

Indexation Withdrawal: Should it be reversed?

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Abstract: The Union Budget (2024) on indexation has invoked significant controversial discussions among investors and tax experts. The implications on the retail investors who form a significant portion of the Indian capital market were examined. It is found that the withdrawal of indexation benefits has a negative impact on retail investors. The attractiveness of long term investment is reduced, especially from those with lower incomes on the elimination of indexation benefits. In due consideration of the widening gap of wealth inequality, the social implications of the policy change were also examined.

Keywords: Union Budget 2024, Indexation, Long-term Capital Gains, Retail Investors, Inflation, Tax Benefits

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