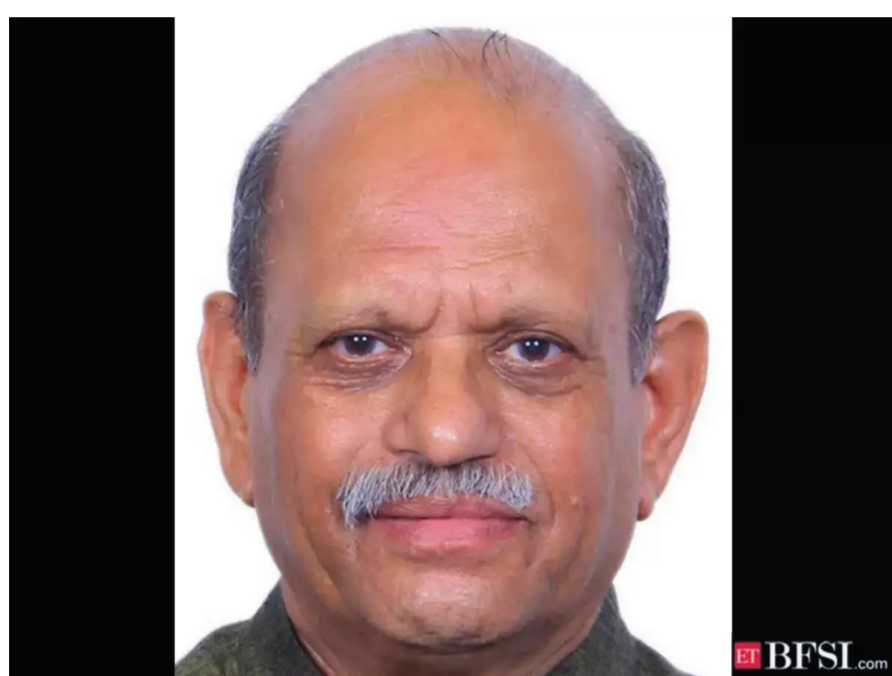


Budget 2022: Real increase in capex not as much as made out to be, says Govinda Rao

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The Union Budget 2022 has been termed to be growth-led, and capex heavy. However, M. Govinda Rao, chief economic adviser of Brickwork Ratings, broke down the Budget numbers, and said that it may not be as capex heavy as it may seem. He also talks about other factors and concerns of the Indian economy. Here's a snapshot of what he said on the Budget, in an interview with ETBFSI.

M. Govinda Rao, chief economic adviser of Brickwork Ratings, said that Union Budget 2022 was like a curated set, and was "good in parts". The real increase of the capital expenditure is not as much as it is made out to be, he said.

"If you look at the details in the Budget document, apart from the Rs 1 lakh crore that has been advanced to the states, you do not find a lot more increase of capital expenditure in other sectors, except in Railways and Roads" Rao said.

This year's Budget 2022 was hailed to be a capex heavy, and a growth-led one. However, according to Rao, if this Rs 1 lakh crore is removed, then the increase in capital expenditure is just about Rs 50,000 crore.

"In addition to that, the government has also created an Air India Asset Holding Company and the amount of money kept for that is Rs 62,057 crore, which basically means that after the increased Rs 50,000 crore.. you have something like over Rs 1.40 lakh crore only for these three, implying that for most other sectors, the outlay has come down," Rao said, breaking down the Budget numbers.

Finance Minister Nirmala Sitharaman announced an increase in capital expenditure by 35.4 percent in her Union Budget speech this year to Rs 7.5 lakh crore.

Rao said the expenditure on Roads and Railways, and the Rs 1 lakh crore given to states can boost demand, but the latter may not increase the state's capex outlay.