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I am extremely happy to share that, as expected and forecasted by us in our annual investment conference - Voyage, the Union budget addressed many pressing concerns and laid out the blueprint for taking India towards a $5 trillion economy. Let me also share with you a crisp 5 min video, highlighting the move towards a $5 trillion economy which was vociferously forecasted by our in-house and external stalwarts. *(https://t.co/U47p2zVN3M)*

The finance minister not only did a brilliant job of maintaining the fiscal deficit, but also reduced the fiscal target number to 3.3% which reflects the sentiments towards fiscal discipline. The budget has articulated various means of raising resources such as increasing the limit for SMEs, introducing cess for every litre of fuel consumed, and increasing the tax rate for the super-rich among many others. Along the same lines, the divestment plan by the Government of India (GOI) is kept at Rs.1,05,000 crores through both strategic sales and selling in the market. While some of these steps could have mixed reactions, I am sure this would be beneficial in the long run. However, had they not done this but allowed the fiscal to slip, it could have had a major negative impact on India's outlook.

From the capital market's point of view, initiatives such as GOI's decision to issue dollar denominated bonds will create more space for private borrowers within India, and have a positive impact on both currency and currency reserves. It also addressed some of the pressing concerns around liquidity by providing comfort in the form of banks bearing the first loss on securities bought from the NBFCs. Increasing the minimum float in listed companies to 35% would impact the equity market. This could not only result in better price discovery but also could lead to an increased weight of indexes in India as well as MSCI indices. As a result of this, there is a high probability of such stocks doing well in the long run while attracting more FPI flows. These unprecedented initiatives around the financial sector reflects the Government's respect for this sector - an integral part of economic growth.

The budget also had many announcements that could benefit the middle class. First and foremost, the inter-operability of AADHAAR in place of PAN is a big move. It will potentially help in easing the on-boarding process of new customers to the financial sector. Second, the affordable-house buyers are being given tax incentives in the form of an additional tax benefit. As it is known, the real estate sector has its multiplier effect, boosting the economy in the long run. Allowing ETFs to get qualified under Section 80 C is a good move for saving tax as well as giving one more choice to the investors.

As you all know, the mutual fund industry is going through some challenging phase due to various events. I am sure the current government along with SEBI and RBI are working round the clock to reverse the trend and sentiments. Believe me, by the next two quarters all the concerns would be meticulously addressed one by one.

While the mutual fund returns are negative in the last one year, one has to look at their investment from the long-term point of view, and hence the advise would be to stay invested. One also has to increasingly stay focussed on asset allocation in order to get the best possible experience from mutual fund investing across both the assets classes- from fixed income to equity.

Overall, I assume the budget covers the different needs of the country in a fair manner, from infra development to consumption. It has also created a roadmap for inviting investments in the manufacturing of various goods in the country through Foreign Portfolio Investors. I firmly believe the conviction in the budget proposal by the Government and seems to be paving the path towards a $5 trillion economy.