

35. BJP set to unveil a Swadeshi Budget

By Gopal Krishna Agarwal,

To lift the depressed sentiment especially among its core constituency of Swadeshi industrialist and traders, the BJP's thrust in the upcoming Budget, and Parliament session, is expected to be on deregulation, ring-fencing bankers to facilitate better lending, and rationalising the duty structure to ease the supply-side constraints.

Simultaneously, the ruling party wants fresh infusion of funds through the ₹105-lakh crore National Investment and Infrastructure Fund into cement, steel, and construction equipment as well as higher allocation for PM Kisan, MNREGA, Ayushman Bharat, Ujjwala Yojna and PM Awas Yojna to boost consumer demand.

In the agriculture sector, stress will be on expediting the establishment of 22,000 local mandis to ease marketing bottlenecks.

Key initiatives

Besides, 32 other initiatives are to be taken towards addressing the concerns of telecom, auto, real estate sectors, MSMEs and the liquidity crunch in NBFCs.

The BJP held 11 meetings between December 19 and January 14, where Finance Minister Nirmala Sitharaman and party office-bearers met stakeholders identified in three groups — Sunrise Sector including IT, pharma and automobile companies; High-Growth Potential Sector with regard to employment including MSMEs, real-estate, agriculture, heavy industry and food processing; and Core/Backbone Sector including financial markets and mercantile law including GST, Insolvency and Bankruptcy Code (IBC) and company law.

A consolidated report of assessments and suggestions that emerged from these meetings was submitted to Prime Minister Narendra Modi.

Confidence building

The core idea is to instil in the industry a sense of confidence, which is low due to excessive regulation and funds squeeze. Besides ring-fencing bankers for genuine lending decisions and creating liquidity, the BJP has suggested 46 amendments to “decriminalise” the company law.

“The overall sentiment is towards deleveraging companies. Besides reduction in corporate tax that has already been done, more steps need to be taken towards easing liquidity as debt is an important component of capital investment. We also have to accept that genuine business risk and failures are not to be treated as crimes. For instance, 95 per cent of new ventures in the start-up ecosystem ended as failures. They cannot be treated as frauds,” said BJP spokesperson on economic affairs Gopal Krishna Agarwal.

A “de-clogging” of the IBC and NCLAT has been suggested with the aim more of resolution than regulation. The resolution mechanism has to separate genuine business failures, mismanagement and fraud as three separate categories and the thrust has to be towards revival of businesses, especially in the case of mismanagement.

Streamlining GST and FTAs

Simultaneously, the ruling party wants the Centre to focus on streamlining the GST and FTAs, especially those with the ASEAN countries, and address the issues of domestic MSMEs by correcting the inverted duty structure.

“Let us renegotiate the FTAs and tweak the GST to correct the inverted duty structures. A comprehensive decision has to be taken to reduce duties on critical inputs used in domestic manufacturing while raising them on finished products,” said Agarwal.

The BJP’s aim is to enhance the Swadeshi spirit that was in evidence in India’s rejection of RCEP and safeguard its interests vis-à-vis the US General Trade Agreement in the past. “We have to protect our industry. The whole world is doing it,” said the BJP spokesperson.

The BJP has worked on focussing policy direction towards concerns of its original core constituents — the domestic industry and the trader community. Swadeshi seems to be the theme dictated by the party’s headquarters.