



**BY INVITE**

**AMITABH KANT**

CEO, NITI AAYOG

Focus on asset monetisation will enable de-risked brownfield projects to be put out for private sector participation

# Disinvestment Will Provide Greater Fiscal Space for Govt

The budget announced by Nirmala Sitharaman reflects the government's unflinching dedication to making India a \$5 trillion economy in the next 5-6 years. The Economic Survey 2019 indicates that for realising this goal, we need an average growth of 8% in real GDP in the next five years.

As is evident from the experiences of China, Taiwan and South Korea, the core ingredients that can enable 8-9% growth are mainly investment, savings and exports. For exports, manufacturing is critical.

The budget is focused on boosting investment, manufacturing and exports. Investment and domestic savings have been tough spots for some years and the measures proposed would prove to be a major boost. The budget provides a boost to the financial sector as credit is close to 70% of India's GDP and reduc-

ing disbursement bottlenecks will provide the fuel to the wheels of growth.

The disinvestment target has been increased and will provide greater fiscal space for the government to take up higher capital expenditure. There is focus on asset monetisation. This will enable de-risked brownfield projects as well as mobile towers/pipelines, power-grids, to be put out for private sector participation through InvITs/ReITs.

India is among the fastest-growing economies and took a giant leap in becoming the sixth-largest economy from 10th-largest in the last five years. Among the measures proposed to ignite the animal spirits in the economy is pushing the turnover threshold for basic corporate income tax to ₹400 crore.

A major component of the sliding investment-to-GDP ratio was the downfall in capital formation by the housing

sector. The provision of additional deductions on affordable housing will bring major relief to the sector and boost investment.

India is coming up as a launchpad for startups. It is commendable on the part of the government to relieve the start-

up community of the scrutiny they would otherwise face in respect to valuation. The angel tax issue has been resolved and I am glad that AIF 2 funds will also get angel tax exemption.

The budget has a clear message in terms of making India a major export

hub by focusing on large manufacturing. A key message provided by the finance minister is the focus on next-generation industries like mega-batteries, semiconductors and the aim to make India a global hub in such sunrise industries.

Tax benefits on the purchase of electric vehicles are essential to drive the shift to cleaner transportation. This would be a major boost to the electric mobility initiative that NITI Aayog had taken up last year. The focus in the coming years should be to shift increasingly from using fossil fuels to renewable sources of energy, which itself could be a massive boost to the economy.

The four key features of the budget are the emphasis on capitalising public sector banks, focusing on SMEs and sunrise manufacturing areas, creating the best possible ecosystem for start-

ups, and giving impetus to electric mobility and digital payments. It is a progressive and forward-looking budget.

Digital India has always topped this government's agenda and in this budget, it is clear there will be greater momentum to digital payments.

Taxing major cash transactions is a positive move and once they move to digital modes, it will be easier for retail transactions to follow and reach critical mass.

The factors that need major attention such as investments, savings and exports could take India to the league of the largest three countries. This is not just an end in itself but is important to improve the standard of living of about 1.4 billion people of the country. The focus on investment and growth is the crux of the budget and the government should be commended for that.



ANIRBAN BORA