

The recently announced Union Budget has revised its renewable energy capacity to 175,000 MW till 2022 and also intends to set up five more ultra mega power projects of 4,000 MW entailing investments of around ₹1 lakh crore.

Raring to Go as the Lion Roars...

UNION BUDGET 2015-16: Industry stalwarts express their personal opinion

"It is quite obvious that incremental change is not going to take us anywhere. We have to think in terms of a quantum jump."

- Finance Minister, Ministry of Finance, Government of India, Arun Jaitley



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This quote by the minister during his 90-minute long speech shows the eagerness and determined vision of the Modi Government. India is raring to grow; progress and further expand its presence on the world stage. The recently announced Union Budget has left the process industry with many direct and indirect opportunities to act upon. The GDP growth in 2015-16 is projected to be between 8-8.5 per cent and the government is undertaking various measures to increase this percentage in the coming years. For this purpose, one of the core areas of focus in the budget is infrastructure. It has provided a boost to the roads and railways sector and has also established a National Investment and Infrastructure Fund (NIIF) with an annual flow of ₹20,000 crore. The government has also assigned tax free infrastructure bonds for the projects in the rail, road and irrigation sectors. In terms of investment, foreign investments in alternate investment funds will also be allowed. And to enhance the country's green print, the government has revised its renewable energy capacity to 175,000 MW till 2022.

Read on to know the industry's view on Budget 2015-16...



"This budget is focused on the ease of doing business in the infrastructure and social sector. The introduction of Goods & Service Tax (GST) from April 1, 2016, will definitely rejuvenate the industry and make manufacturing more competitive. This coupled with clarity on General Anti-Avoidance Rule deferment for two years, comprehensive bankruptcy code, abolishing wealth tax act, merger of Forward Markets Commission with SEBI, rationalization of corporate tax from 30 per cent to 25 per cent, etc., will support the 'Make in India' campaign. In addition, creation of the National Infrastructure Fund, tax free bonds for infrastructure projects such as road, rail and irrigation projects; plug and play for five ultra mega power projects, corporatization of major ports, etc., will speed up infrastructure projects. In the social sector, Direct Transfer of Benefits, prudent water management for irrigation, support for self employment activities in the IT sector, support for small and medium-sized enterprises managed by SC/ST, etc., are aimed at improved social security, promoting cleanliness and entrepreneurial activities for employment generation."

Chairman,
Adani Group,
Gautam S Adani



"The Indian economy is bound to take off on a fast growth trajectory. India is one of the fastest growing economies of the world today with 7.4 per cent GDP growth and inflation & fiscal deficit showing a steady decline. The Indian stock market is also one of the best performing market today. The recent budget has been framed to boost the above growth by making provisions for numerous factors such as strengthening infrastructure, initiating ease of doing business in India, encouraging MSME entrepreneurs, promoting 'Make in India,' providing benefits to the middle class, creating game changing reforms on the anvil to drive growth, etc. All these directly or indirectly facilitate the growth of the process sector and I foresee a lot of development in this sector. The government is making all efforts to encourage investments in the sector. These initiatives include joint ventures, foreign collaborations, 100 per cent Export-Oriented Unit's. This will further be boosted by the rationalization of corporate tax from 30 per cent to 25 per cent coupled with a review of deductions."

Director,
Everest Group,
Amit Kapur



"Finance minister Arun Jaitley's first full-year budget has several notable features. Yet, the one that I liked the most is the government's action to boost business sentiment and support the corporate sector to achieve 8-8.5 per cent GDP growth in the coming year. The new direction is evident in proposals such as reduction in corporate taxes, a clear timeline for the introduction of Goods & Service Tax (GST), postponement of General Anti-Avoidance Rule by two more years, increased investments in infrastructure projects, etc. The budget clearly points the way ahead with an emphasis on GDP growth and reducing fiscal deficit which will benefit the country at large in the long run. In the energy sector, especially the plug and play power projects announced in the budget, new investments expected in fertilizer plants, pipeline infrastructure that are planned by both public and private sector pipe line companies will spur the growth opportunities in the next two to three years. The focus now should be on implementation of the intentions of the budget by both government and private players to spur the GDP growth."

Chief Executive & Director,
L&T Valves,
NV Venkatasubramanian



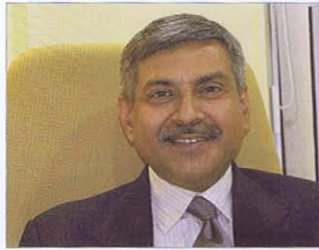
"The finance minister has made a brave effort to keep a tight rein on the economy and I am sure that such a hold will ensure that India delivers on the economic survey growth estimates of over 8 per cent. An increase in investment in infrastructure by ₹700 billion in 2015-16 over the last year shows that the government has provided a massive thrust to set up world-class infrastructure and create employment. Also, the focus on infrastructure, power, smart cities and roads will boost the manufacturing industry and enable a diversified technology company like us to contribute to the growth agenda of India. The most awaited clarificatory circular by Central Board of Direct Taxes on the applicability of indirect transfer provision to dividends paid by foreign companies to their shareholders is the need of the hour. I am confident that this alteration in the Income-Tax Act will eliminate the scope of discretionary exercise of power and provide a hassle free structure to tax payers. It will further enhance global confidence in India as an ideal investment destination."

CEO,
ThyssenKrupp India,
Dr Michael Thiemann



"This budget is focused on three I(s)—Infrastructure, Investment and Inclusive Growth. I am glad to see that infrastructure bottlenecks are the highest priority since India's success roadmap in the long run is very imperative. Investment through 'Make in India' is a very innovative mission that can help improve growth in the manufacturing sectors. This will pave way for many MNCs, like us, to invest in India for several 'India flavored' products to fill the local demand. Finally, inclusive growth talks about reducing corporate taxes from 30 per cent to 25 per cent for the next four years will also prove beneficial. This should encourage many entrepreneurs to invest in various sectors and allow several startups to introduce innovations in their fields."

Sales Director, India;
PSG, a Dover company;
Ravi Prasad



"The budget is well positioned to straddle across infrastructure industry segments such as steel, oil & gas, renewable, nuclear and cement industries, where power will play a vital role. Further, the announcement to set up five new ultra mega power projects is a positive step and will definitely strengthen the power value chain, right from clearances to execution. Also, introduction of the Goods and Service Tax (GST) which will be effective from April 2016 is keenly awaited by the power electrical industry as this will positively impact complicated tax issues and also boost productivity and more business development. It is also heartening to know that the government is consistently working on a pro-investment friendly environment. Certainly, the National Investment and Infrastructure Fund objective of ensuring an annual flow of ₹20,000 crore is a major step in this direction. In addition to this, electrification of the remaining 20,000 villages including off-grid solar power by 2020 and investment in infrastructure are solid initiatives undertaken by the government."

Director General,
IEEMA,
Sunil Misra



"I see no specific provisions for the process sector. Though, certain steps to boost investments in cold chains and food parks would certainly have a positive bias for the food processing industry. Plus, investment in new plant and machinery in notified backward areas of Andhra Pradesh and Telangana would give an impetus to these areas specifically. Though, mean Basic Customs Duty (BCD) rate of 10 per cent remains, it has been reduced in some areas to boost the energy sector. This may be an incentive for companies to invest in the energy production sector, particularly through solar missions. In turn, it should benefit all process sectors that are energy intensive. The dairy or milk sector has also been given incentives in the budget, which should benefit processing of milk for value added products such as milk powder, butter, ghee, etc."

Managing Director,
Vedic Pac Systems,
Nirav D Sampat



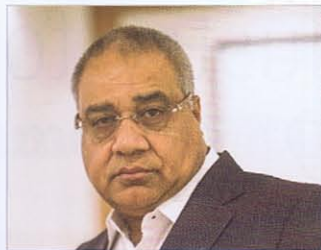
"The Union Budget 2015-16 shows a lot of pragmatism for a long haul. It provides a long term direction by reducing the corporate tax from 30 per cent to 25 per cent which is a welcome move. The 'Make in India' initiative is also well supported by paving the way for infrastructure growth. The 'Clean Ganga' initiative has been provided with a budgetary support and has been exempted from tax, thereby putting investments behind the intent. Hence, companies that have the technology to clean Ganga will now be able to avail tax exemptions. Additionally, benefits owing to rationalization of taxes through Goods and Service Tax (GST) are expected to kick start in 2016. However, higher investment allowances would have certainly helped further."

Executive Chairman,
Praj Industries,
Pramod Chaudhari



"The thing which stands out from the budget is that the government has realized that there is a need for improving the global competitiveness of India by focusing on diverse segments. These include infrastructure, ease of doing business by bringing in regulatory reforms to cut bureaucracy and improving the existing taxation norms. The announcement that the Government of India will set up five more ultra mega power projects of 4,000 MW, entailing investments of around ₹1 lakh crore, is a big positive for the copper industry. Also, additional public expenditure is likely to increase to ₹1.25 lakh crore, with ₹70,000 crore of capital expenditure. This commitment of the government to enable the sovereign to participate in the infrastructure space is a very positive step for boosting the almost defunct public-private partnership (PPP) model. The idea of establishing a National Investment and Infrastructure Fund is favorable as the concept of 'plug and play' kind of projects, where all clearances are worked out before allotment of the project will prove beneficial."

**Managing Director,
International Copper Association
of India (ICA India),
Sanjeev Ranjan**



"The Union Budget 2015-16 is a pack of goodies, especially for overseas investors. The finance minister Arun Jaitley has made the right moves to attract foreign investment in the country by offering an investor friendly climate, removing doubts on taxation and offering a clean and straight forward tax regime. The most awaited clarificatory circular by the Central Board of Direct Taxes on the applicability of indirect transfer provision to dividends paid by foreign companies to their shareholders is welcomed. This will surely alter the scope of discretionary exercise of power and also provide a hassle free structure to tax payers like Gulf Petrochem Group. We welcome the government move to allow foreign investments in Alternate Investment Funds, which in turn will invest in Indian markets. The decision to introduce composite caps to replace different types of foreign investment classification is a respite to foreign investors who are keen to come to India."

**Promoter,
Gulf Petrochem,
Sudhir Goyal**



"After a long time, we have had a wholesome budget, replete with fresh ideas. Providing jobs to the population is the toughest challenge being faced by the government today. With a focus on manufacturing and its excessive commitment to infrastructure—there is bound to be a growth in jobs. The timeline for Goods and Service Tax (GST) has been set as 2016. Apart from this, online excise and service tax registrations will be completed within two days; this will give an impetus to the industry. With ₹70,000 crore allotted to infrastructure, there is going to be a surge in allied activities. Also, the focus seems to be on large sectors when it comes to the area of 'ease of doing business.' Hence, a few more measures could have been undertaken for easing the rules of the Micro, Small and Medium Enterprises (MSME) sector. This still remains the biggest hurdle, considering that the MSME is the largest contributor towards the economy."

**Managing Director,
Pluss Polymers,
Samit Jain**



"The Union Budget 2015 offers an optimistic approach in itself. It has come up with higher expectations and strategically framed policies on investments, exports and overall growth which will leap with faster developments. This financial year, the process sector has major potentials to cater to the key segments of the economy. As the government has been active in providing major investments to the food industry, the process sector will witness diverse opportunities. Infrastructure growth in the rural and urban areas in terms of housing will provide us with a promising growth in the paint and coatings business as well. Thus, we keep our expectations high as there are going to be unusual opportunities for growth in this fiscal year. The budget offers attractive opportunities for us to conquer, which will be a first step for continual progress."

**Director,
Ross Process Equipment Pvt Ltd
Lokendra Singh**