

Budget 2018: 5 things expected from Modi government on February 1

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Budget 2018: Union Finance Minister Arun Jaitley is set to present Budget 2018 on February 1. Union Budget for 2018-19 will be crucial for Prime Minister Narendra Modi and ruling BJP dispensation. In the last couple of years PM Modi has taken two of the biggest financial decisions- demonetisation and implementation of Goods and Services Tax (GST). In fact the Budget 2018 will be the first one after the pan-India tax regime came into effect last year. These two decisions have brought flaks from Opposition who have accused PM Modi of pushing the country's economy towards downward spiral. However, PM Modi and FM Jaitley have time to time rejected the charges and allayed the apprehensions by asserting that these steps will bring far-reaching and positive changes. Their claims got backing from the US-based Moody's, which had upgraded India's sovereign credit rating by a notch to 'Baa2' with a stable outlook citing improved growth prospects driven by economic and institutional reforms. Budget 2018 assumes significance as this will be the Modi government's last full-fledged budget before the 2019 Lok Sabha polls. Meanwhile, the Budget Session of Parliament is set to commence on January 29. President Ram Nath Kovind will address the joint sitting of the two Houses on January 29 and the Economic Survey will be tabled on the same day. The first phase of the session will be from January 29 to February 9. After a recess, Parliament will meet again from March 5 to April 6. There will be a recess between the session so that the department-related standing committees can clear the budgetary proposals related to their respective ministries.

In the Budget 2018, common people and industry bodies can expect a few things. Here are five things which can be expected from the Modi government's budget 2018.

1. Populist Budget: Budget 2018 will have an immediate bearing on the country's politics as crucial states like Karnataka, Rajasthan, Chhattisgarh and Madhya Pradesh will go to polls this year. With opposition lashing out the government over alleged rising stress in agriculture sector, the government may settle for a populist budget. However, NITI Aayog Vice Chairman Rajiv Kumar had categorically said the Union Budget 2018-19 would not be a populist budget. "I can say this with a great deal of confidence. The distinguishing feature of this government and also that of the prime minister is that they have never allowed any budget exercise to be a populist one," Kumar said." The Modi Government doesn't present budget for seeking votes like others and that is what you should expect this time. I hope and suppose that the budget will focus on sectors which will improve the welfare levels of our population."

2. Balancing economics with politics: Budget 2018 will be real test for PM Modi and FM Jaitley as they have to balance economics and politics. This won't be easy as the Modi government's fifth and final full budget would look to address pain points in the economy and boosting growth to 7-8 per cent. PM Modi had recently brainstormed with economists and experts on the state of the economy.

3. Raising tax exemption limit: Budget 2018 may bring joy to middle class as the finance ministry is contemplating to hike personal tax exemption limit and tweak the tax slabs, according to reports. The proposals before the ministry is to hike the tax exemption limit from the existing Rs 2.5 lakh per annum to at least Rs 3 lakh if not 5 lakh, reports said. Besides, the tinkering of tax slab is also being actively considered by the ministry to give substantial relief to middle-income group, especially the salaried class, to help them tide over the impact of retail inflation, which has started inching up.

4. Modi government may crack job code: Prior to the 2014 Lok Sabha elections, PM Modi had promised of creating plethora of jobs. Opposition led by Congress raised a lot of hue over lack of job creation in the country. In Budget 2018, FM Jaitley will have a chance to silence the critics.”The Modi government should look into job creation as numbers are not that good. If your economy is increasing at 8-9 percent and your labour productivity is growing by 2-3 percent. Then the balance has to be increased in jobs. It may be formal or informal ones. As the economy has slowed down, the rate in which jobs are created has gone down which is needed to be up. Two things that could be done, one is to revive the economy and other is to ensure that it is less capital intensive. This way more works could be spread among the maximum number of people,” Chief Economic Advisor to FICCI Ajay Chhibber told FE Online.

5. GST and its effect: Budget 2018 will be the first one after the introduction of Goods and Services Tax (GST). There is not much scope in the budget to decide things’ regarding GST as the GST Council is entrusted to look after the issues pertaining to the pan-India tax regime. Still we can expect a little more in the budget. The Central Statistics Office (CSO) has projected India’s growth to slow to 4-year low of 6.5 per cent in the current fiscal in the backdrop of introduction of Goods and Services Tax (GST) regime, according to reports.

(Financial Express)