



## **A Balanced Budget aimed at Growth**

**Ahmedabad, 26<sup>th</sup> February 2010:** Mr Arun Kumar Jagatramka, Chairman and Managing Director, Gujarat NRE Coke Ltd, explained the budget as a balanced one aimed at growth. The finance minister has tried to create an environment for growth.

An expectation of over 7.2% GDP growth in the current FY and targeting to reach to the pre crisis level of 9% growth next year and targeting double digit growth subsequently is a welcome sign for growing Indian economy. A road map for implementation of GST and DTC by April 2011 brings transparency to the system. An important element in the budget was the attempt for fiscal consolidation by maintaining 5.5% fiscal deficit for FY'10-11 and then targeting deficit to come down to 4.8% in FY 11-12 and 4.1% FY 12-13. This was very much required since high fiscal deficit is unsustainable in long run, as well as might refrain from any immediate rate hike.

The boost in the infrastructure sector as well as the rural economy is a very welcome step. The increased allocation on infrastructure would give the much needed boost to the core sector and shaping the future of Indian economy. Moreover the change in income tax slab would give money in the hands of the growing Indian middle class, which would further increase consumption, and facilitate an inclusive growth.

The budget has also provided a direction for structural reforms like introducing of coal auction, which is a step in the right direction to tackle corruption and malpractice ailing this sector in India. Fuel price deregulation is a tricky subject. Though it has to be done, increase in duty in petrol and diesel would add further to the inflationary pressure, since it would have cascading effect in price hike in items of regular consumption like food, which would add to the woes of the "Aam Admi" who have been reeling under high food prices. But the finance minister had no choices, and sometimes tough decisions need to be taken which might be bitter in short term with a vision for a long term.

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