

Budget 2024: Stride Towards Viksit Bharat A Key Expectation

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The new government's budget is expected to provide the most anticipated ground plan, highlighting key initiatives and policy changes to advance the government's plan of 'people-centric inclusive development' and 'Viksit Bharat'.

Formulation Of National Retail Policy

The Indian retail industry is considered to be one of the largest in the world and is expected to be a trillion-dollar industry by 2027. However, despite being the largest sector, the retail industry continues to be unorganised without any harmony in its policies.

To provide the retail sector with the required boost, the expectation from the budget is to fast-track the National Retail Policy, which is contemplated to streamline and simplify retail trade and develop the retail trade sector in a uniform manner, in line with the government's agenda of ease of doing business.

Clarity On SEZ Act And DESH Bill Implementation

The Special Economic Zones Act 2005 was implemented in 2006 to boost manufacturing in India and create export hubs. However, market participants started losing interest in the special economic zones after the imposition of the minimum alternate tax and the introduction of a sunset clause for the removal of tax incentives.

With a view to reviving interest in the SEZs and developing more inclusive economic hubs, it is expected that the ministry will provide clarity on the future of the SEZs in India and revamp the SEZ laws to make them more attractive for both domestic and international players.

Future Of F&O Segment

The government and regulators have been concerned about the increased participation of retail investors in the Futures and Options segment, as retail investors invest in this segment by taking large margins without having proper knowledge of the segment.

There is a high possibility that the government comes up with a plan to only permit accredited investors in the F&O segment. There are also speculations that the government is considering other options, like moving the income from F&O trading from the 'business income' slab to 'the speculative income' slab, which would take away the advantage of offsetting the gains against the losses, thereby disincentivising the retail investors from investing in the F&O segment.

Adopting Modern Technologies In Governance And Strengthening Regulatory Space

The interim budget prioritised the role of technology in the regulatory and governance space to create more inclusive, efficient and participative governance. Very recently, the regulators have developed online portals like the PRAVAAH portal and the SEBI Intermediary Portal to maintain coordination between various departments of the regulators. The market players and bankers are optimistic that the upcoming budget will initiate technological advancements in the regulatory sector and make it more robust, accessible and user-friendly.

As the governance and regulatory space has gained liberalisation momentum, initiatives towards technological advancements for tracking non-compliance can also be put to light in the upcoming budget.

Implementation Of Green Growth Policies

The interim budget was seemingly successful in addressing global environmental issues. The finance minister unveiled a plan to achieve India's net zero target by 2070. Emphasising 'Green Growth,' significant resources are proposed to be allocated to boost the green energy sector, with a strong emphasis on 'Make in India'. As part of this plan, the government is expected to accelerate EV adoption and reduce transport emissions by expanding manufacturing and charging infrastructure in the country. The focus of the government also seems to be on boosting offshore projects, like the wind energy project, with the aim of diversifying India's renewable energy portfolio.

The green initiative of the government is the most anticipated expectation amongst the people and would also send a positive signal to foreign investors, making this sector an attractive destination for FDI.

A proposal is also being discussed to impose a carbon tax on industries with high carbon emissions. This would encourage industries to implement greener and more sustainable projects.

Conclusion

Being the first budget of the recently formed government, this budget would set the tone of India's path to become a developed nation by the half century mark. It would be interesting to see the initiatives and the policy changes that the government brings about to mark the significant milestone of the 3.0 administration.

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