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## **BUDGET 2024: “NO SPECTACULAR ANNOUNCEMENTS”**

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### **Introduction**

Budget 2024, which is actually a 'Vote on Account', will be presented against the backdrop of decelerating global growth because of geopolitical tensions and the lagged effect of cumulative tightening of the central banks. While the US would outperform Europe, China's growth momentum could peter out in the second half of 2024. UK's recessionary concerns stem from shrinkage of UK's GDP by 0.1% in Q3 of 2023.

India has been the fastest-growing major economy for the third successive year. Despite global headwinds, including geo-political realignment, India's economy would continue its strong and resilient growth of 6.7% in FY 2024 and 6.2% in FY 2025. The first Advance Estimates of National Income 2023-24 placed macro-economic growth at 7.3% in FY 24 vis-a-vis 7.2% last year. However, the nominal GDP growth is estimated at 8.9% as against 16.1% in FY 23. These are likely to change following improved data coverage, actual tax collection and expenditure on subsidies, etc.

A renewed capex cycle, a well-capitalised banking system, robust credit growth, an upturn in the housing sector, rising domestic consumption, robust investment, growing services exports and “digitalization-driven productivity gains” are force multipliers. India would consolidate its global heft by important transformative drivers both on the demand and the supply sides.



Against this global and domestic canvas, there would be a reiteration of the centrality of the philosophy of growth with equity in conformity with the defined governmental agenda. The government's fiscal deficit rose due to pro-growth and subsidy initiatives post-COVID 19. Hence, as stressed in the FRBM Act, there would be a renewed thrust on prudent fiscal balances narrowing its fiscal deficit by 70 bps to 5.2 % of GDP in FY25, from 5.9 % in FY24.

Likely proposals include some pro-farmer measures, new initiatives to boost manufacturing, Make in India, ease of doing business, MSMEs, thrust on infrastructure, no income tax rebate, inclusion of a waiver of tax collected at source (TCS) on individual overseas credit and debit card expenditures up to ₹7 lakh per year. There could also be some measures relating to enhanced deduction under individual policy and senior citizens, climate concern, green growth and ESG and incentivising start-ups.

In sum, no big bang measures are likely.