

Dravidesque Stint, Virat Scale



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Nirmala Sitharaman has earned a reputation for presenting inclusive, fiscally prudent, growth-oriented and futuristic budgets. This time, she added another facet — reformist.

The new government's first budget had broad calibration aimed at land, labour, financial sector reforms and compliance. There was also a concerted effort towards employment, skilling and inclusivity. However, there was also a surprise package at the end. FM felt it was time to push the button on capital gains tax, a subject that had been escaping the bullet for the past few years.

It rattled the markets briefly. But

then markets realised that FM had scripted a reformist budget to ensure more significant gains in the market over time. Hence, the net gains may remain unaffected.

As the capex cycle revives in the private sector, there is an opportunity to boost employment. The budget seeks to provide incentives for hiring freshers and interns while emphasising the need for skilling to address the gaps in the market. Employee and employer-level incentives (ELI) are expected to benefit over 4 cr young Indians over the next five years.

The budget also addresses some softer aspects: setting up working women's hostels, crèches and accommodations for workers, which are well-thought-out interventions that have not received the required policy attention.

MSMEs, the backbone of our economy, have faced growth challenges since the pandemic. The budget,

however, goes the extra mile to enhance their access to formal finance in multiple ways, a move expected to significantly bolster their investment capacity for growth.

The most significant changes are in the capital gains tax for both the financial and real estate sectors. With rates for long-term and short-term capital gains being increased, there is also a positive outcome: there will be less complexity on two counts — a single rate for capital gains, and doing away with indexation.

Changes in rules for tax appeals and assessments will see reduced litigation, an excellent intervention by Sitharaman to address a genuine need.

There were also wel-

come moves to reform GST and customs duties.

The budget has also introduced several new frameworks for land records, digitisation and industrial corridors. These frameworks will evolve over time and, if successful, can be game changers in their respective domains.

FM reaffirms her commitment to progressively reduce the debt-to-GDP ratio in a systematic manner, rather than solely focusing on standalone fiscal deficit targets. Implications of this budget will unfold over the government's term. As the first budget of the third term of the Narendra Modi-led government, it retains the freshness of an inaugural budget while staying true to its core intent. FM deserves recognition for her steadfastness.

Sitharaman is playing a Dravidesque innings, aiming for the sky and steering India towards a virat scale.



Keep the focus

The writer is chairman, RPG Enterprises