

# Boost jobs and stick to fiscal goals, economists advise FM



Union Minister for Finance & Corporate Affairs Nirmala Sitharaman (centre) chairs the first pre-Budget consultation with economists in New Delhi on Wednesday. The economists discussed measures for capacity-driven growth

PHOTO: PTI

RUCHIKA CHITRAVANSHI & HARSH KUMAR

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Staying on the path of fiscal consolidation and extending the production-linked incentive scheme to small and medium enterprises, as well as labour-intensive sectors to create jobs and boost consumption, were key suggestions discussed in Finance Minister Nirmala Sitharaman's meeting with economists on Wednesday.

"Fiscal continuity should be maintained. The government has shown fiscal prudence and controlled fiscal deficit. This time, Revised Estimates (RE) also show positive indications," said Ashwani Mahajan, national co-convenor of the Swadeshi Jagran Manch, while speaking to the media after the meeting.

The government had set the 2024-25 (FY25) fiscal deficit target at 5.1 per cent, or ₹16.85 trillion of gross domestic product, and revised the 2023-24 (FY24) target to 5.8 per cent from the earlier projection of 5.9 per cent. The fiscal deficit narrowed further to 5.6 per cent in FY24.

Economists emphasised that the Budget needs to focus on job creation and include policies directed towards generating more employment in the economy during the meeting.

"It was a free-flowing conversation about the priorities of the Budget. We raised issues about how to sustain the growth momentum and capital expenditure (capex). Job creation should be the priority of the Budget," said Nagesh Kumar, director of the Institute for Studies in Industrial Development.

Additionally, the economists discussed measures for capacity-driven growth that should be sustainable and the need to push private sector investment and consumption to sustain the growth momentum. One suggestion was to create a capex fund using part of the Reserve Bank of India's dividend and keep disinvestment out of the Budget.

"The receipts from any disinvestment can also be used in the capex fund. The Budget needs to focus more on social welfare schemes," a source said.

In Interim Budget, the FM had raised the Centre's capex target by 16.9 per cent for FY25 to ₹11.1 trillion over RE for FY24.

Regarding taxes, the economists suggested the need to rationalise tax rates under the new tax scheme or index the slabs to inflation. Economists also urged the finance ministry to increase expenditure in the health and education sectors.

Around 13 economists, including Poonam Gupta, director general of the National Council of Applied Economic Research; former chief statistician T C A Anant; Dharmakirti Joshi, chief economist at CRISIL; and Laveesh Bhandari, president of the Centre for Social and Economic Progress, met with Sitharaman and other top officials of the finance ministry.

Also present among other economists were Madan Sabnavis, chief economist, Bank of Baroda, Partha Mukhopadhyay or Centre for Policy Research, Tirthankar Patnaik, chief economist, National Stock Exchange of India; Santanu Sengupta, chief India Economist, Goldman Sachs; Vishal Vaibhaw senior economist, Tata Sons; Prasanna Tantri, associate professor, Centre for Analytical Finance, and others.

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