

CEOs bet on jobs, reforms, capex theme for Budget

India Inc chiefs see measures for rural economy

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A majority of Indian chief executive officers (CEOs) expects the Budget on Tuesday to increase expenditure on infrastructure, speed up economic reforms, and focus on rural areas/farmers, consumption, and job creation.

This is the first Budget of the third Narendra Modi-led government.

A dipstick survey of 20 CEOs conducted last week says 95 per cent of the respondents expect the Budget to continue the focus on infrastructure driven by government spending.

In the Interim Budget in February this year, Union Finance Minister Nirmala Sitharaman had allocated ₹11.11 trillion — almost 3.4 per cent of India's gross domestic product and an 11.1 per cent year-on-year increase — to build roads, expressways, etc.

"We expect further spending on highways, roads, bridges, and urban development, alongside more funds for projects. The announcement of a cement corridor in the Interim Budget has been encouraging, and we hope for more steps to enhance transport integration, making the movement of cement and related materials more efficient," said Neeraj Akhoury, managing director, Shree Cement, a leading cement manufacturer with headquarters in Kolkata.

Similarly, 80 per cent of the respondents expect the government to continue with the economic reforms that will drive growth and encourage investment, including foreign direct investment (FDI) and ease of doing business.

FDI inflows to India dropped 43 per cent in 2023 to \$28 billion amid a global decline of 2 per cent, the United Nations Conference on Trade and Development

(Unctad) said in a report last month.

Seventy per cent of the respondents expect the government to offer tax incentives to people to encourage consumption. And a similar number of respondents expect the government to continue its focus on rural areas and farmers.

"The government is expected to make higher allocations for agriculture, welfare schemes, job creation, and rural housing. Some of the major schemes/ministries that can see higher allocations include the rural job scheme under the Mahatma Gandhi National Rural Employment Guarantee Act, PM Awas Yojana, PM Gram Sadak Yojana, PM Kisan Samman Nidhi, and schemes related to labour-intensive micro, small, and medium enterprises," said Rajani Sinha, chief economist, CareEdge Ratings, in a webinar last week.

CEOs said this Budget, building on the Interim Budget's foundations, might boost infrastructure investment, particularly in multi-modal transport and advanced warehousing.

"We expect continued emphasis on green energy and strong EV (electric vehicle) infrastructure, accelerating our journey towards green logistics. A focus on automation and digitisation across the logistics value chain will be crucial to achieving higher efficiencies and reduced costs. Additionally, expediting the National Logistics Policy and projects like Open Network for Digital Commerce, Unified Logistics Interface Platform, and Dedicated Freight Corridor is essential for creating a unified logistics ecosystem," said Rampraveen Swaminathan, managing director and CEO of Mahindra Logistics.

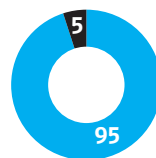
As many as 75 per cent of the CEOs said job creation would be a major focus, considering the need for improving job prospects for the young generation.

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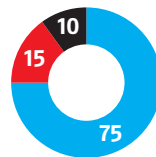
WHAT WILL BUDGET FOCUS ON?

■ Yes ■ No
■ Not sure/Can't say

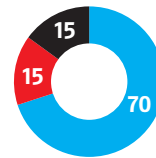
Capex/infra (%)



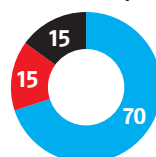
Job creation



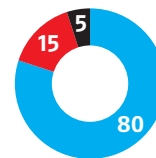
Rural areas/farmers



Sops/tax benefits to steer consumption



Reforms



Note: Dipstick survey of 20 CEOs
Source: BS CEO survey; Compiled by BS Research Bureau

BANKER'S TRUST

Can we bank on the Budget?

With the structural change in the ruling National Democratic Alliance, will the government be able to move on the bank privatisation front in this Budget?

TAMAL BANDYOPADHYAY writes

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'CAPITAL SPENDING ON INFRA WILL ONCE AGAIN BE IN FOCUS'

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RAHUL SINGH

CIO—Equities, Tata Asset Management

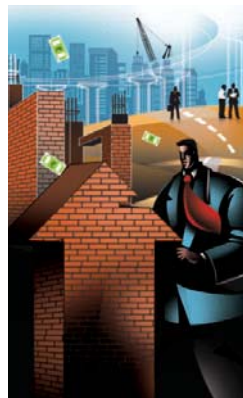


ILLUSTRATION: ANAY MOHANTY



Scope of PLI likely to be extended in Budget

“Within some constraints of a coalition government, there seems to be a change with continuity; in the forthcoming Budget, a focus on employment and further accelerating capex on infrastructure could be the core. Incentives on manufacturing such as extending the scope of PLI (production-linked incentives) and extending the sunset clause for new manufacturing units to get the benefit of a lower tax rate could come up in the Budget, especially since job creation is linked closely with manufacturing,” said Ketan Dalal, founder and managing director of Katalyst Advisors.

(Dev Chatterjee with inputs from Sohini Das, Shine Jacob, Prachi Pisal, Aneeka Chatterjee, Akshara Srivastava and Ishita Ayan Dutt)

