

Budget 2018 from the Perspective of Indian Water Sector

A budget response from Subhash Sethi, Chairman, SPML Infra Limited

By Mayur Sharma On Feb 13, 2018



Subhash Sethi, Chairman, SPML Infra

Budget 2018 presented an encouraging outlook for a wider segment of industries as the Finance Minister has taken a long-term view by focusing on the development of

agriculture, healthcare, education, and infrastructure sector. The thrust on job creation through rural and infrastructure development projects will improve income levels leading to an increase in the economic activity and growth. Promoting digital economy by allocating funds towards creating digital infrastructure, increasing cashless payments and building smart cities is encouraging.

The Budget addressed social sector priorities and a clear plan to boost infrastructure. It recognizes the role of “Infrastructure sector” as the growth driver of the economy with an estimated investment requirement of massive INR 50 lakh crore.

The Rs.19,428 core allocation for water supply projects under AMRUT schemes will help in providing drinking water facilities to urban and semi-urban households. The increase from Rs. 20,000 crore to Rs. 40,000 crore for irrigation projects and dedicated micro irrigation fund of Rs.5,000 crore will help the agriculture sector with good production and subsequent growth in our economy.

The target to achieve 100% rural electrification with an increase of 35% in budget allocation depicts government’s progressive thinking in meeting 100% electrification by 2018. The government has undertaken several initiatives to bring electricity to all homes in India and the finance minister during his budget speech has iterated that 100 percent electrification of villages will be completed by May 2018. The provision for rationalizing linkages of coal to power to railways will have a lasting impact to make it more efficient. The government’s commitment to rural electrification and moving towards a policy-based administration with an increased focus on T&D upgrade will give a much-needed boost to the power sector.

There is a major enhancement announced to the renewable energy sector with excise and customs duty relaxation and roll out of the second phase of solar power development of another 20,000 MW will go a long way in strengthening India’s position in the global solar industry. It will also help in the long-term focus on the government’s RE target of 175 GW by 2022 which includes 100 GW of solar and 60 GW of wind. The move to expand solar power generation on the railway stations is encouraging to the rooftop and distributed solar power segment.

Move to shift from ‘AA’ to ‘A’ grade ratings in corporate bonds is a welcome step as it will provide an additional avenue to the corporates to raise funds for their infrastructure projects.

To control some of the environmental pollutions, the government has addressed the crop burning issue and made allocations to help the farmer.

This year’s budget, with progressive thinking, will lead India to an inclusive growth path with a clear focus to develop robust infrastructure and lift the economy to achieve the GDP target of the next fiscal.