

# The demand for welding products will go up



*Mr. Satish Bhat, Managing Director,  
Ador Welding Ltd.*

The Budget is focused on agricultural & rural development, with special emphasis on health, education and employment, while boosting growth prospects for MSMEs. Infrastructure development is the common thread in all these focus areas. For a while now, industry has been struggling with lower capacity utilization. Boosting Rural demand appears to be a step in the right direction.

## Rural Economy

The following measures are expected to boost rural incomes and thereby enhance rural spending:

- Increase in MSP for kharif crops.
- Nearly 30% growth in allocation for Institutional Farm Credit is also a huge positive for the sector.
- Rural haats to be developed and upgraded into Gramin Agricultural Markets
- Operation Green” launched to address price fluctuations of potato, tomato and onion
- Two New Funds of Rs. 10,000 crore announced for Fisheries and Animal Husbandary sectors, Rs 1290 crore for Re-structured National Bamboo Mission.
- Loans to Women Self Help Groups will increase to Rs.75,000 crore in 2019 from 42,500 crore last year.

- Higher targets for Ujjwala, Saubhagya and Swachh Mission to cater to lower and middle class in providing free LPG connections, electricity and toilets.
- Outlay on health, education and social protection will be 1.38 lakh crore.
- World’s largest Health Protection Scheme covering over 10 crore poor and vulnerable families launched with a family limit upto 5 lakh rupees for secondary and tertiary treatment.
- Tax Deductions to Farmer Producer companies

## Industry Focus

- Rs 5.97 lakh crore allocation for infrastructure - Proposed spend on Railways, Airports and Bharat Mala.
- Govt will contribute 12% of the wages of new employees in EPF in all sectors for next 3 years and Women contribution to EPF reduced to 8% for first 3 years
- Proposal to extend reduced rate of 25% currently available for companies with turnover of less than 50 crore (in Financial Year 2015-16), to companies reporting turnover up to Rs. 250 crore in Financial Year 2016-17, to benefit MSMEs.
- NITI Aayog to initiate a national programme on Artificial Intelligence (AI) and centres of excellence will be set up on robotics, AI, Internet of things, etc.

## Taxation

- Income Tax – Tax on Long Term Capital Gains exceeding Rs 1 lakh at the rate of 10%, without allowing any indexation benefit.
- Standard Deduction of Rs 40,000 in place of present exemption for transport allowance and reimbursement of miscellaneous medical expenses. 2.5 Crore salaried employees and pensioners to benefit.
- Hike in deduction limit for health insurance premium and/or medical expenditure from Rs 30,000 to Rs 50,000 under section 80D for Senior Citizens

and exemption of interest income on deposits with banks and post offices to be increased from Rs 10,000 to Rs. 50,000.

These are some of the key measures and the Budget appears to be a well-balanced plan to enhance the life of Indian Citizen. However, adhering to the fiscal discipline (Fiscal Deficit projected at 3.3% for 2018-19) will be a challenge as it is subject to the Divestment going through as planned and also subject to Oil price and Forex shocks.

Overall the Budget will give an impetus to core industries like steel, cement and power which will be led by Infrastructure spend. As these core industries have better capacity utilization, there would be further interest in investments on capacity addition which today is few and sparse. The other industry which will grow and should be driving industrial growth is ‘Defence Sector’. Improvement in Rural economy will boost the prospects of automotive and white goods industry.

The growth in core sectors should help the welding industry and as the investment interest in capacity addition rises, demand for welding products will only go up. ■

UNION  
BUDGET 2018