INTERIM BUDGET 2024-2025 (Part-2)

To know about Part-1, click here

Important Announcements

- **Housing** – The government will launch a scheme to help deserving sections of the middle class "living in rented houses, or slums, or chawls and unauthorized colonies" to buy or build their own houses.
- Extra 2 crore houses under ***Pradhan Mantri Awas Yojna-Gramin*** will be made in 5 yrs.
- **Healthcare** – The Government will encourage vaccination for girls in age group of 9 to 14 years for prevention of cervical cancer.
- U-WIN platform for managing immunization and intensified efforts of ***Mission Indradhanush*** will be rolled out throughout the country.
- Healthcare cover under ***Ayushman Bharat*** scheme will be extended to all *ASHA workers, Anganwadi Workers and Helpers*.
- Saksham Anganwadi and Poshan 2.0 to be expedited for improved nutrition delivery, early childhood care and development.
- **Agriculture/allied sectors** - After the successful adoption of *Nano Urea,* application of *Nano DAP* will be expanded in all agro-climatic zones.
- ***Atmanirbhar Oil Seeds Abhiyan*** will be formulated to achieve self-reliance for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.
- 5 integrated aqua parks will be setup.
- ***Pradhan Mantri Matsya Sampada Yojana (PMMSY)*** will be stepped up to enhance aquaculture productivity from existing 3 to 5 tons per hectare, double exports to 1 lakh crore and generate 55 lakh employment opportunities in near future.
- A comprehensive programme for supporting dairy farmers will be formulated on the success of existing schemes such as ***Rashtriya Gokul Mission, National Livestock Mission,*** etc.
- **Women** - The target for ***Lakhpati Didi*** which was initially set at 2 crore women has been enhanced to 3 crore women.
- **Research and Innovation -** A corpus of ***1 lakh crore*** will be established with 50 year interest free loan to encourage the private sector to scale up research and innovation in sunrise domains ***(Jai Anusandhan scheme).***
- A new scheme will be launched for strengthening deep-tech technologies for defence purposes.
- **Infrastructure Development -** The capital expenditure outlay for next year is increased by 11.1 % to 11,11,111 crore, 3.4 % of the GDP.
- 3 major economic railway corridor programmes will be implemented under ***PM Gati Shakti.***
    - Energy, mineral and cement corridors

    - Port connectivity corridors
    - High traffic density corridors
- 40,000 normal rail bogies will be converted to the ***Vande Bharat*** standards to enhance safety, convenience and comfort of passengers.
- Expansion of ***Metro Rail and NaMo Bharat*** will be supported in large cities focusing on transit-oriented development.
- India plans to broaden its ***Production Linked Incentive (PLI)*** scheme to include toys, leather and footwear, aiming to boost domestic manufacturing and exports.
- **Green Energy –** To meet the commitment for 'net-zero' by 2070,
    - Viability gap funding will be provided for harnessing offshore wind energy potential for initial capacity of 1 giga-watt.
    - Coal gasification and liquefaction capacity of 100 MT will be set up by 2030.
    - Phased ***mandatory blending*** of compressed biogas (CBG) in compressed natural gas (CNG) for transport and piped natural gas (PNG) for domestic purposes will be mandated.
- A new ***scheme of bio-manufacturing and bio-foundry*** will be launched to provide environment friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs.
- For blue economy 2.0, the following schemes will be launched.
    - A scheme for restoration and adaptation measures
    - Coastal aquaculture and mariculture with integrated and multi-sectoral approach.
- **Tourism** - States will be encouraged to take up comprehensive development of iconic tourist centres and long-term interest free loans will be provided to States for financing such developments.
- A framework for rating of the centres based on quality of facilities and services will be established.
- **State reforms -** A provision of 75000 crore rupees as 50 year interest free loan is proposed to support the milestone-linked reforms by the State Governments.

Revised Estimates 2023-24	
Total receipts other than borrowings	27.56 lakh crore
Tax receipts	23.24 lakh crore
Total expenditure	44.90 lakh crore
Revenue receipts	30.03 lakh crore
Fiscal deficit	5.8% of GDP
Budget Estimates 2024-25	
Total receipts other than borrowings	30.80 lakh crore
Tax receipts	26.02 lakh crore
Total expenditure	47.66 lakh crore
Estimated fiscal deficit	5.1% of GDP (Aims to reduce fiscal deficit below 4.5 % by 2025-26)

Part B

Tax proposals

- In keeping with the convention, ***no changes were made*** relating to taxation and same tax rates for direct and indirect taxes including import duties were retained.

Direct taxes

- Over the last ten years, the direct tax collections have more than tripled and the return filers swelled to 2.4 times.
- Average processing time of returns has been reduced from 93 days in 2013-14 to a mere 10 days this year.
    - **Existing provisions -** Corporate tax rate was decreased from ***30% to 22%*** for existing domestic companies and to 15% for certain new manufacturing companies.
    - No tax liability for taxpayers with income up to Rs. 7 lakh under the new tax regime
- The Interim Budget proposes to withdraw outstanding direct tax demands up to Rs. 25000 pertaining to the period up to financial year 2009-10 and up to Rs. 10,000 for financial years 2010-11 to 2014-15.

Indirect Taxes

- Tax base of GST more than doubled this year.
- The average monthly gross GST collection has almost doubled to 1.66 lakh crore, this year.
- States' SGST revenue, including compensation released to states, in the post-GST period of 2017-18 to 2022-23, has achieved a buoyancy of 1.22.

Positives in the Budget

- **Public investment** - A 11% rise in capital expenditure signifies its importance in overall economic growth.
- The government proposes a moderate expansion in public investment and is expected to free up resources for the private sector, preventing "crowding-out" of private investment.
- Due to uncertain global energy supply situation after the war in Ukraine, it seems to have encouraged public sector oil, electricity and coal public sector undertakings to step up investment to improve energy security.
- **State's fiscal health** - Extending the 50-year interest-free loans offered to States (with conditionalities) is perhaps a welcome move for growth.
- **R & D** - A corpus of 1 lakh crore in R&D for the private sector helps boost industrial R&D as India's R&D expenditure as a ratio of GDP has remained stagnant at 0.8% for decades now.

- **Renewable energy** - The Budget applauded the recently announced ***PM Suryodaya Yojana*** to set up rooftop solar in 1 crore household as India lags behind in tapping the free natural source.

Shortcomings in the Budget

- **Allocation** - The budgetary allocation for core schemes such as the ***AMRUT, Smart Cities Mission, PM-POSHAN and MGNREGA*** saw reduced allocation.
- **Social sector -** The approach of moving attention away from provision of services has also meant neglect of basic education, health, and nutrition services.
- **FDI** - There have been more exits by private equity capital from India. Much of FDI has flown into services and only modestly in manufacturing.
- So, the modest FDI hardly adds to the economy's fixed investment growth.
- **Dependence on China -** The Budget's composition display areas of concern. The trade deficit with China has steadily widened accounting for one-third of India's trade deficit.
- It also seems to ignore potential threats arising from geopolitics or strategic risks posed by dependence on China for critical inputs.
- **Non- addressal of major issues** - It refuses to address shortcomings such as the lack of employment, wage growth, or the critical deficiencies in sectors such as manufacturing.

References

1. PIB | Interim Budget - Summary
2. India Budget | Key features of Budget 2024-25

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