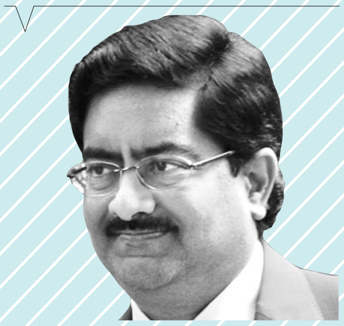
BS JURY Pragmatic but there is a lot left to be done

Corporate India is happy with the non-adversarial approach towards tax disputes and thrust on infrastructure

KUMAR MANGALAM BIRLA
Chairman, Aditya Birla Group



This Budget represents a sincere attempt to go down the road of fiscal consolidation. At the same time, it has a slew of measures aimed at reviving the infra and manufacturing sectors. Both are critical and hold the key to getting GDP growth back to the 5.4%-5.9% level.

The increase in FDI limit in the defence and insurance sectors, from 26% to 49%, is a huge positive. The clarity on taxation of FII income is most welcome. The FM was emphatic that GST had to be implemented at the earliest.

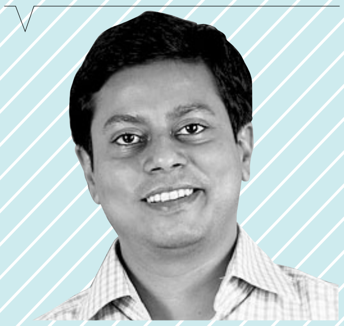
Other notable measures have also been taken to make the tax environment more certain and less adversarial. These include the provision of advance tax ruling for residents and imparting greater clarity on transfer pricing. Attempts have also been made to reduce the glaring anomalies in the customs duty structure. It also gives a leg-up to the creation of new industrial clusters and venture capital. The thrust is conspicuous, notably in construction of highways and upgrading of urban infrastructure

T V NARENDRAN
MD, Tata Steel India

The Budget reflects the pragmatic outlook of the government, which has taken initial steps in the direction of sustainable economic revival and growth.

While the target of 4.1 per cent fiscal deficit seems ambitious, it depicts the positive intent in reviving the economy. We applaud the decision to revive growth, particularly in the manufacturing and infrastructure sectors. We also congratulate the decision to ensure speedy resolution of pending issues on iron ore mining and the introduction of an amended MMDR Act, 1957. This will help provide much-needed clarity on mining policies. The increase in the import duty of stainless steel from 5% to 7.5% will give the domestic industry needed protection and boost. The intent to set up a high-level committee to interact with industry to bring out changes in tax laws shows the government's desire to collaborate with industry. The expected increase in the rate of royalties for minerals is disappointing. It will lead to an additional cost burden

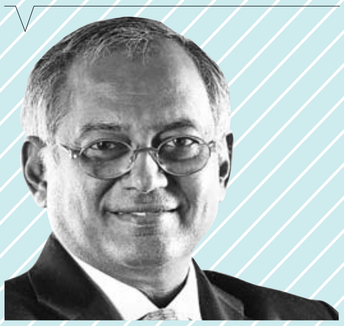
PRAVEEN SINHA
CEO, Jabong



I think there are some good decisions for industry. I really appreciate the announcement of a start-up fund, with an allocation of ₹10,000 crore. It will encourage young entrepreneurs who will bring new ideas to the market and create jobs. From Jabong's perspective, some decisions of relevance have been made. These include focus on internet connectivity in villages and a cut in excise duty on footwear from 12 to 6 per cent. In a positive signal to the textile industry, six more textile clusters will be established. This will make our proposition in apparel and footwear more lucrative. From a governance point of view, decisions like an e-platform for approvals and clearances will help. New Indian accounting standards and a single window for custom clearances are positives, too.

The manufacturing sector has been given different channels to expand its reach and now, selling through e-commerce should be easier. This is a step-by-step journey and we hope e-commerce continues to open and evolve in the future

VENU SRINIVASAN
CMD, TVS Group



The Budget has given three signals — one, fiscal discipline will be maintained; two, the government will be very user friendly on taxation. The advanced tax rulings have been offered to domestic taxpayers, apart from foreign tax payers. Generally, the tone would be non-adversarial, and there would be a friendlier environment. Third, when retrospective tax matters come up for review, the government will address them sympathetically.It appears in the future, unless in extraordinary circumstances, they would not do retrospective taxation. On the whole, there is a stable and predictable environment, which is necessary for investors.

The Budget has also given positive signals on FDI. In the automobile sector, you don't expect the government to keep on giving subsidies. After all, the cut on excise duty has already been extended for another six months. Overall, I think it is a practical Budget, given the limited elbow room the finance minister had

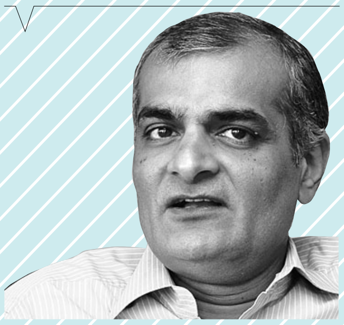
KEKI MISTRY
MD & CEO, HDFC

The FM has laid down a road map for fiscal consolidation. Putting emphasis on GST is significant, as it will eventually simplify the indirect tax structure. Increasing the foreign ownership limit in insurance to 49% will ease the funding pressure and bring in fresh investments.

There are a number of incentives and allocations for the housing and real estate sector. Particularly positive was the ₹50,000 increase each in the tax exemption limit on principal and interest of a housing loan. It was good to see that incentives for Reits had been introduced. This will encourage larger participation and provide an alternate funding source. A similar Reit-type structure has been introduced for infrastructure.

The emphasis on infrastructure and the prime minister's vision of developing 100 smart cities will have a multiplier effect on the rest of the economy. It will drive demand for affordable housing, generate new employment opportunities and hence, will benefit the housing and real estate sector

RASHESH SHAH
Chairman & CEO, Edelweiss



The new government's first Budget has tried to balance the objectives of a growth revival and fiscal consolidation without trying to be too ambitious. However, the fiscal deficit target of 4.1% of GDP certainly looks a bit aggressive.

On the reforms side, the FM has made several positive announcements, especially in the case of infrastructure and real estate. In infrastructure, the FM has talked about easing the CRR and SLR burden for the banks to raise long-term funds for infrastructure sector. Keeping in view the private sector in the infra space is capital-constrained, the FM has raised the allocation to the road sector. For the real estate sector, pass-through tax status for Reits and measures to encourage FDI in the sector are a very big positive. However, the FM was largely silent on the issue of fuel subsidy rationalisation and the more politically difficult move of addressing LPG and kerosene subsidies. Also, there wasn't much clarity on the implementation of GST — a long-pending issue

ADI GODREJ
Chairman, Godrej Group

The finance minister's Budget was a practical and pragmatic exercise in overcoming the difficulties the country has been facing over the last few years, both in terms of investments and economic growth. The fiscal deficit targets were sensible. MGNREGS expenditure will be on productivity improvements in rural areas is a good development. The emphasis on affordable housing and developments of new townships in the outskirts of major cities will be useful. The provision on Reits will be good for the real estate industry.

The new investment allowance will lead to encouragement in investments. But it is also important that the minimum alternate tax be reduced before the Budget is passed for it to be really effective.

The problems many industries had on anomalies in import duty and excise structure have been addressed. The provision reducing the investment allowance from ₹100 crore to ₹25 crore is very welcome. However, many companies will not be able to get this benefit due to MAT

TOM ALBANESE
CEO, Vedanta & Sesa Sterlite

The Finance Minister summarised key issues related to the protracted approvals and decision making in the mining and energy sector. A vision to sustain economic growth of 7 -8% within the next 3 -4 years will require speedy approvals and a simple policy framework, while maintaining contract sanctity. As India is one of the largest oil importers, an attempt to increase penetration of piped natural gas through the budgetary provision is a welcome move.

The support of CBM (coal bed methane) is a good development. India has one of largest reserves of natural resources, though it is not producing up to potential. Encouraging investment and promoting sustainable mining will leverage our potential. Also, increase in the export duty on bauxite from 10 to 20% will boost local availability of the ore for smelters. With a strategic focus towards development across industries, Budget 2014-15 promised to provide the impetus to revive the Indian economy and generate investor confidence

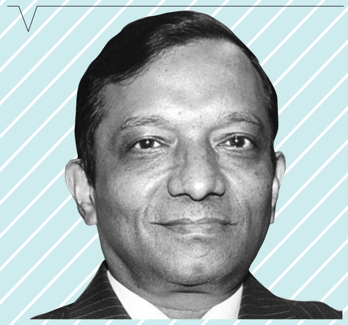
SHANKAR RAMAN
CFO and member of Board, L&T

The new government's maiden statement of intent for FY15 is realistic, recognises the all-round constraints and the severely conflicting objectives of growth, fiscal rectitude and inflation.

High on intent, the Budget has attempted a medley of measures aimed at reviving savings/investment on the one hand and consumption on the other. While continuously emphasising the need for industrial revival, the FM stressed on the need for inclusive development.

The Budget has categorically prioritised infrastructure development, highlighting the need to address the anomalies in the existing PPP framework. Although the Budget mentioned industry and manufacturing a number of times, the current statement of intent did not make any announcements in terms of tax proposals. The FDI limits in defence and insurance were raised from 26% to 49% with full Indian management and control through the FIPB route. This will be positive for companies in this space

PAWAN GOENKA
ED, M&M



There are clear signs of the government's emphasis on the way things will move in the coming years. A number of ₹100-crore schemes are either going to be piloted this year or will get much larger allocation. All these schemes are focusing on rural development, infrastructure, long -term investment, housing, power ports and girl child. It was disappointing that a clear date for GST rollout wasn't given. We also did not see a clear road map of how they would revive manufacturing.

The Budget fell short of anything that would give manufacturing a fillip. The FM's reassurance that the government would take a relook at the Land Acquisition Bill would have cheered manufacturers. There was nothing on labour law reforms. I was hoping there would be some announcement on electric vehicles. I have been hearing some incentives would be given to this sector since the past four Budgets but so far nothing has been done. This discourages innovation

"We cannot go on spending today which would be financed by taxation at a future date" — Arun Jaitley