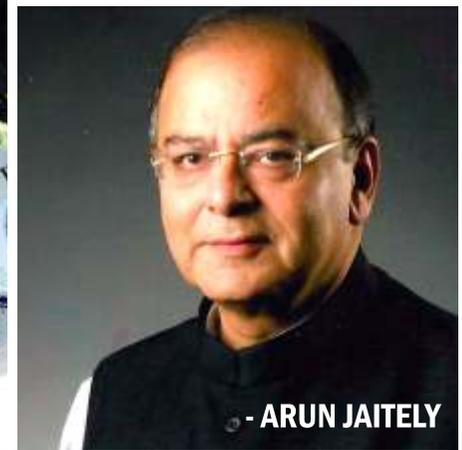


Budget Talk

With less than 5% GDP growth rate over the last two years, the economy needed structural measures to revive growth. The budget displays the positive intent of the government to push reforms and bring the economy back on track. This budget raises hopes that the impasse in the mining sector will be resolved. The industry looks forward to budgetary measures announced for encouraging investment in power, coal and mining sector and encouraging sustainable mining practices. These will help in improving the investment climate to an extent and should provide



- ARUN JAITLEY

Union Budget 2014-15 has recently been tabled by the Finance Minister Mr. Arun Jaitley. Reacting to the Provisions Made at the Budget, here are some of the Comments from the Prominent Metal & Mining Industry Professionals Exclusively for Metalworld.



stimulus to the sector. The Survey suggests that our employment growth rate was 0.5% between 2004-05 and 2011-12 despite a growing working age population. The government has tried to address this to an extent by introducing national multiskill programme and village entrepreneurship programme. Creation of more job opportunities through strengthening of core sectors of the economy will help in targeting the youths of the country and derive benefits of a vast working population. Budget 2014 appears to be in the right direction. It attempts to balance need of the economy for structural reforms as well as fiscal consolidation. It has something for everyone.

- ANIL AGARWAL

Exe. Chairman, Vedanta Resources

The Union Budget is characterised by a workman-like bottom-up approach, with a number of smaller details and steps, rather than relying on big bang announcements and reform. Administrative reform, improving the investment climate and sending clear messages on the long-term path we are on are clearly visible. The Finance Minister had the tough task of undertaking fiscal consolidation, initiating structural reforms, laying a supply-side framework for lowering inflation and restoring the financial savings rate and economic growth. To a large extent, the Union Budget touched a number of the above areas. With FY15 fiscal deficit target at 4.1%, the Finance Minister has assuaged concerns of both domestic and foreign investors and signalled the commitment to fiscal prudence. More importantly, the Budget numbers look credible. While gross tax revenue growth of 17.7 per cent for FY15 sounds optimistic as compared to last year's realised tax revenue growth of 11.8 per cent, the Finance Minister has been conservative in terms of the disinvestment target of 63,400 crore.

- AJAY SRINIVASAN, CEO

Moreover, potential upside in tax revenue can be generated out of the 4 lakh crore of tax receivables under dispute or arbitration. Overall, the probability that Government will have to cut plan expenditure, a strategy used in the last two years, to meet fiscal deficit targets this year, appears quite low.



Expenditure growth is higher by 30,000 crore over the Vote on Account (VOA). This is funded by 31,000 crore of higher non-tax revenues. Overall, the deficit is higher by 3,000 crore over the VOA number of 5.28 lakh crore. Overall, the Budget is a strong step on the path of credible fiscal consolidation with a number of steps which, if executed well,

- ANIL AGARWAL



The first Union Budget of the Modi Government presented in the Lok Sabha by Finance Minister Shri Arun Jaitley has not much impressed non-ferrous metals industry. BME had represented to the Finance Ministry through our pre-budget proposal wherein we had raised several issues mentioned as under. We had expectations from the Modi Government but our issues have been totally ignored and entire non-ferrous metal trade and industry is extremely

disappointed. Our proposal was to abolish 4% SAD as not a single industry has value addition of 33% on raw material and 4% Special Additional Duty (SAD) keeps on accumulating in Excise getting no interest no refund of the same. We had proposed to remove this tax as it is nothing but a barrier for the small and medium scale industries. We had also proposed that in order to compete with the ongoing 0% duty imports of goods coming under FTA, the 5% Import duty on all raw material should be removed or atleast impose 5% anti-dumping duty on all finished products coming under FTA. As this is the fundamental right of the Indian Trade and Industry for their existence. But nothing has been done on this severe issue, this will result in lots of unemployment and unhealthy competition resulting in closure of Indian industries and also loss of foreign exchange. We had also proposed to implement GST with immediate effect and till then atleast remove CST or make it 1% to improve the interstate business. The overall budget is really not satisfactory for the trade and will result in more inflation and unemployment.

- MAHENDRA H. SHAH, President - Bombay Metal Exchange Ltd.

The Finance Minister's maiden budget is noteworthy for the statement of intent to revive manufacturing and infrastructure sectors while maintaining fiscal discipline. The clarity of thought in this regard and the statement that manufacturing revival is essential for job creation is heartening. I think Mr. Jaitley has presented a realistic budget under difficult circumstances and put in place the basic building blocks for economic recovery along with fiscal consolidation. The support provided to various sectors and, particularly, the threshold for investment allowance being brought down to Rs 25 crores is welcome; equally, linking MGNERGA to rural infrastructure and asset creation is a significant step. As far as the ferro alloys industry is specifically concerned, steps taken to encourage key sectors which in turn will boost growth will have a positive impact.



- SUBHRAKANT PANDA, Managing Director - Indian Metals and Ferro Alloys Ltd



After a period of stagnation & slowdown in the Indian economy, the Union Budget presented at the Parliament last week, has a bonanza of announcements and massive investments in the infrastructural sector. One hopes that the promised funds would be released in the coming months and this would certainly spur the demand for metals, both ferrous and nonferrous.



Let us look at the various projects announced. The national highways sector has been promised Rs.37880 crores, Rural Infrastructure Development Fund Rs.25000 crores, the Pradhan Mantri Gram Sadak Yojana Rs.14389 crores, Rural Housing Fund Rs.8000, 100 smart cities in the satellite towns of larger cities and existing midsized cities at Rs.7060 crores, the Mission on Low Cost Affordable Housing Rs.4000 Crores, Ultramega solar power projects Rs.500 crores, energizing 1.0 lakh pumps at Rs.400 crores, urban transportation through metro projects in Ahmedabad & Lucknow at Rs.100 crores, 1 MW solar parks on the canal banks at Rs.100 crores, setting up new airports in Tier I and Tier II cities plus the Amritsar-Kolkata Industrial Corridor Project, Chennai-Bangalore Industrial Corridor Project, Bangalore-Mumbai Economic Corridor, Vizag-Chennai Corridor Project and many more. A budget that is oriented towards giving a boost to the infrastructural sector.

Undoubtedly the above projects would see large quantities of steel, aluminium, copper, zinc, lead etc., in various forms and shapes being used in the coming years and thereafter. Better days are head; Cheer up!

- L. PUGAZHENTHAY
Executive Director, ILZDA