



THEIR VIEW

MINT CURATOR

# Budget: It's fiscally sound but a weak bedrock for Viksit Bharat

*Its fiscal path is fine in today's macro context but it falls short on preparing India for long-term tech-driven transformations*



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This assessment of the budget is based on how it addresses three questions. First, is the fiscal stance of the budget suitable for the present macroeconomic context? Second, the outcome of May elections has significant fiscal implications; how have these been addressed? Third, does the budget help position India for the Viksit Bharat goal of becoming a developed country by 2047?

On the fiscal question, despite highly uncertain global conditions, India continues to grow at around 7%. Inflation is moderately elevated. Though above the 4% Reserve Bank of India (RBI) target due to high food prices, it is now under the 6% upper-limit of RBI's tolerance band. The current account deficit is also comfortable at well below 1% of gross domestic product (GDP). The main area of concern is high central government debt at over 58% of GDP. Against this background, there is—as in recent budgets—a huge allocation for capex of over ₹11.1 trillion. At the same time, the fiscal deficit (FD) has been set at 4.9% of GDP, a sharp reduction from 5.6% in 2023-24. This has been possible partly due to buoyant revenue growth of 14.7%, including a huge transfer of RBI's surplus. But the deficit reduction is also attributable to compression of revenue expenditure, which is budgeted to grow by just over 6%. The central government's debt-to-GDP ratio is accordingly set to decline from 58.2% to 56.8%. Finance minister Nirmala Sitharaman has stated that the FD will be brought under 4.5%, the target she had set back in 2021, and that it will continue to be reduced thereafter to ensure a declining debt-to-GDP ratio. Given the FM's track record, this is a credible commitment.

On the budget's response to the May election outcome, two points have become quite clear. First, the government is now crucially dependent on the support of the Janata Dal-United and Telugu Desam Party for staying in power and both have claimed their pound of flesh. Second, voters are frustrated by the lack of good jobs to earn decent livelihoods and the government needs to focus on productive employment generation.

Regarding the first point, the budget has given generous packages to both Bihar and Andhra Pradesh. These are presented as part of a special focus on eastern states: Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. However, it is only Bihar and Andhra Pradesh which have actually got jumbo allocations of budgetary resources. That other opposition states are miffed and are referring to the budget as a "kursi bachao" (chair saving) budget is understandable.

With regard to employment and livelihoods, a whole slew of financial incentive schemes have been announced to incentivize the entry of young workers as new recruits or apprentices in large firms and for skilling programmes entailing close involvement



of industry. Several schemes have also been announced for supporting the employment-intensive micro, small and medium enterprises (MSME) sector. There is a shift in focus away from the traditional social-safety net, such as the food subsidy and MNRGA, to ramping up productive employment in both the formal and informal sectors. Whether or not this approach works will depend on whether the incentives are attractive enough for private companies to adopt and implement these schemes.

Finally, what does the budget offer towards the goal of Viksit Bharat—of India becoming a developed country by 2047? It is important to recognize in this context that the emerging global economy will be shaped by two fundamental technological changes, namely the energy transition and an artificial intelligence (AI)-driven economic transformation. There is intense ongoing global competition, especially between the US and China, over controlling this complex technological transformation. How can India position itself in this emerging global economy and does the budget move the needle in that direction?

Three main points need to be made. First, the FM has indicated that an economic policy framework will be prepared for the next generation of reforms. She has listed 17 items as possible components. These mostly relate to factor markets, and while important in themselves, they do not

even begin to address the kind of emerging global economic challenges cited above. We need some out-of-the-box thinking for the next generation of reforms.

Second, in taxation, nearly 35 years have passed since the last big wave of tax reforms, barring the introduction of GST. It is time to consider a comprehensive reform of the Indian tax system as part of the next generation of reforms. While several *ad hoc* direct tax measures have been introduced, the FM has announced that there will be a comprehensive review of the 1961 Income Tax Act to revise and simplify it. The sooner this is done, the better. A draft simplified direct tax code was unfortunately put aside a few years ago. Hopefully, this can now be revived expeditiously.

A similar simple, comprehensive code can be considered for customs duties, which continue to be changed in an *ad hoc* manner. Finally, the FM can also work through the Goods and Services Tax (GST) Council, which she chairs, to also simplify the structure of GST.

Third, the expenditure budget lists several schemes that address the issue of the country's energy transition. These initiatives are welcome, though they need to be significantly scaled up and accelerated as part of next-generation reforms. Unfortunately, even such limited initiatives are missing with regard to preparing for an AI-driven global economy.

QUICK READ

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The budget has some initiatives that should be scaled up and accelerated as part of next-generation reforms but more needs to be done in preparation for an AI-driven global economy.

# Harris has shown exactly why Trump seems so afraid of her

*Biden's chosen successor vibes well with American youth culture*



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That Harris took 'brat' as a compliment shows that she gets it

There is a reason former US President Donald Trump is still pining for President Joe Biden, even to the point of asking for a refund—and it was on a brilliant display on Tuesday afternoon in a high school gymnasium in a Milwaukee suburb. In her first official appearance as the presumptive Democratic Party nominee, Vice-President Kamala Harris electrified a crowd of 3,000 with a rousing speech. Biden couldn't get that kind of crowd, nor could he provide the vision of youth, energy and optimism that Harris is giving a part of the country that is desperate to move past the era of old men.

Even before she strode on to the stage, it was clear Harris was ready for this moment. As she descended the steps of Air Force Two to greet state officials, she looked every bit like a woman who could lead the free world. As the kids like to say, it hits different now.

Her speech—clocking in at just 17 minutes—was billed as a "reinvention" for Harris, who is racing to define herself before her opponents do. This "new" Kamala, backed by the entire apparatus of the Democratic Party, is confident and comfortable with herself and her message. She summed up the central rationale for her candidacy with this question: "Do we want to live in a country of freedom, a country of rule of law, or a country of chaos, fear and hate?"

Harris is running as a compassionate law-and-order prosecutor who will build America's middle class, fight for freedom and equality, and focus on the future.

Critics have often pointed to her failed 2020 bid for the nomination as evidence that she lacks the political skill necessary to be America's president. Over the last three historic weeks, however, Harris has adroitly navigated a difficult time, proving both loyal to Biden and ready for the spirit that's ahead.

There is another dynamic at play as Harris retools her political identity. The "culture" (again, as young folks like to say) has embraced her. She walked out of her rally to the musical strains of Beyoncé's hit single *Freedom*, which Harris has full permission to use.

And it's not just Beyoncé. In the hours after Biden stepped away as the Democratic nominee, Harris landed a very big endorsement: not Hillary Clinton or the slew of Democratic governors who could have been her challengers, though she did get those, but Charli XCX. If you haven't heard of her (it's okay, I had to Google her too), then you, my friend, are old.

In an X post, the British pop star declared, simply, "kamala IS brat."

Harris's campaign social media accounts quickly adopted the lime green styling of *Brat*, the music album.

Smart move, that. On the internet, Harris is, to borrow from Issa Rae, the consummate "awkward Black girl," which was brat before brat. Harris laughs awkwardly. She dances awkwardly. And the coconut tree 'joke' just keeps on giving... awkwardly. IRL—even I know what that stands for—Harris is seeking to become the commander in chief of the most powerful nation on earth. On social media, she is the fun aunt, the stepmother who tries a bit too hard and laughs a bit too much at her own jokes. And please don't get her started on Venn diagrams.

This is all very brat of her, isn't it? So very brat.

XCX explains the brat attitude this way: "You are just that girl who is a little messy and maybe says dumb things sometimes, who feels herself but then also maybe has a breakdown but parties through it," she said on TikTok. "It is honest, blunt, and a little bit volatile. That's Brat."

And brat goes against everything that women, particularly women seeking power, are supposed to be. Harris will need this alter ego because she needs this younger audience, the same group that made "coastal grandma" an acceptable style in America.

The internet version of Harris has another advantage as well: It can serve as counterpoint to the picture that Trump and his allies will try to paint of her. Trump has called her "dumb as a rock," and others have called her a DEI (diversity, equity, inclusion) hire. As of this writing, "Laughing Kamala" is Trump's nickname for Harris.

But Trump, who understands the power of images, also sees Harris as a formidable opponent. There is a reason he donated \$6,000 to her campaign for California attorney general. There is a reason he wanted to face Biden. Harris is young, energetic and telegenic. Trump, who just put on a convention that was all vibes and image, surely knows how powerful the vibes and image of Harris are. And that's what scares him.

THEIR VIEW

# Are we missing the consumer in work conversations?

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In today's fast-paced, capitalism-driven world, businesses are laser-focused on revenues and profits. They relentlessly pursue growth with innovative products and services to capture more market share and outpace their competitors. Yet, despite all the resources poured into marketing and development, consumer loyalty appears to be dwindling. Brands find themselves in a constant struggle to retain customers, who are more likely than ever to switch to rivals at the drop of a hat. So, what's wrong? If Indian businesses continue to overlook the importance of truly understanding and valuing customers, the much storied consumption economy could face significant setbacks.

The rush for profits in a capitalist economy and the race for valuations among startups often risk missing the most critical factor for long-term success: consumer satisfaction. Many companies treat consumers as mere data points, rather than as individuals with unique needs and preferences.

The growing number of entities holding public share offers, along with increasing private investments in Indian ventures, is making CEOs and founders more accountable. Together with data-centric monitoring of results, this is transforming two key aspects of how Indian companies are run: people costs and marketing expenditures. Layoffs, once considered a last resort, have become a primary lever to pull whenever profitability is under pressure.

A constant barrage of marketing messages has made consumers sceptical and more discerning. They are no longer swayed by flashy advertisements or superficial loyalty schemes. Conversely, marketing spends, or "investments" as prudent decision-makers may term them, are often the first to be cut. This reduction has led to a disproportionate emphasis on performance marketing, which prioritizes short-term variables like cost of acquisition, cost of conversion, app installations and products bought and moved off shelves, apart from metrics like reach, likes and re-shares.

The relentless focus on short-term profits also means that many businesses lose sight of the need to create genuine value for their customers. Instead of how much they can extract from consumers, they should focus

on enhancing the customer experience.

In the age of big data and analytics, businesses have become adept at segmenting consumers into various cohorts based on demographics and psychographics. This allows finely targeted messages, tailored products and personalized experiences. However, in our quest to classify and categorize, are we missing the big picture? Are we losing sight of individual needs and stimuli that can drive authentic loyalty?

On the surface, segmenting consumers seems logical. It enables companies to examine broad trends, preferences and behaviours within specific groups, allowing for more efficient resource allocation and strategic planning. However, the danger lies in over-reliance on these segments, leading to a homogenized view of consumers that misses the nuances and complexities of individual experiences.

A reductionist view filtered through data can obscure the fact that

behind every number lies a person with distinct preferences and motivations that cannot be fully captured by demographic or psychographic segmentation alone. To truly connect with and serve customers, businesses must look beyond the data to understand the human stories that drive purchase decisions. This involves recognizing and addressing individual needs, fostering genuine relationships and delivering personalized experiences that resonate on a deeper level. Only by doing so can companies transform a number in a database into a satisfied and loyal customer.

Consumers are often defined by their age, gender, income or lifestyle choices. When businesses focus too narrowly on such cohorts, they risk missing subtleties that matter. This can result in ad messages and product offerings falling flat. Moreover, the emphasis on segmentation can lead to a kind of confirmation bias. Companies might prioritize data that supports their pre-existing

views it because of a reductionist view filtered through data that reduces individuals to statistics and obscures their individuality? This could be why segmentation strategies seem to be failing.

notions of certain consumer groups, while ignoring outliers and unique cases that don't fit neatly into any category. This can stifle innovation and prevent businesses from discovering new ways to serve customers. The solution lies in a balance between leveraging cohort data and recognizing individual needs. Companies must use data-driven insights as a starting point, not an endpoint. It's essential to remain open to feedback and be willing to adapt strategies based on real-world interactions with customers.

Advances in artificial intelligence enable companies to analyse individual consumer behaviour in real-time, which allows dynamic and tailored interactions. AI-led personalization goes beyond making simple recommendations. But coming up with new means of engagement means investing in qualitative research methods, such as depth interviews and focus groups, to gain a deeper understanding of people.

Indian companies must recognize that consumer needs and stimuli keep evolving. What works today may not work tomorrow, and they must remain responsive to these changes. This requires a commitment to continuous learning and adaptation, as well as a willingness to challenge past assumptions and experiment with new approaches.