

**BUDGET**  
**2016**  
SPECIAL

# FM CHANNEL TUNES INTO BHARAT, FOR INDIA

Jaitley pulled off a tough balancing act between rural-aid schemes and

infrastructure push, but stopped short of unveiling big-bang reforms, says Mirror's panel of experts

RAJU SHINDE



**Anil Kothuri**  
President & Head - Retail Finance, Edelweiss

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**Neeraj Hatekar**  
Director of Dept of Economics, University of Mumbai

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**Vijaylaxmi**  
Homemaker

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**THE BIG** news in the budget is that the FM has decided to stick to the fiscal road map and target a lower fiscal deficit of 3.5% next year. He has traded off spending to stimulate growth against the credibility of sticking to the fiscal road map. Consequently, he has reigned in growth expenditure. Capital expenditure is expected to increase by only 4% next year. Overall, expenditure as a percentage of GDP is at a 30-year low. A potential risk to the budget numbers would come from potentially higher oil prices. However, he has sought to alleviate rural distress and help stimulate rural demand through various initiatives with regard to the agricultural, rural, social and infra sectors. There have been a few measures announced which will incentivize the creation and purchase of affordable housing. These include an exemption on tax for profits from creating houses of up to 30 sq m, a Rs 50,000 increase in I-T deduction on loan for a first time purchase of a home of up to Rs 50 lakh. However, these will have a marginal impact; a more fundamental reform -- giving housing the status of an infrastructure industry -- would have had a greater impact.

**I THINK** there were three or four challenges before the FM. Firstly, the crisis in the rural sector because of three years of consistent drought. Second, the stagnation in the manufacturing sector and private investment and the third would be the bad balance sheets of banks. He's tackled the first issue fairly well -- by encouraging expenditure on rural development and I'm happy about the changed attitude the government has shown regarding MGNREGA. The manufacturing sector investment has only been party tackled because if we generate more rural income there'll be more of a demand for a manufacturing sector which plays a big role in relieving rural distress by creating jobs on its own and by transferring people out of agriculture. There has to be additional impetus to the manufacturing sector on its own which one does not see very strongly. Lastly, they've done virtually nothing for banks' balance sheets. One was also looking for some steps towards a bankruptcy law. There was some intent about increasing the tax net and taxing the super-rich, but it is only intent. The noise is there, but one doesn't see anything concrete.

**I REPRESENT** the aam aadmi. And for me it was a good budget. The FM was talking about buffer stock for pulses and such, so that is likely to reduce the price of pulses, which is today peaking at Rs 200/kg. Next, he has announced that automation facilities will be provided in 3 lakh fair price shops by March 2017. Also, 3,000 generic drug stores will be set up. These together are likely to reduce the cost of household essentials and medicines. Further, the healthcare sector has been well taken care of. So the essential needs of a household are met. It is great that rural and road infrastructure spending has been increased. This will enhance village-to-city connectivity. One thing I didn't like is that though the excise duty on tobacco products has been increased, beedis have been excluded. Mostly consumed by the poor and by people in villages, they are a major cause for cancer. So why is their purchase not being disincentivised? Helping the poor is fine, but not in such a way. Unfortunately, the income tax exemption limit has not been increased. As for the rest of the announcements, I believe they will indirectly, but eventually, benefit all of us. If things go as per plan, agriculture will grow, the economy will grow, and the benefit will come to the cities as well as rural India. But overall, it is a good budget for me.

**Dharmil Sheth**  
Co-founder and Director, PharmEasy.

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ating requisite infrastructure and capacity to supply and meet the demand. This is where I don't see any push to create better hospitals and better institutes from where doctors can come out. Second thing is the connectivity. Since the last 10-15 years, we have seen Internet coming to India but the government is not pushing very hard to ensure proper coverage in all nooks and crannies. From what we see, electrification has been prioritised. This should be complemented with Internet access and telecommunication and infrastructure like clinics and hospitals that can support rural needs. This is where I don't see anything happening from the government's side. Today there are so many start-ups that are trying to focus on tele-medicines or video-conferencing but there's no push from the government or no mention of this in the current budget. I would say that on the healthcare front, they are not up to the mark. They are giving incentives for the creation of demand but have not focused on the infrastructure side. They should have worked more on the connectivity side, to build capacity to cater to that demand. So it's a 7 on 10 for healthcare. And regulation of drugs is very important. We had visited a few medical shops at a village in Uttar Pradesh. There were no doctors or pharmacists. The villagers go to the shops and get medicines for their aches and pains. Medicines over there are stored at 40-50 degree Celsius temperatures as there is no 24x7 electricity. Medicines are supposed to be stored in strictly cool temperatures. So there is no infrastructure to ensure these key elements that affect the health of the rural people. There is a huge supply of engineers but not enough doctors. The government should push for the education sector to train more doctors.

**Ketan Doshi**  
Managing Director, Pay Point India Network

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resolve a lot of income tax-related issues that bother the common man the most. Their simplification is something the aam janta needs right now. The aim to reduce I-T cases via tribunal changes or commissionerate changes is welcome. There are also other changes to set off tax deducted at source (TDS), for the details of which we will have to see the fine print. That I think will prove to be a good move. Importantly, something resembling a voluntary disclosure of income scheme (VDIS) will be implemented, under which domestic black money holders can pay up during the four-month compliance window, and get rid of black money, which will be taxed at 45%. So it is virtually like VDIS. This is the first time such a thing has been announced. I think it is a very good move to recycle black money and keep it circulating within the economy -- since a drain of all this illegitimate cash is really hurting us right now, as there is an immense cash crunch. **WHAT'S IN IT FOR US** Good thing is, e-marketing for agricultural products is going to get implemented, but we will have to pore over the fine print to see if it can be digitised and brought into our business. Apart from that, Aadhaar will see some statutory backup. If UID is enabled for e-KYC products, for financial products -- which we still have not seen -- that will be very good for our industry. Digital education is going to enable financial inclusion through digital money, and because of that, we are going to be able to create digital awareness, thus enabling fundamental changes. Other than that, e-assessment is key, since otherwise we have to go to the IT department for even a small query, which proves exhausting, especially for the common man. But I give the budget a 7, because for my industry, there's hardly any takeaway.

**THUMBS MOSTLY UP:** Mumbai Mirror's panel of experts watched the Arun Jaitley's budget with us and then dissected it for our readers. Most said it was a good budget and the average rating was 7/10

We are into financial inclusion. We digitise money. But there's no incentive. Service tax is really killing us. So that's a very big problem for our industry. If we want to get financial inclusion in place, it cannot be burdened with tax. We need to take away that burden and only then can we go deep-rooted. This is a very big issue.

**BROADLY, THERE** are three takeaways from this budget. Firstly, the budget is meant for the masses, and not for corporates. It is more focussed on the common man. Some corporate taxes have been increased, so it is clearly not a corporate-oriented budget. The government, instead, has tried to address most issues concerning the common man. Second, entrepreneurship has been given prime focus. The government is looking to encourage entrepreneurs, and has facilitated the means of their funding. It has also ensured that skill development can take place. Once a new company is incorporated, there is job creation, and skill development will complement it. Next, your repository of skill, that is, your qualifying certificates will be available digitally, which is a good thing for start-up companies that want to check candidates' backgrounds. Moreover, start-ups have been offered benefits, such as a five-year income tax moratorium on profits to set off investment. So overall, it looks promising for entrepreneurs. Third, the government is looking to

**Dr. Tarang Gianchandani**  
CEO, Jaslok Hospital

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mote and focus on the rural sector to develop the rural economy. But how many doctors or nurses want to go to rural areas? Even in cities we are facing a shortage of doctors. What's the point of infrastructure without man power. Opening 3000 stores under the Prime Minister's Jan Aushadhi Yojana scheme is a welcome announcement for pharma companies. It is good that the government is focusing on making generic drugs available at affordable prices but what about the quality of the medicine? All manufacturing, packaging and testing sites of generic drugs must follow the standards that are used for the branded products. Starting a 'National Dialysis Service Program' and exempting dialysis equipment from tax is really going to benefit patients in public and private hospitals. I think I agree that the government is providing incentives and health covers and a lot of start-ups are taking the opportunity. But the issue is man power. How many doctors and nurses are ready to work in rural areas? There aren't enough nurses in Mumbai, so I can only imagine how it will be in the villages.

**OVER ALL,** the budget didn't focus much on health sector this year. It just tried to put in a basic foundation, but not much will come out of it. For example the new health protection scheme will provide a health cover of up to Rs 1,00,000 per family with an additional top up of Rs 30,000 for senior citizens. This will provide some relief for the weaker sections but you can only afford the rupees one lakh insurance cover if the hospital is located in a rural area. In a metro, healthcare is very expensive. They tried to pro-

and long term. Pulse prices are rising because of low productivity. There is no concrete effort made to deal with this shortage. In 1964, we were producing 12.5 million tonnes of pulses and the population was Rs 43 crore. Now we produce only 18.5 million for a population of Rs 130 crore. Going by the FM's narrative, I wonder what they are going to do with the Rs 40,000 crore reserved for MGNREGA? It should be used for the Pradhan Mantri Krishi Sinchai Yojana instead. Still, I rate the budget 8 out of 10 because the FM has allotted a good amount for infrastructure and agriculture. The economic condition is not very good. Under such trying economic circumstances, he has maintained a fiscal deficit for the current year at 3.9%. The government is trying to control some leakages in PDS and fertilizer sector, which they could not achieve last year. The agriculture loan provision of around Rs 9 lakh crore has been given but the crop loan advantage is going to "urban farmers" because the interest rate on the crop loan is at 4%. So these non-farmers are taking the loan and investing it in fixed deposits and getting 8-9%. Some effort should have been made so that benefits of the crop loan reach the real farmers. Also the FM announces such arrangements only if the Agriculture Minister demands it; and we don't know how much the minister demanded.

**THERE ARE** two points that I would like to talk about -- 1) the start-up space and 2) the healthcare space, though I am not that experienced in that field. The Prime Minister, himself, pushing the space and encouraging individuals to start-up, create more jobs, create more demand, create capacity for supply -- that's a very good thing that they have covered. Ensuring less bureaucracy and more action is what the budget promises. Organising the start-up India event has provided a good push and that is what has translated into this budget today -- allocating a good amount to the creation of resources to help start-ups. That's a good thing and big push. Now, let's look at three things concerning healthcare: 1) demand, which rural India has 2) connectivity issues and 3) supply. Where there is a huge demand, one needs to work more on the connectivity issue. They are giving incentives -- health covers and insurances -- but how do you solve the real issue? So the major problem that I see right now is building capacity. Today in India, the number of patients per doctor is close to 1,700-1,800, I think. But in developed countries, this number is about 200. This is the gap we have to fill by cre-

**Ramesh Padhye**  
Agro-economist

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**HE HAS** given a boost to rural India and agriculture to some extent but I'm concerned because a budget can't boost agriculture that suffers from low productivity. The main problem is that making a provision in the budget would not raise productivity. If you look at the economic survey or Niti Ayog papers, both point out how low productivity, besides natural calamities, cause farmer suicides. The FM can't do much in the budget but there are certain areas where he could have tackled. Education, for instance. What is the status of the Indian agriculture universities. What is the status of agriculture research? Nothing has been discussed for research that will be useful in the medium term