything big bang about this budget, overall it is a good one. Considering the high expectations that anticipated it, the finance minister has done a good balancing act. He has placed equal emphasis on rural and urban India, and on industry and agriculture.

The move to reduce corporate taxes from 30 per cent to 25 per cent in the next four years and simultaneously remove concessions and incentives is welcome. It will energise industry and support the 'make in India' initiative. The decision to defer the implementation of GAAR to 2017, and that too with prospective effect and the steps being taken to implement the transformative GST are steps in the right direction.

On the infrastructure front, much more could have been attempted and what has been presented in this budget only reflects the lower spend on infrastructure last year. The government's announcement about its intent to absorb higher risks could be one way to revitalise public private partnerships (PPPs) in the infrastructure area. However, in the absence of

more details here, we can only wait and watch.

The increase in service tax to 14 per cent could have been avoided in a market characterised by depressed consumption. On the energy front, the announcement of five ultra mega power plants (UMPPs) of 4,000 mw each is significant, as only with increased power availability the government can sustain its development agenda. However, as the last tendering instance showed, there aren't any Indian companies whose balance sheets can support such massive projects. The way forward would be for the government to be the major equity holder or invite companies as consortium partners. The decision to generate 1,75,000 mw of power from renewable sources including solar, wind and biomass by 2022 is commendable. It will underline India's commitment to sustainable energy models and add to our power.

From the social security perspective, the announcement of pension and insurance schemes for poor, the old and very old people, makes eminent sense in our society. However, with our substantial fiscal deficit and a growing population, it may be too big a burden to support this initiative from the government treasury.

The move has to be innovatively integrated to our social structure over a 15-20 year time frame so that those growing old can look forward to a dependable support system. The budget's focus on agricultural yield improvement and micro irrigation with specific allocations are praiseworthy. They will go a long way in improving rural life and in bridging India's urban-rural divide.

The 2015 Union budget, in the prevailing circumstances is a positive effort. It sets the tone for reviving growth across the traditional divides of India, and also lists a series of measures for creating more responsible structures for governance.