

# Great Expectations

An ET-MavenMagnet survey suggests that India's internet-savvy middle class wants finance minister Arun Jaitley to deliver on his promises

**:: Suman Layak**

Once a year, in India, the Union railway minister assumes an aura equal to that of the country's finance minister. In the last week of every February the two ministers present their budget statements in Lok Sabha, usually within three days of each other. This year railway minister Suresh Prabhu, on February 25, stonewalled all expectations and focused on housekeeping. No new trains were announced and fares and tariff were unchanged. His counterpart at the finance ministry Arun Jaitley can't have such luxuries. A survey conducted by ET Magazine and conversational research firm MavenMagnet to gauge the public mood around the Union budget shows a strong set of expectations among people.

Conversational research focuses on online conversations on the internet on various public forums. The ET Magazine-MavenMagnet study looked at 6,350 conversations around Union budget 2016 by 6,090 people. The conversations can be divided subject-wise into four different areas: business & industry, national issues, personal issues and the less privileged sections of society. The good news for the finance minister is that expectations are along a direction he will like – lower taxes, greater ease of doing business and social security – stuff that the Narendra Modi government had already tried to do.

Levels of expectations, though, are high. "The FM has a bit of a tightrope walking to do. He has very little fiscal room and needs tax buoyancy" says Dinesh Kanabar, taxation expert and chief executive, Dhruva Advisors.

**Surprises for the FM**

The ET Magazine-MavenMagnet survey on budget expectations throws up a few surprises. Among all the online conversations tracked for this survey, at least 42% are focused on business and industry and, within those, 43% were on agriculture. Ritu Ghuwalewala, managing partner, MavenMagnet, says: "For the general public agriculture emerges as the single-most important sector that needs attention. The discussions were around productivity and a decent pricing for farmers."

Agriculture is not the only surprise. Most people participating in the conversations that were tracked belong to the internet-savvy, middle-class and urban population. But conversations on infrastructure have focused on irrigation facilities instead of just urban infrastructure. Even reforms are expected to help business interests of farmers apart from easing business processes. After business and industry, a lot of conversations have featured national issues, with personal tax coming in at third and helping the less privileged sections of society following that.

There is a lot of support for reducing the taxation of senior citizens – and even bringing



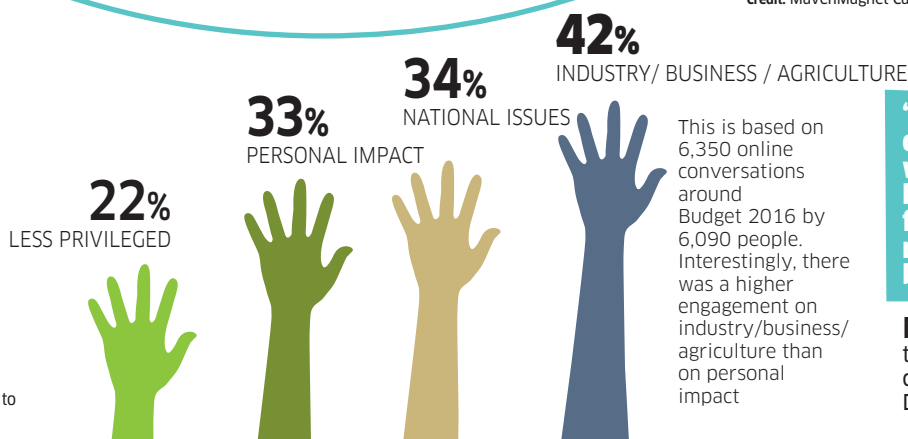
This word cloud highlights the most impactful terms in the survey on Union Budget 2016. The more frequently a word was discussed, the larger it appears

Credit: MavenMagnet Category Aura

## WHAT PEOPLE ARE SAYING

PUBLIC EXPECTATIONS AROUND BUDGET 2016 ARE AROUND FOUR KEY AREAS

Figures are percentage of conversations and don't add up to 100 due to overlap of conversations



This is based on 6,350 online conversations around Budget 2016 by 6,090 people. Interestingly, there was a higher engagement on industry/business/agriculture than on personal impact

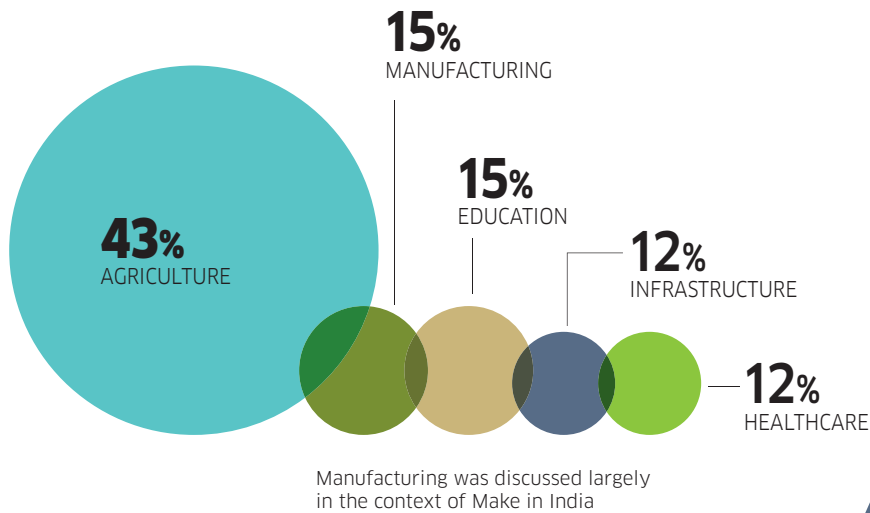
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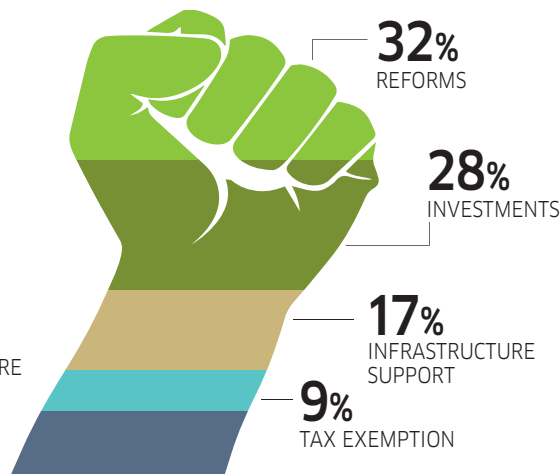
## FARM FOCUS

AGRICULTURE DOMINATED THE DISCUSSIONS ON INDUSTRY AND BUSINESS



## REFORM, INVEST

PEOPLE EXPECT DEVELOPMENT OF INDUSTRY THROUGH INVESTMENT COMMITMENT AND REFORMS IN SECTORS



it down to zero. Ghuwalewala says: "It seems many people want the government to do its bit in taking care of the elderly, like in western nations and not leave all responsibilities on the family." When it comes to the underprivileged in rural areas, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) seems to be the way forward. This last bit will no longer be a surprise for this government as it seems to have wholeheartedly embraced this programme eventually.

### The Heartwarmers

While MGNREGA was started by the United Progressive Alliance government, the finance minister can take heart that many of the National Democratic Alliance (NDA) programmes also feature prominently in the conversations. The study shows that at least half of the conversations around "business and industry" also relate to employment and vocational training. Ghuwalewala says: "Skill India features in a big way in the conversations and it suggests that people want long-term solutions."

The government can also be pleased that conversations around Swachh Bharat Abhiyan account for 49% of discussions on environment; and 60% of conversations around defence are about soldiers' welfare, another subject possibly close to the NDA government's thinking.

Lower taxation has also been on this government's agenda for a while. Before the 2014 polls, some in the Bharatiya Janata Party had even floated the idea of zero income tax. However, no major personal income-tax relief has come through since the NDA took power in May 2014. Almost 86% of the discussions featured in the study around personal impact of the budget are on income-tax relief and almost half of those pertain to the finance minister raising the zero-tax slab to ₹4 lakh.

### A Dream Budget?

"As expected, income-tax relief is the most significant expectation as per the study, even surpassing inflation control, especially for salaried and middle class. Several limits in the tax law have not been reviewed for long and it is high time that these are now revised, to keep up with the growing inflation and rise in taxes," says Jairaj Purandare, taxation expert and head of JMP Advisors.

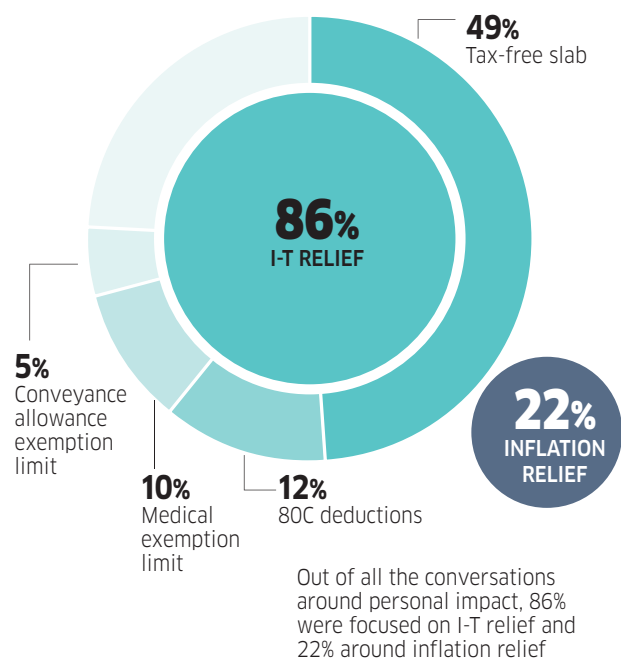
A lot of conversations covered by the study mentioned the Make in India programme in different contexts, from jobs to manufacturing to business. Purandare feels it needs a push in this budget. "We believe that for Make in India to be successful, manufacturing should be supported by increased ease of doing business, reduced tax rates, a stable and investor-friendly tax regime, a realistic roadmap for the implementation of GST and removal of amendments to dated labour laws."

All that will probably need another dream budget. Clearly, Jaitley is facing a tall order this year, with his hands tied. "Between One Rank One Pension (OROP) and the 7th Pay Commission, the FM's hands are tied. In view of the pressure of meeting fiscal deficit target, I do not expect anything drastic," says Kuldip Kumar, partner and leader (personal tax), PricewaterhouseCoopers.

Then there is the stock market. There has been no pre-budget rally this year; in fact, in the five trading sessions last week, the Sensex has gone down by 2.3%: more than 554 points. Says Kanabar: "The last thing one wants are things that will jolt the stock markets." ■

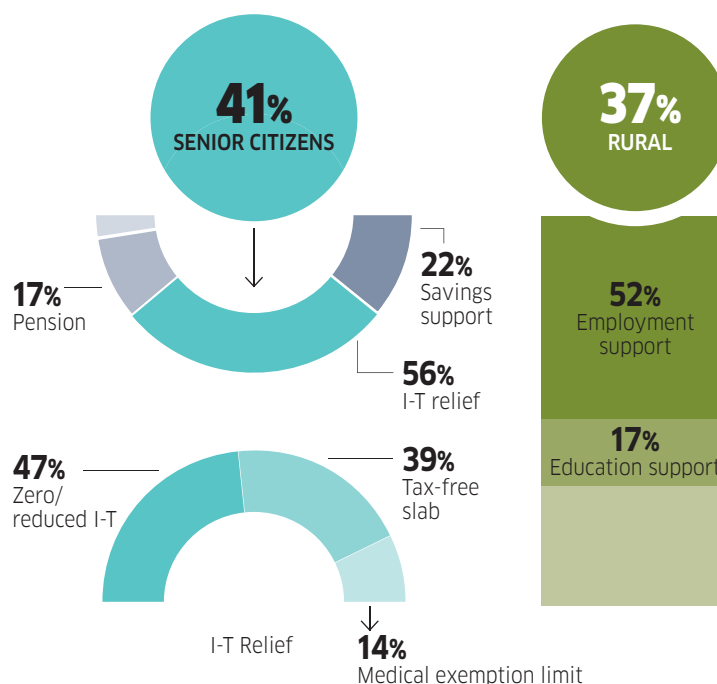
## MORE MOOLAH IN HAND

More conversations were about I-T relief than inflation relief. Increase in the tax-free slab (as promised by PM) is the primary I-T relief expectation



## SUPPORT SYSTEM

Out of all the conversations around the less privileged, 41% were focused on senior citizens and 37% around rural population



Income-Tax relief is the primary benefit that the common man expects for senior citizens

## RIGHT TO WORK

EMPLOYMENT IS THE PRIMARY NATIONAL INTEREST ISSUE THAT NEEDS ATTENTION IN UNION BUDGET 2016

