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## Expert reactions on Union Budget 2016-17



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The budget had to balance the tasks of providing stimulus to growth, while not deviating from the fiscal deficit target. This seems to have been done, though we have to see the revenue numbers to see the assumptions underlying those. The gross borrowing number at Rs 6 lakh crore is a positive surprise as bond markets were expecting a higher number.

This should alleviate some concerns on large supply at the long end. Sticking to the FRBM target of 3.5% has sent out positive signals to the investor community both domestic and foreign on government's intent to maintain fiscal consolidation. RBI should look at this positively and the probability of another rate cut of 25 bps in the next RBI policy review has now increased.

The focused, specific spend on the rural and agricultural economy was expected and is welcome given the rural distress as a result of weak monsoons and weak commodity prices. As regards the corporate sector, there seems to have been a big focus on resolving tax disputes and making the system simpler. Also, if the scheme to unearth black money in the country is successful, it can lead to fair amount of revenue to the government.

In terms of sectors, automobiles, especially cars, seems to have been hit in the budget. The provision to allow the NBFCs to get a tax break on provision for bad and doubtful debts is welcome as it was not earlier available to them.