

India's 2024 Interim Union Budget: Insights for the Global Community

by Anshu Khanna

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In this article, Khanna reviews aspects of the Indian 2024 budget including changes to the goods and services tax regime, and efforts to improve the country's position as a major foreign investment destination.

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The Indian economy is entering a very high growth phase, with projected GDP growth of 7 percent for 2024. India had a successful G20 presidency, has a stable political environment, and a number of growth levers setting in that provide a robust macroeconomic outlook for the next decade.

With remote working becoming mainstream and continued adoption of related technology, there has been a strong growth in the technology services sector — global capability centers of the world's leading enterprises continue to open and grow in India. Manufacturing for high-tech industries is starting to hit its stride, with recent growth announcements by corporate giants like Apple, Airbus, Foxconn, Daiken, Suzuki, and Lenovo. India's core competitive advantage of wages and skill sets within its younger population, improved business environment, advancements in physical and digital infrastructure, and reforms and supportive government policies have nurtured a favorable

business climate. This has spawned a thriving start-up culture, increased domestic demand, and increased foreign institutional investor flows from the global community.

The Union Indian Budget 2024 is a crucial event for the global business and investing community, highlighting the economic and social priorities of one of the world's largest and swiftly growing economies. This article focuses on:

- context and background of the annual budget exercise;
- key changes in direct and indirect tax;
- my key insights; and
- takeaways for global businesses.

I. Annual Budget: Context and Background

The Union budget is the annual financial plan presented by the Indian government's finance minister outlining the country's revenue and expenditure. In a general elections year (once every five years), the budget is presented twice: an interim, pre-election budget by the current government; and the final, post-election budget by the succeeding government.

Elections for the central government are scheduled for 2024. Finance Minister Nirmala Sitharaman unveiled the interim budget on February 1, while the full budget will be presented by the subsequent government after parliamentary elections.

For the pre-election budget, the government of Prime Minister Narendra Modi opted not to recommend significant changes to the existing tax regulations. Instead, the focus leans more toward sector-specific investments and bringing down the fiscal deficit from 5.9 percent to 4.5 percent without increasing the tax burden.