



Budget 2024-25: A mission mode approach for Viksit Bharat

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Budget 2024-25 has come with a mission mode approach for India's glorious journey towards Viksit Bharat with a dedicated focus of GYAN (Garib, Yuva, Annadata and Nari). The theme of the Budget for Education, Skilling, MSMEs and Middle class will do a long way to strengthen India's grass-roots and enhance its resilience in the challenging times.

India's Economic Survey 2023-24 depicts a bright picture of Indian economy which is continuously becoming resilient, with GDP growing at more than 8% (average) during the post pandemic years from 2021-22 to 2023-24. The survey indicates that India needs a tripartite compact between the government, the private sector, and academia to enhance job creation & skill development and complete the journey to Viksit Bharat by 2047. Economic survey highlights six pronged growth strategy for Amrit Kaal, including Strategy for boosting private sector investment, Strategy for the growth and expansion of India's Mittelstand (MSME's), Strategy for removing the growth impediments in the agricultural sector, Strategy to secure the financing of green transition in India, Strategy towards bridging the education-employment gap and Strategy towards building state capacity and capability to move towards for a sustainable growth.

At this backdrop, the budget for 2024-25 has focused on four castes (GYAN) for the pursuit of Viksit Bharat, including Garib, Yuva, Annadata, and Nari. To strengthen the growth trajectory, this budget envisages sustained efforts on the 9 priorities for generating ample opportunities for all. These include productivity and resilience in agriculture, employment & skilling, inclusive human resource development and social justice, manufacturing and services, urban Development, energy security, infrastructure and innovation, research and development, and next-generation reforms.

The theme of the budget 2024-25, particularly focuses on employment, skilling, MSMEs, and the middle class. The GDP is estimated to be Rs 326 lakh crore for 2024-25, reflecting a nominal growth rate of 10.5%. The real GDP is projected at Rs 186 lakh crore, with a growth rate ranging from 6.5% to 7%. The budget size is estimated at 48.2 lakh crore. Total receipts, excluding borrowings are estimated at Rs. 32 lakh crore and total expenditure is estimated to reach Rs 48.2 lakh crore, resulting in a fiscal deficit of around Rs 16 lakh crore, equivalent to 4.9% of GDP.

To transform **the agriculture sector**, there has been 6% rise in budget allocation for agriculture and allied sectors from Rs 1.25 lakh crore to Rs 1.32 lakh crore in 2024-25. To enhance the agricultural productivity, 109 new high-yielding and climate-resilient varieties are announced. Further, to bolster natural farming, 1 crore farmers to be initiated into natural farming, with certification and branding in next 2 years. Measures to increase the supply of fruits and vegetables in the market are also announced including development of large-scale vegetable clusters close to major consumption centres, promoting Farmer-Producer Organizations (FPOs), cooperatives and start-ups for vegetable supply chains including for collection, storage, and marketing.

Budget at a Glance

S. No	Budget Indicators	FY23	FY24	FY 25 (B.E)
1	Nominal GDP Growth rate (%)	14.2	9.6	10.5
2	Nominal GDP Estimates (Lakh Crores)	269.5	295	326.6
3	Real GDP Growth Rate (%)	7	8.2	6.5-7
4	Real GDP Estimates(Lakh Crores)	160.7	173.8	186.0
5	Capital Receipts (Rs Crores)	1809951	1714130	1691312
6	Revenue Receipts (Rs Crores)	2383206	2728412	3129200
7	Total Receipts (Rs Crores) including borrowings	4193157	4442542	4820512
8	Capital Expenditure(Rs Crores)	740025	948506	1111111
9	Revenue Expenditure(Rs Crores)	3453132	3494036	3709401
10	Total Expenditure(Rs Crores)	4193157	4442542	4820512
11	Fiscal Deficit (Rs Crores)	1737755	1653670	1613312
12	Fiscal Deficit as a % GDP	6.4	5.6	4.9

Source: Compiled from Union Budget 2024-25.

The budget 2024-25 announced an allocation of 1.49 lakh crore for Ministry of Education, Ministry of Labour and Employment and Ministry of Skill Development and Entrepreneurship to bolster **the education, employment and skill development**. This allocation represents an overall increase of 15% in these ministries over previous financial year 2023-24. 3 schemes for 'Employment Linked Incentive', were announced including Scheme A, Scheme B and Scheme C.

Scheme A focuses on First-Time Employment and support to new entrants in the workforce. To support this, one-month wage to all persons newly entering the workforce in all formal sectors in 3 instalments upto Rs 15000 will be provided. The scheme is expected to benefit 210 lakh youth. Scheme B objective is to boost job creation in the manufacturing sector and encourage employers to hire new employees. This is expected to benefit 30 lakh youth entering employment, and their employers. Scheme C is to provide support to employers by encouraging employers to hire additional employees and support employment generation. The government will reimburse to employers up to Rs 3000 per month for 2 years towards their EPFO contribution for each additional employee. The scheme is expected to incentivize additional employment of 50 lakh persons.

To **facilitate higher participation of women in the workforce**, women hostels in collaboration with industry and creches will be established. A skill programme has been announced to skill 20 lakh youth over a 5-year period. 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation.

For the pursuit of Viksit Bharat, all-pervasive and all-inclusive development of people, particularly, farmers, youth, women and poor is focused. The schemes meant for supporting economic activities by craftsmen, artisans, self-help groups, scheduled caste, schedule tribe and women entrepreneurs, and street vendors, such as PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Stand-Up India will be stepped up.

A plan named Purvodaya is announced for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. To improve the socio-economic condition of tribal communities, government announced the Pradhan Mantri Janjatiya Unnat Gram Abhiyan. More than 100 branches of

India Post Payment Bank will be set up in the North East region to expand the banking services. For rural development, an allocation of 1.80 lakh crore was announced, and increase of 12.5% over FY 2023-24.

Key allocations for Ministries

S. No.	Ministries	Budget Estimates (In lakh Crores)		
		FY24	FY25	Growth (Y-o-Y)
1	Ministry of Finance	16.90	18.58	10.0
2	Ministry of Defence	5.94	6.22	4.8
3	Ministry of Road Transport and Highways	2.70	2.78	2.8
4	Ministry of Railways	2.41	2.55	5.7
5	Ministry of Rural Development	1.60	1.80	12.5
6	Ministry of Agriculture and Farmers Welfare	1.25	1.32	5.9
7	Ministry of Education	1.13	1.21	6.8
8	Ministry of Health and Family Welfare	0.89	0.91	2.0
9	Ministry of Women and Child Development	0.25	0.26	2.2
10	Ministry of Labour and Employment	0.13	0.23	70.4
11	Ministry of External Affairs	0.18	0.22	22.7
12	Ministry of Micro, Small and Medium Enterprises	0.22	0.22	0.45
13	Ministry of Commerce and Industry	0.13	0.11	-14.8
14	Ministry of Skill Development & Entrepreneurship	0.04	0.05	28.5
15	Ministry of Ports, Shipping and Waterways	0.022	0.023	7.0

Source: Compiled from Union Budget 2024-25.

The budget provides special attention to MSMEs and manufacturing, particularly labour-intensive manufacturing. To bolster the growth of MSMEs, a Credit Guarantee Scheme, an enhanced limit of MUDRA loans to ₹ 20 lakh from the current ₹ 10 lakh, bank credit to MSMEs during their stress period, and a New assessment model for MSME credit, among others, have been announced. To promote manufacturing and services, a comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years has been announced. Twelve industrial parks and rental housing for industrial workers will be set up. In addition, Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets will be initiated.

To boost urban development, cities would be developed as 'Growth Hubs' through economic and transit planning, and orderly development of peri-urban areas utilising town planning schemes has been indicated. The PM Awas Yojana Urban 2.0, addressing the needs of 1 crore urban poor and middle-class families, and 'Transit Oriented Development' plans for 14 large cities with a population above 30 lakh have been announced. Moreover, to facilitate water management, sewage treatment, and solid waste management, projects and services will be promoted.

To sustain an energy-efficient growth trajectory along with energy security in terms of availability, accessibility, and affordability, has been prioritised. The importance of nuclear energy has been given special mention. Bharat Small Reactors, research and development of Bharat Small Modular Reactors, and research and development of newer

technologies for nuclear energy will be undertaken. Financial support will be provided to MSMEs for shifting them to cleaner forms of energy and the implementation of energy efficiency measures.

The budget has placed a **major thrust on infrastructure expansion**, as a capex of Rs 11.11 lakh crore, or 3.4% of GDP, has been allocated for 2024–25. To encourage higher private participation, the government has proposed to promote viability gap funding. Under the Accelerated Irrigation Benefit Programme, a support of Rs 11,500 crore for projects such as the Kosi-Mechi intra-state link has been announced.

A special assistance package to the north and north-eastern states, including Assam, Himachal Pradesh, Bihar, and Sikkim, has been announced for flood management. To position, India as a global tourist destination, the Vishnupad Temple at Gaya, the Mahabodhi Temple at Bodh Gaya, Rajgir, and Nalanda will be developed as tourist centers. This will create jobs, stimulate investments, and unlock economic opportunities for other sectors.

The **Anusandhan National Research Fund** for research and prototype development has been announced to promote innovation, research, and development. A mechanism for spurring private sector-driven research and innovation at commercial scale with a funding of Rs 1 lakh crore will be set up. To expand the space economy five times in the next 10 years, a venture capital fund of Rs 1,000 crore has been announced.

An **Economic Policy Framework** has been announced for economic development and sets the scope of the next generation of reforms for facilitating employment opportunities and sustaining high growth in the pursuit of Viksit Bharat. The reforms related to rural and urban land, labor reforms, capital and entrepreneurship-related reforms, simplification of rules and regulations related to foreign direct investment and overseas investments, ease of doing business, and improvement in the collection, processing, and management of data and statistics have been focused.

Among land and labor reforms, the Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar, survey of map sub-divisions as per current ownership, linkages to the farmer registry, digitalization of land records in urban areas with GIS mapping, and digitization of cadastral maps will be initiated. Shram Suvidha and Samadhan portals will be revamped to enhance ease of compliance for industry and trade. In NPS-Vatsalya, a plan for contribution by parents and guardians for minors will be commenced. To enhance ease of doing business, Jan Vishwas Bill 2.0, implementation of Business Reform Action Plans, and digitalization have been announced.

Rationalisation of tax structure

The tax structure has been rationalized, particularly in relation to GST, resulting in a significant reduction in tax burdens for the general public and simplifying compliance for businesses. Notable changes include a decrease in duty on mobiles and accessories to 15% from 20%, as well as a reduction in customs duty on gold, silver, and platinum. Customs duties on gold and silver has been reduced to 6% from 15%, and those on platinum were reduced to 6.4% from 15.4%.

The budget announcements on the tax regime are highly motivating for the middle class, which will boost demand in the economy, including an increased standard deduction for salaried employees to Rs 75,000 in the new regime and two tax exemption regimes for charities merged into one. There is no tax on incomes up to ₹3 lakh.

The budget has come with a motivating stance for the tax system. The long-term capital gains tax rate on all financial and non-financial assets has been rationalized to 12.5% without indexation, from 20%. This will simplify the taxation of capital gains and their easy computation. Short-term capital gains tax on certain financial assets would attract a tax rate of 20% instead of the earlier 15%. The 5% TDS rate on many payments is being merged into the 2% TDS rate, and the 20% TDS rate on the repurchase of units by mutual funds or UTI is being withdrawn. The TDS rate for e-commerce operators is proposed to be reduced from one to 0.1 percent. A standard operating procedure for TDS defaults and simplify and rationalize the compounding guidelines for such defaults. Securities Transaction Tax (STT)

on futures has been increased from 0.01% to 0.02%, and the STT on options has been increased from 0.06% to 0.1%.

Conclusions

The Union Budget 2024-25 is focused on promoting growth, creating employment, and ensuring inclusivity. The emphasis on GYAN (Gareeb, Yuva, Annadata and Narishakti) inclusive development will contribute to India's progress towards Viksit Bharat. India's economic growth continues to be the shining exception and will remain so in the years ahead, despite global uncertainties. It is inspiring to note that the fiscal deficit is estimated at 4.9% of GDP for 2024-25, and the government aims to reduce it to 4.5% of GDP, keeping on the path of fiscal consolidation. This will soften the yield curve and provide a great room for rate cut as and when food inflation softens to the normal level. Overall, the budget has provided a clear cut direction for India's journey towards a Viksit Bharat from the grass roots development to strengthening of its growth drivers.

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