

Business Standard

Reform expectations not belied

BS Reporter / February 27, 2010, 4:20 IST

Students at the Hyderabad-based Indian School of Business (ISB) are happy that the government has not belied expectations of a "reform-oriented" Budget. With the Indian economy showing clear signs of recovery after last year's financial crisis and no major elections this year, except in Bihar, the 2010 Union Budget presented a unique opportunity to India's financial policymakers.

And Finance Minister Pranab Mukherjee certainly made a positive impact, according to students who were asked for their opinion on this subject. Some students like Somesh Satnalika, however, believe that much more could have been done in a non-election year. "While the Budget is certainly a move in the positive direction, meaningful long-term reforms in sectors such as education and agriculture are not part of this Budget," says Satnalika.

Nevertheless, the reasons for the sharp market reaction, believe most students, could be the clarity on the roadmap to fiscal control, reduction in personal tax levels, continued commitment to simplify the tax framework and sops to key sectors such as infrastructure and agriculture.

Meanwhile, the students polled here are happy that the 2010 Budget addressed the issue of a large fiscal deficit and also laid out plans for rollout of the Goods and Services Tax and the Direct Tax Code by April 2011, thus sending out a positive signal on the government's commitment to simplify the tax framework. On a scale of 1 to 10, ISB has rated the Budget at 6.

Deepak Srikumar

Post-graduate programme, Indian School of Business