

# Budget 2022: Infra sector pins hopes on FM – ‘will she, won’t she?’

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Amid vociferous expectations from different segments of the infrastructure sector, the industry awaits with bated breath the pronouncements Finance Minister Nirmala Sitharaman would make during the Union Budget presentation on Tuesday.

Given the mountain of hopes that the infra sector sits on, and the tightrope walk that the government needs to do between meeting the industry expectations and setting the pandemic-scarred economy on the right course, it remains anybody's guess how far the FM would be able to live up to the expectations of the sector. However, experts across the spectrum feel that budgetary allocations going up for roads, highways and railway sector, among others, is almost a certainty.

In the last two years, the Covid-19 outbreak triggered lockdowns across the country, playing havoc with the economy, with most sectors witnessing a slowdown. The government was also forced to tighten its purse strings to curtail diverse expenditures to divert the same towards meeting the health needs of the nation.

However, post weakening of the third Covid wave, the economy finally seems to be emerging out of the pandemic shadow and moving gradually towards recovery. Going by experts' views, this recovery momentum is likely to gain pace in the days ahead on account of pent-up consumption demands gradually becoming more pronounced as the pandemic threat wanes, and the government would likely do all that it can to augment the demands. In a bid to sustain the growth momentum, in all likelihood, FM Sitharaman would be liberal in announcing investments and outlays, especially for the infrastructure sector – one of the biggest drivers of the economy, which has spinoff effects on job creation and consumption demand.

“If high growth is to sustain, investment has to increase... The top priority of policy should be to raise investment. Since capacity utilisation is low in industry, we cannot expect private capex to rise across the board. Therefore, the government will have to push up investment by stepping up public expenditure on infrastructure. Major infrastructure investment programmes can be expected in the Budget,” wrote Dr V K Vijayakumar, Chief Investment Strategist at Geojit Financial Services, in ET.

He also expects a special focus on the startup ecosystem in the budget, in line with PM Narendra Modi's recent promise to bring about “some big changes” in the startup ecosystem. One can also look forward to R&D activities at large getting a leg-up.

Besides, in line with FY 2022 budget's announcements, the FM could continue with her thrust on health, housing and other physical infrastructure creation, with railways and residential real estate projects getting extra more traction. This would also have a positive impact on the cement, steel and construction material industries.

Talking about the health sector outlay, Chief Analytical Officer of Acuité Ratings & Research Ltd Suman Chowdhury says, “We expect a higher outlay for the healthcare infrastructure sector across the country and this is partly driven by the compulsions from the prolonged pandemic.”

As for provisions for PLI schemes in the budget, there have been demands from several segments to broad-base it to cover more sectors from the current 13, entailing incentives to the tune of Rs 1.97 lakh-crore. Electric vehicles manufacturers have been especially vocal in their demand for PLI. However, experts expect cautious action by the government on that front.

**“There may be more PLIs, but in terms of expenditures, much of it will be on already committed schemes,” says M Govinda Rao, Chief Economic Adviser at Brickwork Ratings.**

With the budget presentation only hours away, it will be interesting to see what tricks FM Sitharaman has up her sleeves to meet the industry expectations as well as take the nation to the path of growth and prosperity.