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BUDGET WITH A PERSPECTIVE ON COMMODITY MARKET

NOT SWAYED BY today's challenge of inflation, the FM has presented us with a soundly growth-oriented budget. This Budget will facilitate higher capacity creation through increased investments and ensure taming inflationary pressures through strong supply-side augmentation measures. Proposals to bolster distribution and marketing systems are expected to address supply-side concerns, which are the principal contributor to the current food inflation.

Incentives provided to farming and warehousing sectors?increased credit flow, classifying cold storage as infrastructure sector and exempting cold chain equipment from excise duties? will help unlock the potential of India's agricultural sector. These measures will also play a supportive role in helping more efficient price discovery for the commodity markets, which is expecting more policy reforms through the passage of the FCRA Amendment Bill 2010.

While the decision to create 15 lakh metric tonnes of silo storage capacity under the Public Entrepreneurs Guarantee (PEG) scheme is a positive step, it should also look at silo storage for all its long term storage needs including that of buffer stocks and strategic reserves. Augmentation of RIDF by Rs 2,000 crore towards the development of post-harvest infrastructure in the rural sector will definitely ameliorate some of the storage problems that our farmers face.

Allowing foreign investments in mutual funds will go a long way in bolstering capital markets and also improve the industry's prospects. The increase in the foreign institutional investments limit in corporate bonds would enhance flow of funds especially in infrastructure sector. The promise of putting in place guidelines for new banking licences will help promote 'financial inclusion' in the country. Further, with the constitution of the Financial Sector Legislative Reforms Commission (FSLRC), we hopefully will have a harmonious financial sector regulation permitting greater convergence in service delivery at the last mile, better global alignment and a more user-friendly financial sector regulation. The decision to bring legislative changes in banking, insurance and pension funds sectors in the current session will possibly be in this direction and promote more financial inclusion and provide for inclusive growth.