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Budget to spur consumption, bodes well for capital market: Experts

BY PTI | FEB 01, 2019, 09:34 PM IST

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New Delhi: The budget announcements, including direct cash transfer to farmers, will provide a major impetus for consumption and bode well for the capital market, experts said.

The budget, presented by Finance Minister Piyush Goyal on Friday, is a well-rounded attempt of presenting something for everybody, they added.

Manish Gunwani, CIO Equity Investments at Reliance Mutual Fund, said the budget -- the last before the general elections -- is pro-consumption as significant stimulus has been provided for farmers and middle class.

"I congratulate the Finance Minister for delivering a growth-oriented budget benefitting various sections of the society and stating out the vision to make India a USD 10 trillion economy, a daring and laudable move."

"Adherence to fiscal prudence despite providing benefits to the middle-class, farmers, and the unorganized sector will boost consumption, improve social security and ultimately revitalise the Indian economy, which bodes well for the capital markets as well," BSE MD and CEO Ashishkumar Chauhan said.

Indian Commodity Exchange (ICEX) CEO Sanjit Prasad said the measures announced in the budget are intended to protect and promote the agricultural sector and should help the commodity markets going forward.

"The budget is a well-rounded attempt of presenting something for everybody...The structured income support provided to the small and marginal farmers through the Prime Minister's Kisan Samman Nidhi wherein farmers with upto 2 hectares of land will get Rs 6,000 in three equal instalments is likely to bring in a better quality of produce into the market. This will definitely help in better development of the commodity markets," he said.

"However, the biggest and the most important provision from the point of view of the capital market ecosystem is the rationalisation of the state level stamp duty on securities transactions. The single charge at point of first transaction is a very important step in the right direction. It will not only help in simplicity of compliance but also in bringing down the overall transaction cost," he added.

ANMI President Rajesh Baheti said that rather than abolish stamp duty, as Securities Transaction Tax is already levied on all transactions, the government has de facto imposed a state STT in the guise of stamp duty.

ANMI wanted abolition of stamp duty as states are already a recipient of their share from the STT pool.

"Budget announcements on whole provide major impetus for discretionary consumption for both rural and urban class. India being largely a consumption driven economy, this stimulus is positive...," Equirus Wealth Management CEO Ankur Maheshwari said.

"There are no tax announcement which impact any of the asset classes or your investing decisions. While general elections continue to remain key event, we recommend investors to adopt a long-term horizon and follow a 6-month staggered approach towards equity market investments."

"For fixed income investments, our preference is for low duration and ultra-short-term bonds to minimize interest rate risk and volatility," he added.

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Jimmy Patel, MD and CEO, Quantum Mutual Fund, said it is a populist interim budget catering to the poor and marginalised strata of the society, farmers and rural India.

"Much was expected by the middle class but there don't seem to be too many benefits for the middle class. With increase tax rebate, it is expected that surplus cash will be available in the hands of the consumers thus resulting in a slight off-take of consumption," he added.

N S Venkatesh, chief executive of mutual fund industry body Amfi, said the budget is pro-growth blended with fiscal prudence.

"Mutual funds sector would benefit from the additional cash in the hands of the farmers and the increased savings for the salaried class. The other welcome step is the increase in the TDS limit on deposits which would ease the hardships faced by the depositor," he added.

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