

# INTERIM BUDGET 2024–2025



The Interim Budget as well as the Review of the Economy, both of which were presented to Parliament recently struck a note of confidence about India's economic future, listing out a series of achievements and outlining impressive targets to be accomplished in years to come. While the achievements justify the optimism, there remain many challenges that the government must overcome in order to achieve the growth and development milestones it has set for itself.

It is now well known that India's savings rate has seen a secular decline over the past one and half decades, slipping from 36 per cent of the gross domestic product to 30 per cent in 2021–22. Much of this fall has been brought by a drop in households' savings rate from 25 per cent to 19.6 per cent.

For higher GDP growth, India requires a higher investment rate and, therefore, a higher savings rate. The reversal of declining household savings through sustained efforts to make things cheaper and affordable should be of paramount importance.

With the rising income and aspiration of Indian citizens, the consumption basket is changing. Expenditure on health, education, and communication occupy a significant portion of household's consumption. The budget's plan on development expenditure needs a fine implementation strategy so that ultimate targets are achieved with the higher allocation, especially in health and education. At the same time, it must ensure that the revenue-expenditure mismatch does not lead to higher inflation.

Rising capital expenditure on infrastructure as well as on centrally sponsored schemes are the hallmark of this budget to bring balance between growth and development. Increasing grants and loans to states, grants to local bodies are also important in this context.

It is crucial to note that more transfers are planned under centrally sponsored schemes and other grants/loans but there is a decline in transfer to states under 'Finance Commission Grants'. It is important to ensure that states play their part in economic development considering both national and state priorities. These funds will be utilised through programmes targeting the economic and social well-being of citizens.

For *Viksit Bharat*, rising productivity in agriculture and developing appropriate skills for industry are essential. As per a government report, growth of Gross Value

Added in agriculture and allied sectors (at 2011–12 prices) has declined from 4.1 per cent in 2020–21 to 3.3 per cent in 2022–23. Indian agriculture is in dire need of capital infusion in terms of introduction of modern technology and best quality warehousing, apart from crop insurance, price guarantee to farmers and investment on market development.

State governments must be encouraged in this direction so that India ensures long term food security and improves the livelihoods of millions of farmers. Similarly, skill development in the advent of modern and sophisticated production techniques is essential for improving industrial productivity. Budgetary allocations and transfers to states must see how far skills are being developed in the nook and corner of the country.

Capital Investments and loans by the Central Government reports increasing loan allocation to states from ₹4.2 lakh crore (RE in 2023–24) to ₹5.8 lakh crore (BE 2024–25). The challenges in agriculture and industry are structurally different. Fund allocation for asset creation solves one problem but investment in human capital and R&D etc., will complement.

The interim budget does not make it clear how the complementarity between hard and soft infrastructure can be made. Similarly, complementarity between agriculture and industry should receive due importance. For example, mechanisation of agriculture needs development of local machines and special assistance may be given to encourage industry to come forward in this regard. In absence of adequate planning in India, the government requires renewed focus on intertwined issues of development.

Further, we are ignoring the fact that India will increasingly have an aging population and the demographic dividend we now enjoy will slowly go away. The 'dependency ratio' will go up implying that the working age population will have to bear the burden of non-working people more. Hence, our country needs to get prepared for the future in this regard.

In addition to developing the health infrastructure and having a holistic healthcare system, the government must give special attention to senior citizens so that the burden on the young population is eased. Although we have seen a small increase in the health budget, it seems to be grossly insufficient as healthcare needs in the future are going to be very different.

To conclude, while addressing the complex developmental agenda and bringing synergy among various policies, the interim budget may have set the right tone, but a long term-focused agenda is what would be expected from the finance minister when a full budget is presented after elections.

## VIKSIT BHARAT BY 2047

**Vision:** Prosperous Bharat in harmony with nature, modern infrastructure and opportunities for all

## FOCUS AREAS

### People-Centric Inclusive Development

- Substantive development of all forms of infrastructure: Physical, Digital and Social
- Digital Public Infrastructure (DPI): Promoted formalisation and financial inclusion
- Deepening and widening of tax base via GST
- Strengthened financial sector brought savings, credit and Investment back on track
- GIFT IFSC: A robust gateway for global capital and financial services for the economy
- Proactive Inflation management
- All parts of country becoming active participants in economic growth

### Garib Kalyan, Desh ka Kalyan

- DBT has led to savings of ₹2.7 lakh crore
- 25 crore people moved out of multi-dimensional poverty
- Credit assistance to 78 lakh street vendors under PM-SVANidhi

### Empowering the Youth

- 1.4 crore youth trained under Skill India Mission
- Fostering entrepreneurial aspirations of Youth—43 crore loans sanctioned under PM Mudra Yojana

### Welfare of Farmers-Annadata

- Direct financial assistance to 11.8 crore farmers under PM-KISAN
- Crop Insurance to 4 crore farmers under PM Fasal Bima Yojana
- Integration 1,361 mandis under e-NAM, supporting trading volume of ₹3 lakh crore

### Nari Shakti

- 30 crore Mudra Yojana loans disbursed to women entrepreneurs
- Increased female enrolment in higher education by 28 per cent in 10 years
- 43 per cent of female enrolment in STEM courses
- 1 crore women assisted by 83 lakh SHGs to become Lakhpati Didis

## STRATEGY FOR AMRIT KAAL

### Sustainable Development

- Commitment to meet 'Net Zero' by 2070
- Rooftop solarisation

### Infrastructure and Investment

- Implementation of 3 major railway corridor programmes under PM Gati Shakti- to improve logistics efficiency and reduce cost
- Promotion of foreign investment via bilateral investment treaties to be negotiated
- Expansion of existing airports and comprehensive development of new airports under UDAN scheme
- Promotion of urban transformation via Metro rail and NaMo Bharat

### Inclusive Development

- Aspirational District Programme to assist States in faster development, including employment generation

### Health

- Encourage Cervical Cancer Vaccination for girls (9–14 years)
- Saksham Anganwadi and Poshan 2.0 to be expedited for improved nutrition delivery, early childhood care and development
- U-WIN platform for immunisation efforts of Mission Indradhanush to be rolled out
- Health cover under Ayushman Bharat scheme to be extended to all ASHA, Anganwadi workers and helpers

### Housing

- Pradhan Mantri Awas Yojana (Grameen) close to achieving target of 3 crore houses, additional 2 crore targeted for next 5 years
- Housing for Middle Class scheme to be launched to promote middle class to buy/built their own houses

### Tourism

- States will be encouraged to undertake development of iconic tourist centres to attract business and promote opportunities for local entrepreneurship
- Long-term interest free loans to be provided to States to encourage development

- G20 meetings in 60 places presented diversity of India to global audience
- Projects for port connectivity, tourism infrastructure, and amenities will be taken up in islands, including Lakshadweep

### Agriculture and Food Processing

- Government will promote private and public investment in post-harvest activities
- Application of Nano-DAP to be expanded in all agro-climatic zones
- Atmanirbhar Oilseeds Abhiyaan: Strategy to be formulated to achieve atmanirbharta for oilseeds
- Comprehensive programme for dairy development to be formulated
- Implementation of Pradhan Mantri Matsya Sampada Yojana to be stepped up to enhance aquaculture productivity, double exports and generate more employment opportunities
- 5 Integrated Aquaparks to be set up

### ACHIEVEMENTS OF TAXATION REFORMS

- Direct Tax Collections more than trebled in last 10 years
- Number of return filers swelled to 2.4 times
- **Faster refunds:** Reduction in average processing time of returns from 93 days (2013–14) to 10 days (2023–24)
- Average monthly Gross GST collections doubled to ₹1.66 lakh crore in FY 24
- Increase in tax buoyancy of State revenue from 0.72 (2012–16) to 1.22 in the post-GST period (2017–23)

### Benefit to Consumers

- Reduction in logistics cost and prices of most goods and services

### Positive Sentiment about GST

- 94% industry leasers view transition to GST as largely positive
- 80% of respondents feel GST has led to supply-chain optimisation (As per a survey conducted by a leading consulting firm)

### Decline in Import Release Time since 2019 by

- 47 per cent at Inland Container Depots
- 28 per cent at Air Cargo complexes
- 27 per cent at Sea Ports

## TAX PROPOSALS

- **Continuity in taxation:** Certain tax benefits to Start-ups and investments made by sovereign wealth funds/pension funds, tax exemption of some IFSC units earlier expiring on 31.03.2024 extended up to 31.03.2025
- **Withdrawal of outstanding direct tax demand:**
  - Up to ₹25,000 pertaining up to FY 10
  - Up to ₹10,000 for FY 11–FY 15

Expected to benefit approx. 1 crore taxpayers
- **Retention of same tax rates:**
  - For direct and indirect taxes, including import duties
  - For Corporate Taxes: 22% for existing domestic companies, 15% for certain new manufacturing companies
  - No tax liability for taxpayers with income up to ₹7 lakh under the new tax regime

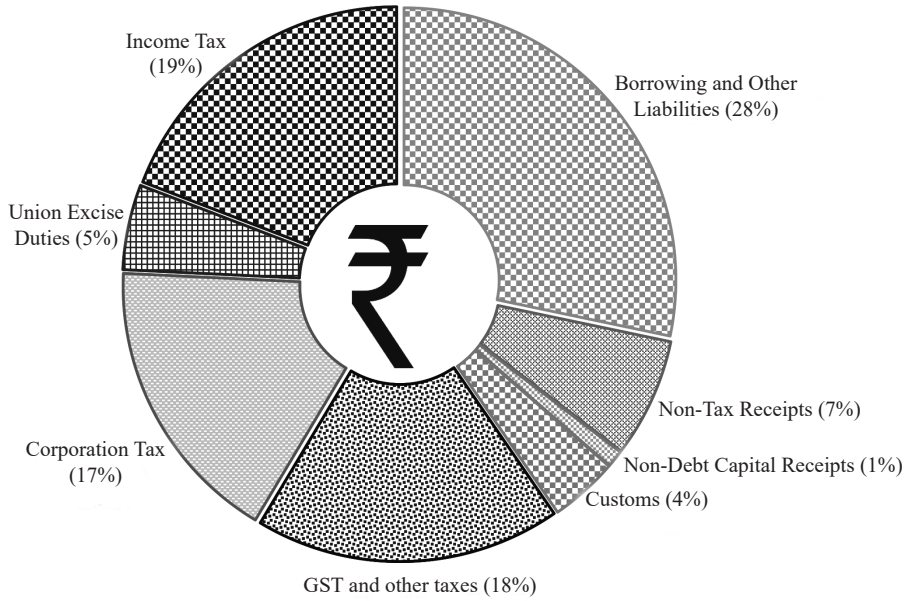
## ALLOCATION FOR SPECIFIC MINISTRIES

Ministries	in ₹ Lakh Crore
Ministry of Defence	6.2
Ministry of Road Transport and Highways	2.78
Ministry of Railways	2.55
Ministry of Consumer Affairs, Food & Public Distribution	2.13
Ministry of Home Affairs	2.03
Ministry of Rural Development	1.77
Ministry of Chemicals and Fertilizers	1.68
Ministry of Communications	1.37
Ministry of Agriculture and Farmer's Welfare	1.27

## ALLOCATION TO MAJOR SCHEMES (IN ₹ CRORE)

Name of the Scheme	2023–24(BE)	2024–25(BE)
Mahatma Gandhi National Rural Employment Guarantee Scheme	60,000	86,000
Ayushman Bharat-PMJAY	7,200	7,500
Production Linked Incentive Scheme	4,645	6,200
Modified Programme for Development of Semi-conductors and display manufacturing ecosystem	3,000	6,903
Solar Power (Grid)	4,970	8,500
National Green Hydrogen Mission	297	600

**Rupee Comes From**



**Rupee Goes To**

