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Budget in Sync with Expectations, Boosts Demand and Investments

Proposals expected to reenergise economy & bring growth momentum back



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There were two major expectations from the budget — to give a boost to demand and investments. The finance minister has delivered on both and maintained continuity in policy reforms. The budget offers a huge tax relief to the middle-income taxpayers by enhancing the income-tax exemption to ₹12 lakh. This should give a significant boost to consumption, particularly discretionary spending, which has seen moderation in recent times.

The budget proposals are synchronised to the expectations laid out by the Economic Survey, which highlighted that India would need to create 7.85 million new non-farm jobs annually till 2030. There is an underlying thrust on job creation across the budget proposals, which will lead to improved incomes and hence boost consumption in the economy. Announcement of credit schemes for first-time entrepreneurs, new fund of funds for startups and enhancing financial support for MSMEs and exporters will strengthen the entrepreneurship ecosystem and create employment opportunities for the youth. The huge impetus provided to the labour-intensive manufacturing sector,

like footwear, leather and toys, as well as the tourism sector will also open greater avenues for employment. The National Manufacturing Mission should encourage the manufacturing ecosystem, which is critical to creating large scale jobs.

The thrust laid on agriculture and rural development will not only strengthen the agriculture ecosystem but also augment rural incomes. FICCI had suggested an Agricultural Yields Mission on the line of aspirational districts. It is reflected in the budget with the new Dhan Dhaanya Krishi Yojana that will cover 100 districts with a view to enhance yields, productivity, crop diversification, augment post-harvest storage, improve irrigation and facilitate credit. The National Mission on High Yielding Seeds that will be climate resilient has also been one of the asks and is a much welcome initiative. The comprehensive programme for vegetables and fruits and the six-year 'Mission for Aatmanirbharta in Pulses' with a special focus on tur, urad and masor can be a gamechanger and can offer a

long-term solution to food inflation and food security. The continued effort towards self-reliance in agriculture is also reflected in the proposal to augment capacity of urea plants, which will help in bringing down their imports.

The budget focuses on incentivisation of states by providing an outlay of ₹1.5 lakh crore for the 50-year interest free loans to states for capital expenditure and incentives for reforms. The measures suggested for bringing in a light-touch regulatory framework based on the principles of trust are commendable. Industry looks forward to the New Jan Vishwas Bill and the setting up of a high-level committee on regulatory reforms. We hope that industry will be involved actively for result-oriented outcomes.

In all, the budget proposals are expected to re-energise the economy and bring the growth momentum back. The budget is clearly growth oriented, inclusive, progressive and fiscally prudent.

(The writer is president, FICCI)

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