

India Inc pitches for higher govt spending on infra to boost growth

Wants Budget to focus on improving demand, enhancing capex



Photo for representation only.

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As the Economic Survey tabled in Parliament today said growth in the next fiscal would be supported by private investments, exports and supply side reforms, the industry has said that the Budget should focus on improving demand and enhancing capital expenditure on infrastructure.

Commenting on the key trends highlighted in the Economic Survey, FICCI President Sanjiv Mehta cautioned that the government needs to be mindful of the fact that some of the assumptions that underpin the growth projection could turn out to be more complex. The evolving geo-political developments and their impact on oil prices, the likely accelerated pace of monetary policy normalisation by central banks and the still uncertain trajectory of the pandemic could throw up newer challenges for the economy in the year ahead, he said.

“It is therefore important that the upcoming Union Budget outlines measures that would aid the recovery process by improving demand and enhancing capital expenditure on infrastructure. We need to move to a virtuous cycle of growth where sustained demand leads to higher consumption, the consequent higher capacity utilisation leads to capital investments which in turn leads to job creation and more demand,” added Mehta.

FICCI has suggested that this is not the time to focus on fiscal consolidation as higher government expenditure, particularly on the infrastructure side, will have to lead the way in supporting growth.

CII Director General Chandrajit Banerjee said the Survey has rightly considered vaccination as a macro-economic parameter. “We believe that going forward continued reforms, focus on capital expenditure, continuous strengthening of healthcare systems and micro containment strategy will act as a booster dose for the economy,” said Banerjee.

Continued reforms, healthcare key drivers

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We believe continued reforms, focus on capex, strengthening of healthcare and micro containment strategy will act as booster for the economy — Chandrajit Banerjee, director general, CII



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