

Budget 2020: Prakash Javadekar hints at 'action plan' for economic revival

Markets to open for regular trading on February 1 Information and Broadcasting Minister Prakash Javadekar on Wednesday said the government would unveil its “plan of action” in the Budget to boost the economy, which is grappling with a slowdown. The Budget is scheduled to be presented on February 1. The economy is on the path of revival and nobody should have a pessimistic view about it, said Javadekar in response to a query about the downward revision of India’s growth rate by the International Monetary Fund (IMF). He was speaking at a press briefing here on Wednesday after a Union Cabinet meeting. He said: “From the Union Budget, you will get the government’s plan of action. Our fundamentals are very strong.” “Therefore, nobody should create a pessimistic view about Indian economy,” he added. Asserting that the economy was on the path of “revival”, Javdekar said there are ups and downs in world economy, and it reflects on countries. While industry expects the government to announce growth-boosting measures, the Centre is struggling with a resource crunch with tax collections and disinvestment not proceeding in line with projections made in the Budget for 2019-20.

Official advance estimates had pegged India’s gross domestic product (GDP) growth at 5 per cent for the current financial year (financial year 2019-20, or FY20), compared to 6.8 per cent in the previous year. However, IMF projected the growth to go down even further to 4.8 per cent for FY20. This triggered a war of words between the ruling Bharatiya Janata Party (BJP) and the Congress. BJP spokesman on economic affairs Gopal Krishna Agarwal expressed doubts about the IMF’s projections.

“We have doubts on IMF projections, whether they have taken into considerations the impact of Narendra Modi government initiatives like NIP (national infrastructure pipeline), credit line for MSME (micro, small and medium enterprises) and NBFC (non-banking financial company) and mega exercise on Budget, IBC and GST (goods and services tax) reforms. GDP growth rate has bottomed out and we will see significant growth ahead,” Agarwal tweeted. IMF projected India’s economic growth to recover to 5.8 per cent in FY21 and 6.5 per cent in FY22. It said slowdown in India’s economic growth rate would pull down global economic expansion over these two years. Agarwal said India is affected by global slowdown and not the causes that the IMF listed. Earlier, senior Congress leader P Chidambaram claimed an attack on IMF and its chief economist Gita Gopinath by government ministers was imminent. He also alleged that the IMF’s growth figure of 4.8 per cent is after some “window dressing” and he won’t be surprised if it goes even lower.

The equity markets will remain open for regular trading on February 1 (Saturday), the day of the Union Budget, both the NSE and BSE said in a notification on Wednesday. The markets tend to be volatile on the Budget day as investors react to the measures announced by the finance minister that impact economy and corporate earnings. The last time the Budget was presented on a Saturday was in 2015. Back then, too, the stock markets were kept open for regular trading hours, which is 9 am to 3:30 pm.

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