

A Progressive Budget for a Vibrant India

Presented against the backdrop of a faltering economy, weak public finances and huge expectations, Finance Minister Shri Arun Jaitley's maiden Union Budget 2014-15 has lived up to the new Government's motto of 'Sab ka sath sab ka vikas'. It has been able to comprehensively deliver to the large sections of the society and sectors of the economy. Having pressed the accelerator on reforms, it has all that is needed to lift the growth and set the engines of our economy roaring again.

A progressive Budget, it will lead to sustainable, investment-led and inclusive growth with fiscal consolidation. Besides committing on the next generation of tax reforms, stability of tax regime and fiscal prudence, it has also gone an extra mile for the middle class, youth, education, health, agriculture, infrastructure and defence. It is a responsible Budget that will ensure macro-economic stability and a vibrant India. The mandate of getting the fiscal deficit down to 3% of GDP by 2016-17 is in line with Finance Minister's observation that he wants to expand the economy and bring in fiscal consolidation rather than contracting expenditure. The Budget has set out clear expectations in respect of broad policy indicators and rationalisation of tax provisions with the intent of reducing litigation.

For the common man, the Budget announced sanitation for all by 2018 and housing for all by 2022. It extended benefit of investment allowance, increased limit of FDI in insurance and defence. Besides, it has been announced to set up an eBiz platform to create a business and investor friendly eco-system, by making all business and investment related clearances and compliances available on 24X7 single portal to demonstrate that the new Government means business and will deliver with '*minimum Government and maximum Governance.*'

What is especially welcome is the Finance Minister's big bang announcement and emphasis on implementation of Ind AS. "*There is an urgent need to converge current Indian standard with international accounting standards,*" he said in his Budget speech. It has been proposed that the new Indian Accounting Standards (Ind AS) converged with IFRS shall be adopted by India companies

from the financial year 2015-16 voluntarily and from the financial year 2016-17 on mandatory basis. ICAI has always been emphasising that there is an urgent need to converge with IFRS, not only to bring the financial reporting practices of Indian corporate at par with the global standards, but also to fulfil India's commitment to G-20 in this regard. Globally, more than 130 countries have so far switched over to IFRS.

What is also welcome is the advance ruling to resident tax payers with respect to income tax liability. Constitution of additional IT benches and enlarging the scope of the Settlement Commission are also far-reaching steps in the right direction.

As a way forward for better taxation regime, the Finance (No.2) Bill, 2014 has proposed various amendments, both in direct and indirect taxes. The Bill has 71 clauses amending various provisions of direct taxes. On the indirect taxes front, 82 amendments have been effected so far after the Budget. These include 35 amendments in the Act and 47 amendments in the Notifications. It is noteworthy that as many as 18 of ICAI suggestions with respect to taxation proposals have been accepted in the Bill.

The Union Budget 2014-15 offers a plethora of opportunities to the Indian accountancy profession, to serve as a veritable partner in nation building. Indian Chartered Accountants symbolise fiscal prudence and financial discipline in India, which is one of the important aims of the Budget. Given their multifarious capacities, the Chartered Accountants can act as facilitator and enabler of economic development. They can be crucial in achieving the broader objectives of the Budget, i.e., inclusive growth combined with stronger and more effective public institutions, delivery mechanisms, good governance and reforms. They can be very effective harbingers of economic growth, which has stayed below 5% for years in a row.

However, it will be worthwhile to watch how the Budget helps counter some formidable challenges of the Indian economy. It is hoped that the Budget helps our economy unleash its full potential and move to a double digit growth trajectory. ■

■ -Editorial Board ICAI – Partner in Nation Building