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Gamechanger or not, analysts give 4 out of 5 to Arun Jaitley's Budget 2016

By *Kshitij Anand*, ECONOMICTIMES.COM | Feb 29, 2016, 05:49 PM IST

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NEW DELHI: Whether or not it has proved a gamechanger for the economy, the Union Budget 2016 struck a fine balance between fiscal prudence and providing growth levers to aid economic growth, said analysts polled by ETMarkets.com team.

Most analysts gave it 4 out of 5. Out of 10 analysts polled, six gave Arun Jaitley's Union Budget 2016 a rating of 4, one gave 3.5 and three rated it 3 on 5.

The government demonstrated laudable restraint by sticking to the pre-announced fiscal deficit target of 3.5 per cent of GDP in FY17 from 3.9 per cent in FY16. This was not easy as the government was trying to protect growth as well as preserve macro stability. Yet, it bit the bullet.

"The Union budget has done a great job of ensuring fiscal prudence, increasing indirect tax collection and ensuring an accommodative stance with regard to domestic industry," said Tushar Pradhan- CIO, Global Asset Management, India who gave a rating 4 on a possible scale of 5 points.

"A focus on rural incomes and an increase in allocation to the MNREGA scheme signals a more inclusive approach to economic development. However emphasis has been on ensuring continuity in fiscal consolidation, correcting non-uniform tax subsidies and achieving social empowerment," he added.

The budget is unlikely to provide any major boost to markets but it will strengthen our macro picture at a time when there are talks of a global slowdown. Investors should hold onto their bets, and look at adding more on declines. Cyclical are likely to do better given government's push towards rural and infrastructure sector.

"It increasing seems like a buy and hold kind of market. Investors in the long term will be rewarded as I do believe the government is taking steps in the right direction," said Nithin Kamath, Founder & CEO - Zerodha.

"Post this budget, companies focused towards leveraging rural economy are likely to do well, my bets would be on two sectors - Farm Inputs and FMCG (targeting to tap rural economy)," he added.

Name	Designation	Rating out of 5
Vinay Khattar	Sr. VP & Head of Research at Edelweiss Broking	4
Tushar Pradhan	CIO, Global Asset Management, India	4
Ajay Bodke	CEO & Chief Portfolio Manager, Prabhudas Lilladher	3.5
Dhananjay Sinha	Head, Institutional Research at Emkay Global	3
Vikas Gupta	Executive Vice President and Chief Investment Officer	4
Jimeet Modi	CEO at Samco securities	4
Rohit Gadia	Founder & CEO, CapitalVia Global Research Ltd.	4
D K Aggarwal	Chairman and MD, SMC Investments and Advisors	4
Nithin Kamath	Founder & CEO - Zerodha	3
Tushar Pendharkar	Head of Research at Right Investment Advisory Services	3
Average		3.6

Budget 2016 mainly focussed on three C's - a) country revival by way of boosting expenditure in rural areas, b) higher capex towards roads, railways and even ports, and C) continuation of reforms in financial, NBFCs, renewable energy, roads & highways, say experts.

"The Budget 2016 was well structured and comprehensive. The government's ability to recognize the pain points in the economy and address the same while maintaining fiscal prudence and commitment to the FRBM targets shows that the government was successful in walking on the tight rope of fiscal math. I will give a score of 4/5," said Vinay Khattar, Senior VP and Head of Research at Edelweiss Broking.

"We are cautious on the market but there is a good likelihood that the markets will start focusing more on monetary policy going ahead. With major uncertainties behind us, we believe that the comprehensive budget, focused on boosting consumption as well as infrastructure development, can provide impetus to the markets," he said.

In 2016, India has been amongst the worst performing markets. The S&P BSE Sensex is down by about 12% so far in the year 2016, and over 20% from its all-time high of 30,024.74 hit back in March 2014.

Technically, benchmark indices are trading near key support levels. The S&P BSE Sensex closed above its crucial support of 23K while Nifty50 closed a shade below 7000.

Analysts advise investors to accumulate [stocks](#) on dips in sectors where the government has increased its budgeted expenditure which include sectors like insurance, health, fertilisers, and infrastructure.

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