‘Package will have multiplier effect’

O

ter for five days, Union finance minister Nirmala Sitharaman announced a package of economic support to aid the Indian economy overcome the immediate crisis caused by the pandemic and the lockdown imposed to contain its spread, as well as to lay the foundations for a "self-reliant India".

She offered a press conference on Sunday, the finance minister, in a wide-ranging interview to HT Business and Shridhar Gupta speak about the rationale behind the measures, emphasis on credit to both businesses and individuals will help revive and spur demand, countered the criticism that the package did not have strong enough fiscal component, acknowledged the crisis faced by migrant workers and her hope that the Indian economy would bounce back in 2021. Edited excerpt.

Now that the entire package has been announced, what is the impact on the budget number?

One thing we need to keep in mind is even before we announced the package and that in the borrowing the government is going to borrow in excess of 5% (for a lockdown year), that is why we issued a fresh schedule of borrowing. But the rest of the fiscal balance, or may be slightly stretched by this as well. Because revenue generation and disinvestment — I would call this as an assessment now. This is only May; we have two June, July, August, September, October, and what an extraordinary year it is already.

Have you modelled any revenue estimates?

In this Covid era, does any modelling help?

How about the funding? You have told us about the elaborated that how you plan to mop up to meet any revenue shortfall or will you need to borrow even more?

We look forward to the realistic assessment of what we would need to then work with this number. At the time itself we were conscious that we were looking at this stimulus and also a fall in revenue. We have to see how it goes.

If there is a significant shortfall in revenue, which seems very likely now, what happens to the nominal tax rate of the tax?

The collection is divided between the Centre and the states. And the formula. If the collection itself falls, the formula will only give what it can. Then the GST compensation, the GST will also be left to the states. If we had to make up the revenue that the collection that have. Over and above. If there is a shortfall, the GST Council will have to take a call.

What is the thinking of fiscal deficit India is looking at the year?

It’s too early to comment. I’ll try to give you closer to the 15th the time the revised estimates come out.

One of the criticisms of the package is on monetary and liquidity component in the package you have announced and that the fiscal is just 15%. If this is surprising that comparisons are made with what other countries have announced. At this time, I would request everyone to focus on where the money is going. I think it is important to reach out to those sections of the population that need urgent relief. And not just individuals. If additional money does reach to individuals, they can’t pay taxes; they can’t buy raw material, and run their units to earn 10-15% capacity. So I’m making sure that this is where the money goes, wait for the multiplier effect it can create in its immediate income.

Even for small enterprises, which you rightly said are the most vulnerable, the package has largely been provided. You have also provided credit, which is a tremendous offer, for 45 months, up to 25,000 48-month grants. Why have you not excluded middle-class salary-earners who have been facing hardship for months? For 48 months of payments of up to 25,000 rupees a month. There is no section about whom I am not sure they are not in the business or jobless. Everyone needs help. Everyone needs help in this kind of environment. But for example, a very different scenario, in an instance, middle-class middle-class in the middle class?

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Do you think that the middle-class middle-class middle-class is behind?

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In what sense do you think it is unfair to say that even migrant workers need to be registered?

When we talk of giving wages to those who have been insurers to insurers — those who need us. We need. Those who need us. We need. Those who need us. We need.

Did you give any exhaustive data?

When we negotiate with them, they have systems to deliver, which we have today, when they have data about workers. So we get a lot of information and, as per the guidelines, will bring the PMG in 684994. If they are being paid what they are actually earning, and so on. Everyone needs help. Everyone needs help in this kind of environment. But for example, a very different scenario, in an instance, middle-class?

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