

'Almost all of govt borrowing going for asset creation'

A day after presenting the Union Budget for 2025-26, Finance Minister **NIRMALA SITHARAMAN** spoke to **Ruchika Chitravanshi, Asit Ranjan Mishra & Nivedita Mookerji** on issues ranging from the theme of the Budget to income tax relief and challenging geopolitical environment. Edited excerpts:

PHOTOS: RUCHIKA CHITRAVANSHI

● What are the central issues you wish to address through the Budget?

The more and more we make Viksit Bharat our destination as a people's movement, the principles of Sabka Saath, Sabka Vikas, Sabka Vishwas, Sabka Prayas have to now manifest in so many different ways. So, if you are looking at Sabka Vishwas, the government has to show we have trust of everyone. That's what you see in the new Income Tax Bill that's coming, and also in my statement that it will be 'trust first and scrutiny later'. An example of that is the tax assessee himself can now declare what is his self-occupied property. We are not going to pursue the matter if he says he has two properties and both are self-occupied. Since 2019, we are gradually coming to a position that it is on the basis of trust that we want to take this forward. It's similar in the case of Sabka Vikas. In every decision, we are now saying the Centre will have greater discussion with states, whether it's for capital expenditure through states or to understand how state planning is going on, or sharing the PM Gati Shakti information with the private sector. So that everywhere the momentum can be with Sabka Prayas. So, what is this Viksit Bharat discussion we are doing? That is why in the beginning, a group of secretaries had gone through the whole thing for almost a year well before the 2024 elections. Their focus was on the features that we were looking at for Viksit Bharat 2047. So, I also raised seven or eight issues

about what's important for Viksit Bharat like zero poverty, at least 70 per cent of women getting into the workforce (meaning economic activity), good quality education, good quality health care... So, I listed that out. This Budget, therefore, having defined the

destination in some parameters at least, highlights very clearly the strengthening of the foundation on which we are going to move forward. That's why there's investment in nutrition, education, digitalised manuscripts in India and learning material for students, centres for artificial intelligence, and labour-intensive sectors, so that our demographic dividend gets the benefit and contributes to nation-building.... So, it is a Budget in which we are strengthening our (the nation's) foundation. It's a Budget that's taking us towards the destination of Viksit Bharat. It is a Budget that recognises the contribution of democracy, and the demographic dividend, making sure that people are given due recognition. You find all these aspects woven in. And, of course, there's repeated mention of *garib* (poor), *annadata* (farmer), *yuva* (youth), and *nari* (women) in every scheme.

● How difficult was Budget-making for you against the backdrop of so many geopolitical challenges around the world, including the new leadership in the US and the threat of imposition of tariffs? Has the Budget done enough to address these issues?

It is addressed as much as we know what the difficulties are, or at least they are indicative. About what is not yet pronounced, I can't take any measure.

Some people are asking me if I am prepared to take a decision based on the steps that the US administration may take. I don't know yet because the US steps are not known yet. So, I can't really say that I have done this or I have not done this. What I have done at this moment is to make sure that India is ready for 'Make In India', and 'Make In India for The World'. India is ready for its agriculture to be modernised, agriculture to have greater productivity, and that's why you find the PM Dhan Dhaanya Krishi Yojana... The Budget has proposed that the scheme will cover 100 districts with low productivity and moderate crop intensity to ensure they have high-yielding seeds and better irrigation, better agriculture-related investment or value-add of their products, among other things. These are the things we are building into the system.

So, in a way, this Budget addresses



issues of sectors that have to be given strength... It was challenging no doubt. It was challenging also to have committed ourselves to meeting the fiscal deficit as per the glide path. And also since the last Budget in July, we had an indication that after 2026 we would focus on debt to GDP. We have given ourselves enough challenges to meet, especially when the global situation is so volatile. It has been an interesting challenge.

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● The US administration has announced tariffs on Canada, Mexico, and China. Do you see that as an opportunity for India to export more to America, or do you see it as a threat?

The opportunity to export to any country, including the US, is constantly used. Export promotion is the biggest point in our Budget this year... We are looking at every opportunity that is available.

● What is the progress on the economic policy framework promised in the July Budget?

We will have something happening soon on that. I didn't mention it in the Budget because it's a work in progress.

● What's the government's stand on strategic disinvestment? Will the government touch upon it in the near future?

We have been doing it. You may say it's not as much as we would have expected. But strategic disinvestment keeps happening. Also, on disinvestment, there's no change in our position. We have the Cabinet-approved decisions and we will take it forward.

● On Customs rate rationalisation, you have cut seven slabs this time, last time you had cut eight. So, there are eight left now. Do you think after all this rationalisation, Indian economy is more open to the world? Is this exercise a work in progress?

I think substantial reduction has happened. And we have actually opened ourselves up. Where we have retained the rates are also because there are some sectors where Indian capacity is growing. It is only there that we have tried to retain the duties. Otherwise we have opened up

or relaxed considerably. The cess has not gone up. We have completely removed the social welfare cess. That should also be noticed.

● This is being seen as a consumption Budget. Do you agree and was that the objective?

You must be talking about the income tax exemption for up to ₹12 lakh of annual income. No, the objective was not to have a consumption Budget. The main objective was to honour the taxpayer who have been paying taxes without any hesitation and on time. Since 2019, after having issued the taxpayer's charter, we have been issuing certificates to prompt and regular taxpayers. Our attempt to honour the taxpayer has been since 2014 and more actively since 2019-20 onwards. In that process, this time the Prime Minister

decided that we need to recognise the taxpayer and their contributions. That's where this came up from. Yes, it will lead to consumption, that's a matter of fact.

● What is the rationale behind putting ₹12 lakh rebate figure? There's this view that taxable income in any developing country is almost twice or thrice the per capita income for that country. Now with ₹12 lakh, India has become a bit of an outlier, where it is almost five times the per capita income.

First of all, if you're pointing out that India is an outlier in doing this, India is also an outlier in the fact that of the 1.4 billion population, 80 million are taxpayers. If I have to constantly work on only logical ways in which other countries have handled (taxation), I will never be in a position to give any relief to any taxpayer.

Does that justify that 80 million people who are in the tax net today are the only ones who will have to bear the burden of the growing demand for revenue? My revenue requirements will have to grow. But does that mean that I shouldn't pay attention to widening the net? And does that mean that I'll have to keep everyone (in tax net) despite the fact that the living standards are different today, cost of money is different today. Inflation is persistent, probably because of imported inflation.

● Has there been a change in approach in the Budget from more capital expenditure to more money in the hands of the people?

No, there's no change in approach. As I have been saying since 2019, we have been honouring the taxpayer. I've even listed the things that we've done. Take Vivad Se Vishwas, where "faceless assessment" has been brought in. "Faceless" is there in appeal too. For every consultation that we do on goods and services tax (GST) or direct taxes, we talk to people. Our

continuous attempt is to recognise taxpayers, and clearly tell them about their contribution. It has been going on. And, therefore, this time, we've also done this.

I would like to believe it is one of those big-ticket reforms. Since 1965, there's not been any kind of review or update of the Income Tax Act. If anything, more and more additions have happened

● Perhaps the question is being raised because there's the thinking that the government is shifting from supply-side economics to demand-side economics by giving more money in the hands of the people through a tax cut. Do you agree?

This may be a consequence. But my objective is to make sure that the voice of the people is heard and recognise them for their contribution... Capital investment has not come down. It has gone up from the Revised Estimates. How can we say that there's been a shift from capital expenditure?