

# Budget 2024: Delivering a promise of stability and sustainability

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A renewed commitment to sustainable growth, all the while walking the fiscal prudence tightrope seems to be the key theme emerging from the 2024-25 interim budget. The government has driven home a strong message and promise of stability, continuity, and inclusivity in the proposals.

## Inviting investments

“A new world order is emerging after the pandemic,” said the finance minister, in her speech, referencing uncertainties owing to geopolitical complexities, disruption in the global markets and fragmentation of supply chains. However, with steady domestic demand and a clear impetus from the government, India continues to buck the trend, still holding immense appeal for global investors.

With the fiscal deficit targeted to be 5.1% of the GDP in the next financial year — a massive improvement of 70 basis points from this financial year — and lower government borrowings, the budget seems to throw a challenge to the private sector to step up and partner it in its vision for a *Viksit Bharat* (developed India) by 2047. An increase in expenditure outlay for the coming fiscal year by 11.1% gives a signal to private players that the government is ready to double down on its efforts to boost infrastructure, manufacturing, renewable energy and many other promising sectors.

## **Greater economic integration**

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The significance of the proposed India-Middle East-Europe Economic Corridor, established at the G20 Summit is a potential game changer for the member countries. By linking Asia, West Asia, the Middle East and Europe, the economic corridor aims to enhance connectivity and economic integration in these regions and boost economic development. The corridor includes a rail line, which, upon completion, will provide a reliable and cost-effective cross-border ship-to-rail transit network. From the perspective of ease of doing business, the corridor is expected to address infrastructure gaps and enhance logistics and transportation, spurring opportunities for trade and investment across the continents.

## **Positive news for start-ups**

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In setting aside a corpus as big as ₹1 trillion and proposing 50-year loans with low interest rates for sunrise domains, the budget duly recognizes the tremendous startup culture of the country as well as the funding issues they face at times. In line with the investment needs of startups and the larger economy, the budget further acknowledged the crucial role played by GIFT City in creating a robust gateway for global capital and financial services for the country.

## **Relief for taxpayers**

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While not in the form of any rate cuts, the government said it will withdraw outstanding tax demands of up to ₹25,000 going back to a certain period, benefiting over 10 million citizens. Moreover, the proposal of an affordable housing scheme for the middle class and rural citizens across India is another step towards easing the burden on the average taxpayer.

## **Sustainability and green growth**

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A clear emphasis was laid on rooftop solarization, with the announcement of 300 free units of solar power to 10 million households and provision of viability gap funding for offshore wind capacity. Along with the above, the mandatory blending of compressed biogas in compressed natural gas for transport and piped natural gas for domestic purposes are all steps aimed at realizing India's ambitious clean energy goals. This consistent push for solar and wind power will spur entrepreneurial spirit and encourage further innovation and employment generation.

## **All eyes ahead...**

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In conclusion, the budget reiterated the Indian government's longer-term goals, especially on inclusive growth and sustainability. Global investors are likely to view this message of stability as a net positive but will be keeping a keen eye on the detailed implementation

roadmap for many of these proposals in the coming months.

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