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By Sudipta Roy

The Union Budget announced today lays down the 'roadmap for pursuit of Viksit Bharat' with measures spanning long term macro-economic framework, steps to unlock the potential of agriculture sector, emphasis on creating formal jobs and skill building while focusing on promoting innovation and also outlining the next generation policy framework for sustained and inclusive economic growth.

Fast tracking the growth of rural economy has been duly prioritised with policy steps towards both increasing public investment in rural infrastructure and extending policy attention to agricultural and allied activities like horticulture, improvement of supply chains, natural farming, among others. Some specific policy steps like mission to achieve self-sufficiency in pulses and oilseeds, promoting Farmer-Producer Organizations, cooperatives, advancing agricultural productivity through research and natural farming practices and promoting start-ups for vegetable supply chains will bring in quick gains for the overall resilience of the sector. At the same time, steps like policy for development of the cooperative sector or comprehensive review of the agriculture research setup will help address long term issue in the agricultural sector.

Efforts to bring in inclusive growth towards a sustainable long-term growth trajectory is commendable. The states lagging in development have been included in a separate development plan encompassing human resource development through skill development, boosting infrastructure, industrial development and generation of economic opportunities to make them drivers of growth in the nation's growth story. This will not only catalyse industrial development of the eastern region or financial development of the north eastern states but also lay the basic building blocks for inclusive and sustained long term growth path for the economy.

The budget has provided a structural boost to consumption by prioritising employment and skill development, especially among the economically weaker sections through a focus on agriculture and welfare sectors. Some of the policy steps in this direction including, Employment linked incentives, scheme for skilling in collaboration with state governments and Industry, upgrading industrial training institutes should help generate productive employment in the non-agricultural sector, particularly in the formal sector.

As the outcome of some of these steps get visible on ground, it will prove to be a game changer for sustained demand boost for the economy.

The budget also carries a futuristic tone, as it sets up the roadmap for long term vision of developed economy. It covers many critical elements like urban development, energy transition, research and development of small and modular nuclear reactors as future source of energy, partnership with the State governments and multilateral development banks to provide basic services, National Research Fund for basic research and prototype development etc. The holistic roadmap is further supported by some bold plans for next generation reforms, including digital public infrastructure in agriculture for coverage of farmers and their lands in 3 years, economic policy framework reforms for improving returns to various factors of production etc.

While government's growth focus agenda through CAPEX investment continues, this budget also scores high on fiscal consolidation trajectory. With a market borrowing plan lower than FY24 and fiscal deficit target of 4.9%, govt's strict adherence to the fiscal glide path continues. That augurs well for the interest rate trajectory and should help crowd in private investment spending.

Sudipta Roy, Managing Director & CEO, L&T Finance Ltd.

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