

Press Release Note from MCCI - Budget 2021

Government spending sets the tone for resilience and recovery

Srivats Ram, President of the 185-year-old Madras Chamber of Commerce & Industry

The proposed Union Finance Budget for FY2021-22 has several positives for the revival of the Indian economy during a difficult period, with continuity of economic reforms and stability. In the backdrop of an unprecedented crisis, the government spending of Rs 4.5 lakh crore over plan is welcome news for the economic recovery, especially in the rural economy. By budgeting an even higher government spend in 2021-22, the Finance Minister has set the tone for accelerated GDP growth and job creation with a long-term bias.

In addition, the focus on privatization including public sector bank divestment, asset monetization, increased access to long-term global capital through increase in FDI threshold in Insurance, and establishment of a long-term development finance institution should catalyse growth in the short, medium and long-terms.

While the spurt in government expenditure would be a cause for concern for fiscal management, it is comforting to observe that the main purposes are asset creation and income generating avenues. To summarize, this is a growth-oriented budget that promises resilience and recovery through stimulating broad-based consumption.

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