

# Sticking to FRBM a big positive, DDT negative for market

The fiscal deficit target has been maintained even after rise in expenditure

## MINI MENON

The market appears to have been disappointed with the Budget proposals of an extra tax on dividends and hike in STT on options. Speaking to Bloomberg TV India, Reliance Mutual Fund's chief investment officer for equities Sunil Singhanla says the tinkering with the dividend distribution tax was a "negative" for the market but adhering to fiscal deficit target without compromising on the expenditure has been the biggest positive. Overall, it doesn't seem to be a Budget that will restrict consumption as such, he said.

**The market appears to be disappointed with the indices swinging wildly. On the whole, has it been a good or bad Budget?** Clearly, the tax on dividend has been a sort of a negative. But apart from that, I think across the segment the Budget has come as a positive. There has been no tinkering with the capital gains tax and I think tax rates generally have been pretty stable.

There has been a lot of emphasis on spending.

And the good thing is that the fiscal deficit target of 3.5 per cent for FY17 has been maintained this time even after a significant rise in expenditure.

**There is very little in the Budget to help revive private investment. And on top of that, you put a surcharge or a cess on passenger cars to fund infrastructure. Are you disappointed?**

As far as the consumer is concerned, I think the big outlay on Pay Commission is going to be a big boost. There has been nothing done to increase taxation anywhere at least for the vast majority of Indians. In fact, the Budget has given small benefits here and there including deduction on rent and interest paid on housing loans.

So overall, there is nothing which has been done in terms of trying to take more from the consumers except a little bit of cess from so-called luxury goods, which would include passenger cars as well as cigarettes, which I think is okay.

We have to see the fine prints and overall it doesn't seem to be a Budget that will restrict consumption as such.

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SUNIL SINGHANIA  
CIO, Reliance Mutual Fund

