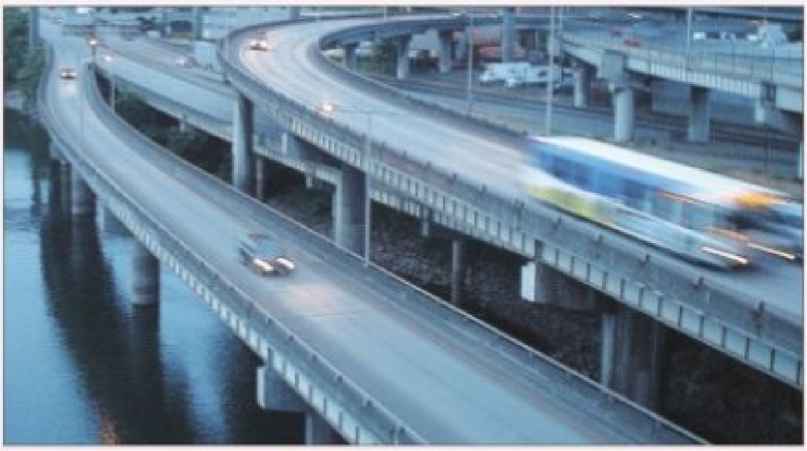
# Infra measures will push growth



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THE GOVERNMENT has announced several measures for infrastructure in the next financial year, which would provide massive growth. As part of the new integrated infrastructure planning paradigm comprising roads, railways, waterways and civil aviation, the government announced the largest ever rail Budget of ₹1.31 trillion, an 8.26% increase over the ₹1.21 trillion allocated to the railways in 2016-17.

In Union Budget 2017-18, the government has announced increased road allocation from ₹57,000 crore to ₹64,000 crore. The government has also increased the allocation for the Pradhan Mantri Gram Sadak Yojana (PMGSY) scheme. Further, overall allocation to the rural and agricultural sectors has increased by 24%, which should provide a huge impetus to the consumption of goods, thereby contributing towards an increase in traffic on the roads. The Budget also specifies that there would be a separate policy for metro rail projects and hence, we believe there would be a focus by the central government on the same, thereby providing a pipeline of new orders.

As per the Budget, it is planned that 25 stations would come up under station redevelopment in 2017-18 and a further 500 stations are planned. We will look to participate in these redevelopment projects.

Around 2,000 km of coastal projects have also been planned and we are keen to participate. Overall, we can say that the Budget rightly focuses on key areas, ie rural, infrastructure, affordable housing and the digital front.

We believe measures such as granting infrastructure status to affordable housing provides long-term cheap funding, due to which this cash-strapped segment should now be able to have access to the required funds.

With the digital push, such as not allowing no cash transactions above ₹3 lakh, we believe banks would get huge current account and savings account (CASA) deposits, which would reduce the interest rates further. Also, with the financial discipline shown by the government, we strongly believe that interest rates are going to reduce further from the current levels. We are disappointed there was no announcement for improvement of the bond markets for infrastructure projects. With the new RBI guidelines applicable from financial year 2018-2019, we strongly believe there has to be a push from the government to develop the bond markets for infrastructure.