

GSSCORE

An Institute for Civil Services

SUMMARY & ANALYSIS *of* UNION INTERIM BUDGET 2024-25

for Civil Services Examination



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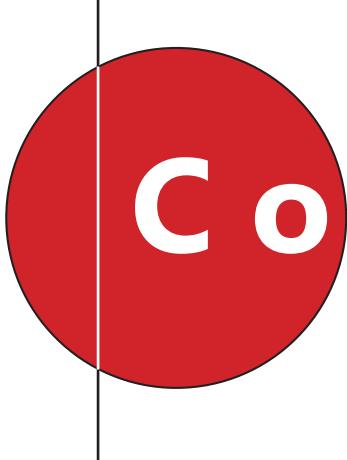
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P r e f a c e

The Annual Financial Statement, also known as the Union Budget is an indispensable document for Civil Services Examination Aspirants. The Union Budget is a government document that presents projected expenses and revenues for the upcoming fiscal year. It is submitted to Parliament for approval. The Union Budget 2024 is an interim budget because Lok Sabha elections are due early this year.

Like previous years, GSSCORE is producing the most comprehensive summary of the Union interim Budget 2024. Our endeavor is to provide candidates with a highly enriched, actionable, usable, and 'mark worthy' coverage of Union interim Budget 2024 for aspirants with a host of tools to maximize utility and score in the examinations with enhanced learning.

Thus, GS Score's Summary of Budget 2024 will help the students by providing them with a quick summary and analysis of Budget 2024 and also adding to their values with:

- ▶ Concise Summary of Budget
- ▶ Important Key-words
- ▶ Important concepts and fact
- ▶ Info-graphic and creative images
- ▶ Prelims Practice Question
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INTERIM BUDGET 2024

KEYWORDS

■ **Capex:**

The money that the government spends on developing buildings, machinery, equipment, schools, and other infrastructure is known as capital expenditure. Additionally, it covers the costs made by the government for investments that will generate profits or dividends in the future, such as land acquisition costs.

■ **Direct taxes:**

These are taxes paid directly to the party that levied them. For example- Income Tax.

■ **Indirect tax:**

It is the tax levied on the consumption of goods and services. It is not directly levied on the income of a person. For example- Service tax, Excise duty, Value Added Tax (VAT), Custom duty, Stamp duty, etc.,

■ **Primary Agricultural Credit Society:**

It is a basic unit and smallest co-operative credit institutions in India. It is a village-level institution that works directly with rural residents. It encourages agriculturists to save, accepts deposits from them, makes loans to deserving borrowers, and collects repayments.

■ **Blue Sheet:**

The Blue Sheet in the Union Budget is a confidential blueprint containing crucial numbers, updated throughout the Budget preparation, and safeguarded by the joint secretary of the Finance Minister.

■ **Fiscal Deficit (FD)**

Fiscal Deficit is the adverse fiscal balance which is a difference between the Revenue Receipts Plus Non-Debt Capital Receipts (NDCR) i.e. total of the non-debt receipts and the total expenditure. FD is reflective of the total borrowing requirement of Government.

■ **Revenue Deficit (RD)**

Revenue Deficit refers to the excess of revenue expenditure over revenue receipts.

■ **Effective Revenue Deficit (ERD)**

Effective Revenue Deficit is the difference between Revenue Deficit and Grant-in-Aid for Creation of Capital Assets.

■ **Primary Deficit**

Primary Deficit is measured as Fiscal Deficit less interest payments.

■ **Effective Capital Expenditure**

Effective Capital Expenditure (Eff-Capex) refers to the sum of Capital Expenditure and Grants-in-Aid for Creation of Capital Assets.

■ **Capital Budget:**

The Capital Budget deals with capital receipts (like disinvestment, loans) and capital expenditures (such as developing health facilities, roads, acquiring land). It reflects the government's investment and financing activities for long-term projects and assets.

■ Revenue Budget:

The Revenue Budget encompasses revenue receipts (tax-related income, dividends/interest on investments, service fees) and revenue expenditures. It covers ongoing government operations, debt interest, and subsidies. It reflects the day-to-day functioning and financial transactions of the government.

■ Consolidated Fund of India:

It includes revenues received and expenses incurred by the government in a financial year, excluding exceptional expenses like disaster management. Government cannot access it without Parliament approval.

■ Rebate:

Rebate is a reduction in the total income tax you owe, encouraging economic activity by lightening the tax load for individuals.

■ TDS (Tax Deducted at Source):

TDS is like a silent way the government collects tax. For example, when banks transfer interest income to account, they deduct a certain percentage as tax before giving you the money. It ensures that taxes are collected in a timely manner.

■ TCS (Tax Collection at Source):

TCS is like a little extra amount collected as tax by a seller from the buyer at the time of sale. This amount is then deposited with the tax authority. It ensures that taxes are collected right when a transaction happens.

■ Annual Financial Statement:

Under Article 112 of the Constitution of India, the central government is mandated to present to Parliament an Annual Financial Statement. This statement outlines the estimated receipts and expenditures for every financial year. Typically, this document is categorized into three main funds: Consolidated Fund, Contingency Fund, and Public Account.

■ Money Bill:

A Money Bill is a specific category of Finance Bill that addresses matters related to taxes, revenues, and government expenditure. For a bill to be treated as a Money Bill, it must contain specified matters under Article 110 (1) (a) to (g) of the Constitution of India. Importantly, a Money Bill can only be presented in the Lok Sabha.

■ Finance Bill:

A Finance Bill is a critical component of the Budget documentation, encompassing all details related to government revenue, expenditures, and allocations for a specific financial year. It provides insights into new taxes, as well as modifications to existing tax structures. Presented for a one-year period, once the bill is passed, it transforms into the Finance Act. The preparation of the Finance Bill is in accordance with the provisions under Article 117 of the Constitution of India.

■ Budget Estimates:

Budget Estimates refer to the projected funds allocated to various ministries, departments, sectors, and schemes of the central government in the Union Budget. These estimates determine the expected costs over a specified time period and outline how and where the allocated money will be utilized.

■ Capital Expenditure:

Capital Expenditure entails the funds allocated by the central government for diverse developmental projects, acquisitions, and the depreciation of machinery and assets associated with economic development.

■ Revised Estimates:

In comparison to Budget estimates, some ministries or departments may require more funds than initially anticipated as the financial year progresses. This necessitates modifications to the allocations announced in the Union Budget, termed as Revised Estimates. The government reviews and adjusts these allocations as needed based on evolving financial needs.

SUMMARY & ANALYSIS

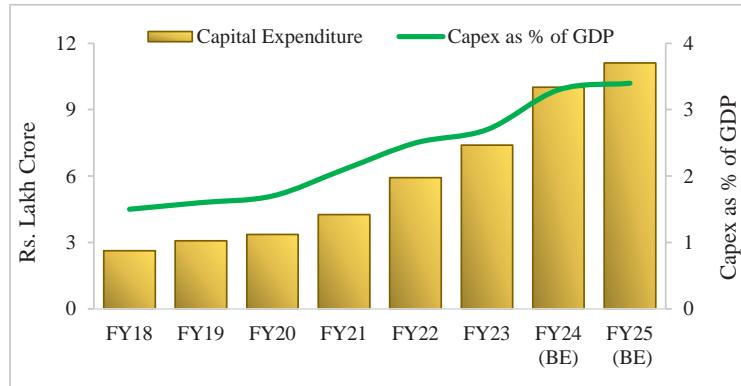
India's Finance Ministry presented the country's **Interim Budget** for 2024 at a time when the overall economic landscape appears stable, backed by strong macroeconomic data. The budget outlines a multi-pronged economic management strategy, including infrastructure development, digital public infrastructure, and tax reforms. Given that 2024 is an election year, the **Vote on Account or Interim Budget** would merely be an interim approval to spend money, without any major tax or policy changes expected. Noting that India's economy will see an "unprecedented" development, four major areas of focus for the government have been highlighted:

- ▲ Poverty
- ▲ Youth
- ▲ Women
- ▲ Farmers

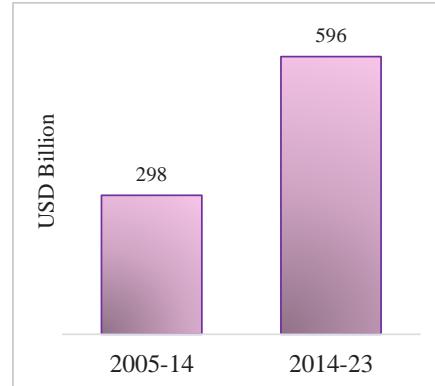
IMPORTANT ESTIMATION (KEY NUMBERS):

- ▲ **Fiscal Consolidation:** FY24 fiscal deficit is estimated at 5.8% of GDP, below the budgeted 5.9%. The government pegged the FY25 target at 5.1%, with an aim to reduce it to 4.5% by FY26.

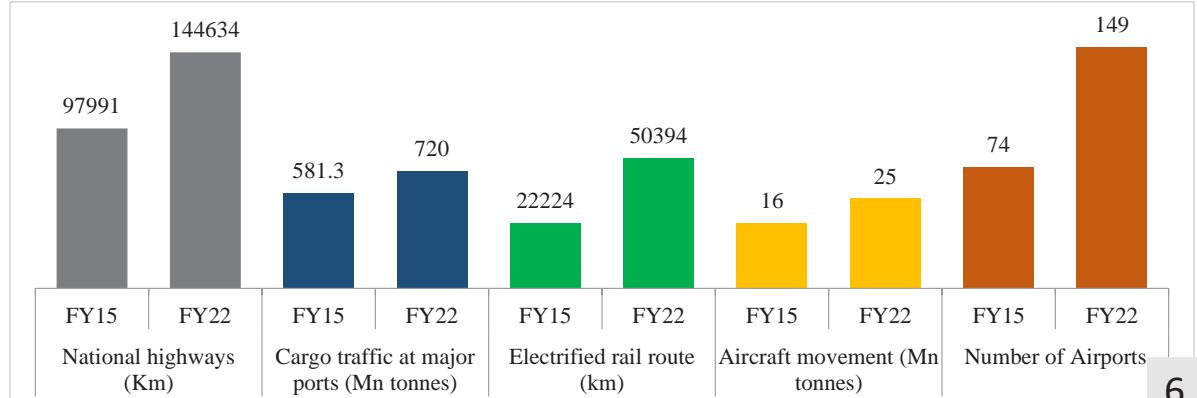
Increase in Capital Expenditure



Doubling of FDI Inflow



Improvement in Physical Infrastructure



- ▲ **Capital expenditure:** It will rise by 11.1% to 11.11 trillion rupees (\$133.9 billion) in fiscal year 2025, while tax revenue for the year would be 38.31 trillion rupees (\$461.7 billion).
- ▲ **Borrowings:** The administration aims to borrow ₹14.13 trillion (\$170 billion) in the fiscal year starting April 1.

- ▲ **Revenue Receipts:** The revenue receipts for the current fiscal at ₹30.03 lakh crore are expected to be higher than the Budget Estimate, reflecting strong growth momentum and formalisation in the economy.
- ▲ **Infrastructure:** The outlay for infrastructure has been increased by 17% to Rs 11.11 lakh crore, or 3.4% of GDP, over the revised estimate of Rs 9.5 lakh crore in FY24.

Below is the breakup of where the government gets its money and from where it spends it-

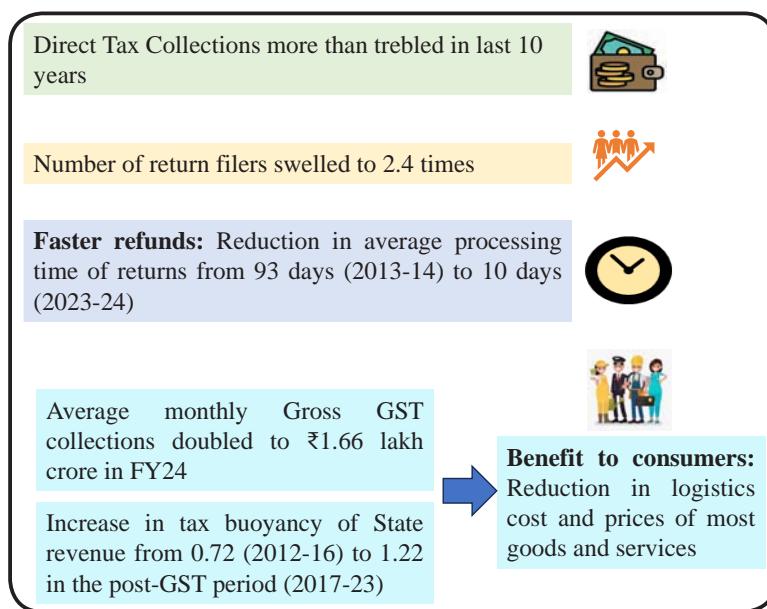
Where Does Rupee Come From? (Receipts)	Where Does Rupee Go To? (Expenditure)																																								
<p>The Budget stated that</p> <ul style="list-style-type: none"> ▲ Borrowings and other liabilities constitute the highest income procured by the Centre, 28 per cent of the total income. <ul style="list-style-type: none"> ► Income Tax (18 per cent) ► GST (18 per cent) ► Corporation Tax (17 per cent) ▲ Non-tax receipts like rent, penalties and fines comprised 7 per cent of the total income. 	<ul style="list-style-type: none"> ▲ The highest amount goes towards paying interest and the money given to the states in the form of taxes and duties, accounting for 20 per cent each of the total expenditure. ▲ Allocation towards the central sector schemes is the next expense comprising 16 per cent of the total expenditure. ▲ Other Expenditures (9 per cent), ▲ Defence, Central Sponsored Schemes and Finance Commission and other transfers (at 8 per cent each) 																																								
<ul style="list-style-type: none"> ▲ Union Excise Duties (5 per cent), Customs (4 per cent) and Non-Debt Capital Receipts (1 per cent). <table border="1"> <caption>Revenue Receipts Breakdown (%)</caption> <tr><td>Borrowing and Other Liabilities</td><td>28%</td></tr> <tr><td>GST and other taxes</td><td>18%</td></tr> <tr><td>Income Tax</td><td>19%</td></tr> <tr><td>Corporation Tax</td><td>17%</td></tr> <tr><td>GST</td><td>18%</td></tr> <tr><td>Non-Tax Receipts</td><td>7%</td></tr> <tr><td>Customs</td><td>4%</td></tr> <tr><td>Non-Debt Capital Receipts</td><td>1%</td></tr> <tr><td>Union Excise Duties</td><td>5%</td></tr> <tr><td>Income Tax</td><td>19%</td></tr> </table>	Borrowing and Other Liabilities	28%	GST and other taxes	18%	Income Tax	19%	Corporation Tax	17%	GST	18%	Non-Tax Receipts	7%	Customs	4%	Non-Debt Capital Receipts	1%	Union Excise Duties	5%	Income Tax	19%	<ul style="list-style-type: none"> ▲ Subsidies (6 per cent) <table border="1"> <caption>Expenditure Breakdown (%)</caption> <tr><td>Interest Payments</td><td>20%</td></tr> <tr><td>States' share of Taxes and Duties</td><td>20%</td></tr> <tr><td>Central Sector Schemes</td><td>16%</td></tr> <tr><td>Pensions</td><td>4%</td></tr> <tr><td>Other Expenditure</td><td>9%</td></tr> <tr><td>Finance Commission and other transfers</td><td>8%</td></tr> <tr><td>Central Sector Schemes</td><td>16%</td></tr> <tr><td>Defence</td><td>8%</td></tr> <tr><td>Subsidies</td><td>6%</td></tr> <tr><td>Centrally Sponsored Schemes</td><td>8%</td></tr> </table>	Interest Payments	20%	States' share of Taxes and Duties	20%	Central Sector Schemes	16%	Pensions	4%	Other Expenditure	9%	Finance Commission and other transfers	8%	Central Sector Schemes	16%	Defence	8%	Subsidies	6%	Centrally Sponsored Schemes	8%
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The Interim Budget 2024 unveiled a series of transformative initiatives aimed at bolstering India's growth, development, and global standing. Here's a comprehensive look at the key highlights:

KEY-TAKEAWAYS

Taxes:

- ▲ No changes in tax slabs in keeping with convention; FY25 tax receipts seen at Rs 26.02 lakh crore.
- ▲ In a major announcement, the government has decided to withdraw outstanding direct tax demands up to Rs 25,000 for the period up to financial year 2009-10 and up to Rs 10,000 for financial years 2010-11 to 2014-15.
- ▲ The only major change to taxation was tabled with respect to startups and investments made by **sovereign wealth or pension funds**, alongside tax exemption on certain income of some **IFSC units** – which are expiring on March 31.

FIG: Achievements of Taxation Reforms

Railways

The Union Budget 2023 proposed a record budgetary allocation of ₹2.40 lakh crore for the Indian Railways.

- ▲ In a bid to improve operations of passenger trains, the government announced three major economic railway corridor programmes to improve logistics efficiency and reduce cost —
 - energy, mineral and cement corridors
 - port connectivity corridors
 - high traffic density corridors
- ▲ **Enhancing Passenger Safety and Comfort** The government is set to convert a staggering 40,000 standard rail bogies into state-of-the-art **Vande Bharat coaches**, elevating the safety, convenience, and comfort of passengers across the nation.

Impact:

- ▲ The development of commodity-specific economic rail corridors can de-congest existing lines, mostly in the eastern part of the country.
- ▲ This is supportive of faster freight movement and turnaround times and should help reduce the logistics cost for India from 12 percent of GDP, improving competitiveness, especially manufacturing, against peers.

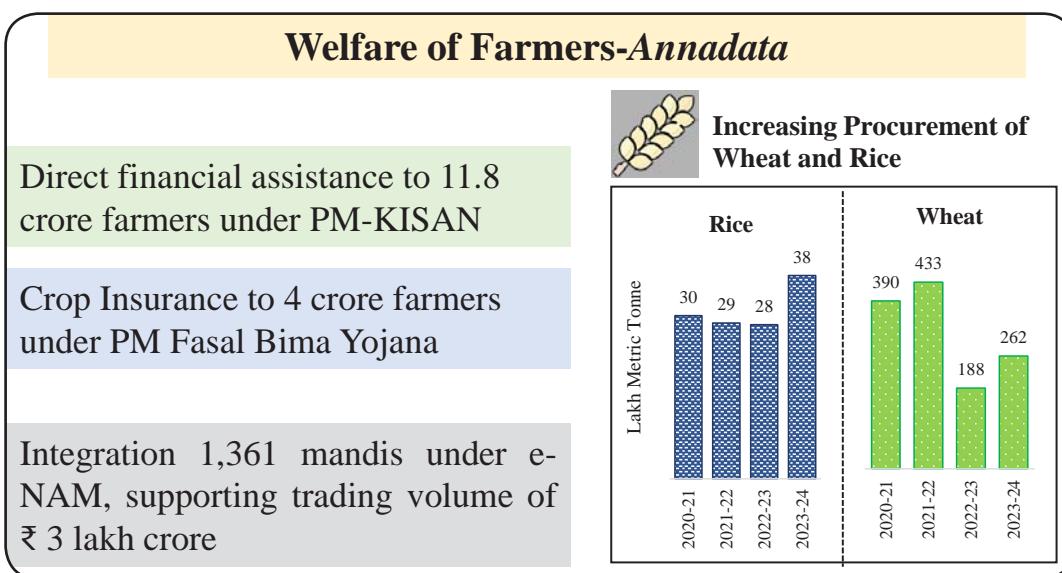
State of Indian Railways:

- ▲ India is projected to account for 40% of the total global share of rail activity by 2050. In 2023-24, traffic revenue is estimated to be Rs 2,64,600 crore, comprising 99.8% of the total revenue.
- ▲ Government has allowed 100% FDI in the railway sector.
- ▲ Indian Railways is developing and creating technology in areas such as signaling and telecommunication with 15,000 kms being converted into automatic signaling and 37,000 kms to be fitted with '**KAVACH**', the domestically developed Train Collision Avoidance System.

Energy

- ▲ **Rooftop Solarisation:** Rooftop solar project to give 1 crore households 300 units of free electricity per month. **Coal gasification and liquefaction** of 100 million tonne to be set up by 2030. New scheme of bio manufacturing, biofoundry to be launched.
- Impact:** This will help save up to ₹15,000-18,000 annually for households from free solar electricity and selling the surplus to the distribution companies
- ▲ The government will expand the **electric vehicle ecosystem** to support charging infra, and e-buses for public transport networks will be encouraged.
 - ▲ The blending of compressed biogas into compressed natural gas for transport and piped natural gas will be mandatory.
 - ▲ **Bio-manufacturing and bio foundry scheme** will be launched to provide environment-friendly alternatives for bio-degradable production
 - ▲ **Green Energy:** Towards meeting the commitment to 'net zero' by 2070, the following measures were announced.
 - ▶ **Viability gap funding** will be provided for harnessing offshore wind energy potential for the initial capacity of one giga-watt.
 - ▶ **Coal gasification and liquefaction capacity** of 100 MT will be set up by 2030. This will also help in reducing imports of **natural gas, methanol, and ammonia**.

Agriculture and food processing



- ▲ The government announced that the efforts for value addition in the agricultural sector and boosting farmers' income will be stepped up.
- ▲ **Pradhan Mantri Kisan Sampada Yojana** has benefitted 38 lakh farmers and generated 10 lakh employment.
- ▲ **Pradhan Mantri Formalisation of Micro Food Processing Enterprises Yojana** has assisted 2.4 lakh SHGs and sixty thousand individuals with credit linkages.
- ▲ **Promotion of post-harvest activities:** Other schemes are complementing the efforts for reducing postharvest losses and improving productivity and incomes.
- ▲ **Expansion of Nano DAP application:** Following the success of nano urea, Nano DAP application on various crops will be expanded across all **agro-climatic zones**.

DAP

- ▲ India is among the world's largest buyers of fertiliser, besides China, Brazil, and the US.
- ▲ **India imports four types of fertilisers:**
 - ▶ Urea
 - ▶ diammonium phosphate (DAP)
 - ▶ muriate of potash (MOP)
 - ▶ nitrogen-phosphorous-potassium (NPK)
- ▲ India, the top importer of urea, imports about 30% of its average 35 million tonnes of annual consumption of the crop nutrient.
- ▲ India imports urea from a number of countries, including Oman, Qatar, Saudi Arabia and United Arab Emirates.

India's Agro-Climatic Zones

India has 15 Agro-climatic Zones as given below:

- | | |
|------------------------------------|------------------------------------|
| ▲ Western Himalayan Region | ▲ Eastern Himalayan Region |
| ▲ Lower Gangetic Plain Region | ▲ Middle Gangetic Plain Region |
| ▲ Upper Gangetic Plains Region | ▲ Trans-Ganga Plains Region |
| ▲ Eastern Plateau and Hills | ▲ Central Plateau and Hills |
| ▲ Western Plateau and Hills | ▲ Southern Plateau and Hills |
| ▲ Eastern Coastal Plains and Hills | ▲ Western Coastal Plains and Ghats |
| ▲ Gujarat Plains and Hills | ▲ Western Dry Region |
| ▲ Island Region | |

- ▲ **Aatma Nirbhar Oilseeds Abhiyan:** Strategy formulation to achieve self-reliance in oilseeds through research, adoption of modern farming techniques, market linkages, and crop insurance.
- ▲ **Matsya Sampada:** Promotion of investments in fisheries to generate employment opportunities, with a separate department set up for fisheries under the government's initiative.

Pradhan Mantri Matsya Sampada Yojana (PMMSY)

Introduced by the Department of Fisheries, Pradhan Mantri Matsya Sampada Yojana (PMMSY), the aim of the scheme is to bring about Blue Revolution through the sustainable development of the fisheries sector over a period of five years (2020-2025)

Defense

- ▲ **Defense Outlay:** A substantial 11.1% increase in the Defence outlay, amounting to Rs 11,11,111 crore, demonstrates the government's dedication to national security.
- ▶ **Strengthening Deep Tech in Defence:** The government is set to launch a comprehensive plan to strengthen deep tech capabilities in the Defence sector, ensuring India's security and technological prowess.

The Central government aims to take India's defence exports up to US\$ 5 Bn by 2024-25.

Housing

- ▲ The government plans to launch a scheme for **deserving sections of middle class** living in **rented houses or slums** to build their own houses. Details are awaited.
- ▲ The government also aims to make 2 crore houses in the next five years under the **PM Awas Yojana-Grameen** and is close to achieving the 3 crore target.
- ▲ **Housing for the middle class** - 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. This is likely to free encroachment areas like slums for easier redevelopment.
 - ▶ The Finance Minister also announced 2 crore more houses under the **Pradhan Mantri Awas Yojana – Gramin (PMAY-G)**.

Pradhan Mantri Gramin Awaas Yojana is a flagship program of the Central Government in its mission to provide affordable housing for all.

Women

- ▲ **Empowering Women (Triple Talaq Ban and Legislative Representation):** The government's commitment to women's empowerment is highlighted by making Triple Talaq illegal and reserving one-third of legislative seats for women.
- ▲ **Health Sector:** The interim Budget announced the government's plans to focus on vaccination against **cervical cancer** for girls aged 9 to 14.
- ▲ **Other health-related schemes in her speech, including:**
 - ▶ The **U-WIN platform** for managing immunisations will be rolled out in the country.
 - ▶ Extension of Ayushman Bharat coverage: The government will extend Ayushman Bharat cover to all Asha workers and Anganwadi workers and helpers.
 - ▶ **Expansion of medical colleges:** The government will focus on setting up more medical colleges by utilising existing hospital infrastructure in the country.
 - ▶ **Umbrella scheme:** Schemes under maternal and child health care will be brought under one comprehensive programme.
 - ▶ An upgradation has also been announced of Anganwadi centres and expedited nutrition delivery and other steps for early childhood care.

Cervical cancer, which develops in a woman's cervix, is the second-most common cancer among women in India. It is caused by persistent infection by the human papillomavirus (HPV). India accounts for nearly a quarter of all cervical cancer deaths in the world.

The term 'Lakhpatti Didis' refers to women members of **Self Help Groups (SHGs)** who harness their entrepreneurial skills and earn a sustainable income of at least Rs 1 lakh per year per household.

- ▲ **'Lakhpatti Didi' Scheme:** The government announced **that eighty-three lakh SHGs (self-help groups)** with **9 crore women** are transforming the rural socio-economic landscape with empowerment and self-reliance. Their success has assisted nearly one crore women to become **'Lakhpatti Didi'** already. Buoyed by the success, it has been decided to enhance the target for 'Lakhpatti Didi' from 2 crore to 3 crore.

Impact:

- ▲ The Lakhpatti Didi Scheme, aiming to empower two crore women in villages, has achieved notable success by reaching 83 lakh self-help groups and benefiting 9 crore women.

- ▲ With a financial injection of **₹1 lakh per household** for one crore beneficiaries, this initiative is poised to significantly uplift the economic status of rural women.
- ▲ This empowerment will:
 - ▶ stimulate the rural economy
 - ▶ enhance credit demand for micro-financiers, particularly from women and self-help groups
 - ▶ reduce stress on asset quality issues

30 crore Mudra Yojana loans disbursed to women entrepreneurs

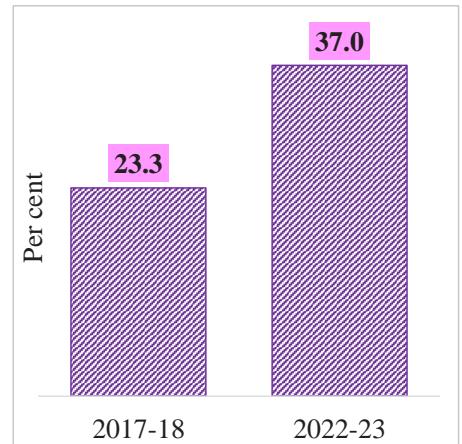
Increased female enrolment in higher education by 28 per cent in 10 years

43 per cent of female enrolment in STEM courses

1 crore women assisted by 83 lakh SHGs to become Lakhpati Didis



Rise in Female Labour Force Participation Rate



Investment

- ▲ The **FDI inflow** during 2014-23 was \$596 billion marking a golden era. That is twice the inflow during 2005-14.
- ▲ For encouraging sustained foreign investment, the government is negotiating **bilateral investment treaties** with foreign partners, in the spirit of '**first develop India**'.

Tourism:

- ▲ **Interest free loans:** Long-term interest free loans would be given to various states to develop tourist centers, while highlighting that spiritual tourism saw a boost last year.
 - ▶ As much as **750 billion rupees at a 50-year interest free loan** will be set aside for states to boost tourism.
- ▲ **Rating system:** A rating system based on the quality of facilities and services will be established.
- ▲ **Lakshadweep Plan:** Projects for port connectivity, tourism infrastructure, and amenities will be taken up on islands, including Lakshadweep. This will help in generating employment as well.

- ▲ **Travel and tourism** are two of the largest industries in India, with a total contribution of about US\$ 178 billion to the country's GDP.
- ▲ **Schemes:** PRASHAD, Swadesh Darshan, SAATHI, Dekho Apna Desh and NIDHI.

New Innovation Fund (Technology)

- ▲ New-age technologies are enabling new economic opportunities and facilitating the provision of high-quality services at affordable prices for all, including those at the 'bottom of the pyramid'.

- ▲ The government plans to set up a Rs 1 lakh crore corpus to back innovation. This includes 50-year interest-free loan, **long-term financing or refinancing** with long tenures with low or nil interest rates. The move is aimed at encouraging the private sector to scale up research and innovations “significantly in sunrise domains”.

Impact: This will encourage the private sector to scale up research and innovation significantly in sunrise domains.

OTHER IMPORTANT ANNOUNCEMENTS

- ▲ **Aqua Parks and Economic Corridor:** Five integrated Aqua Parks are slated to be established, promising recreational spaces for communities. Additionally, the recently announced India **Middle East Europe Economic Corridor** is expected to be a game-changer for India’s economic landscape.

Middle East Europe Economic Corridor

- ▲ The project is a part of the **Partnership for Global Infrastructure Investment (PGII)** — a West-led initiative for **funding infrastructure projects** across the world.
- ▲ **Objective:** The corridor aims to provide a reliable and cost-effective **ship-to-rail transit network** between **Asia, Middle East and Europe**.
- ▲ **Proposals:** The corridor will comprise of **two separate corridors**,
 - ▶ **The Eastern corridor** - will connect India to the Arabian Gulf.
 - ▶ **The Northern corridor**- will connect the Arabian Gulf to Europe.
- ▲ **Member Nations:** Apart from India, the other participants will include **Saudi Arabia, UAE, France, Germany, Italy, USA and the European Union**.
- ▲ **Components of the project:**
 - ▶ The arrangement will include a **railway route** that, upon completion, will provide a **reliable and cost-effective cross-border ship-to-rail transit network** to supplement **existing maritime and road transport routes**.
 - ▶ This will enable **goods and services** to transit to, from, and between **India, the UAE, Saudi Arabia, Jordan, Israel, and Europe**.
 - ▶ Along the railway track, the members want to lay a **cable for clean hydrogen export**.

- ▲ **Bond sale program:** The government announced a lower-than-expected bond sales program for the next fiscal year, as the nation prepares for big foreign inflows on **global index inclusion**.

Government Bond Index-Emerging Markets index

- ▲ In 2023, **JPMorgan** announced that Indian government bonds will be included in its **Government Bond Index-Emerging Markets index** suite starting June 2024.
- ▲ The **JP Morgan GBI-EM** is a widely followed and influential benchmark index that tracks the performance of **local-currency-denominated Sovereign Bonds** issued by emerging market countries.

- ▲ **FDI Focus:** The government is set to push for bilateral treaties with foreign partners under the mantra of ‘First Develop India,’ promoting foreign direct investment.

HOW INDIA IS HANDLING THE GLOBAL SITUATION?

- ▲ The global situation is becoming more complex and challenging due to wars and conflicts in different parts of the world.
- ▲ Disruption of global supply chain (impacted trade): Russia-Ukraine conflict and the Israel-Hamas war.
- ▲ However, India has successfully navigated the global challenges in fuel and fertiliser price spike.
- ▲ India successfully navigated complex global affairs post-Covid, assuming the G20 summit leadership, being the “Vishwaguru” during challenging times.

SUCCESS STORIES

- ▲ The FM made some announcements that will go on to benefit the sector both directly and indirectly:

At glance

- ▲ The government has brought **250 million people out of poverty** in 10 years
- ▲ **Crop insurance scheme** benefits will reach 40 million farmers.
- ▲ **Inflation has moderated** and economic growth has picked up.
- ▲ Tax reforms have widened the tax base and **increased tax collections**
- ▲ **Average real income** of people increased by 50%.

- ▲ **Sabka Saath, Sabka Vikas:** A Decade of Poverty Alleviation Over the past decade, the government's commitment to "Sabka Saath" has resulted in 250 million people breaking free from multidimensional poverty, symbolizing inclusive development.
- ▲ **PM KISAN Yojana Success:** 118 million farmers have received financial assistance under the PM KISAN Yojana, marking a crucial step towards rural prosperity.
- ▲ **PM Awas Yojana (Gramin)** - Despite all the challenges, the implementation of this scheme continued, achieving the target of close to 3 crore houses and now aims for 2 crore more houses to be taken up in the next five years.
- ▲ **PM Mudra Yojana** has sanctioned 43 crore loans amounting to Rs. 22.5 lakh crore, fostering entrepreneurial aspirations. Additionally, Startup India and Startup Credit Guarantee Schemes are assisting the youth.
- ▲ **PM-SVANidhi** has provided credit assistance to 78 lakh street vendors.
- ▲ **Direct Transfer Impact:** Savings and Credit Assistance Direct transfers of ₹34 lakh crore through **PM Jan-Dhan** have led to significant government savings.
- ▲ **GST Success and Skill India Mission:** Over the last decade, the Indian economy has witnessed positive transformation, with moderate inflation and the successful implementation of GST. The Skill India Mission has trained and upskilled millions, establishing numerous educational institutions.
- ▲ **India's G20 Presidency Success:** Building Global Consensus India's successful G20 presidency showcased a forward-looking approach, building consensus on global solutions to challenges faced by the world.
- ▲ **Scaling new heights in sports:** The highest ever medal tally in **Asian Games and Asian Para Games in 2023** reflects a high confidence level. **Chess prodigy** and our **Number-One ranked player Praggnanandhaa** put up a stiff fight against the reigning **World Champion Magnus Carlsen** in 2023. Today, India has over 80 chess grandmasters compared to little over 20 in 2010

Important Schemes announced in Budget 2023

- ▲ **PM Vishwa Karma Kaushal Samman:** PM Vishwa Karma Kaushal Samman-package of assistance for traditional artisans and craftspeople has been conceptualised, will enable them to improve quality, scale & reach of their products, integrating with MSME value chain.
- ▲ **Free food scheme to continue till 2024:** From January 1, 2023, a scheme to supply free food grain to all **Antyodaya** and **priority households** for one year under **PM Garib Kalyan Ann Yojana** is underway.
- ▲ **Pradhan Mantri Awas Yojana:** The Budget 2023-24 allocated Rs 79,000 crore for the Pradhan Mantri AwasYojana (PMAY), giving a further boost to the government's programme to provide housing to the urban poor.
- ▲ **MISHTI scheme:** The government will take up mangrove plantations along the coastline under the new MISHTI scheme. The Mishti scheme is aimed at preserving mangroves.
- ▲ **Atmanirbhar Clean Plant Programme:** The Rs 2,200 crore programme to improve the availability of disease-free, quality planting material for high-value horticultural crops will raise their cultivation area from a low 15%.
- ▲ **Pradhan Mantri Kaushal VikasYojana 4.0:** The government will launch Pradhan Mantri Kaushal VikasYojana 4.0.
- ▲ **PM Azaz Yojana:** The outlay for PM Azaz Yojana is being increased by 66% to over Rs 79,000 crore.
- ▲ **Amrit Dharohar:** The scheme aims to encourage optimal use of wetlands, and enhance bio-diversity, carbon stock, eco-tourism opportunities and income generation for local communities.
- ▲ **National Apprenticeship Promotion Scheme:** To provide stipend support to 47 lakh youth in three years, Direct Benefit Transfer under a pan-India National Apprenticeship Promotion Scheme will be rolled out.
- ▲ **National Financial Information Registry:** It will be set up to serve as the **central repository of financial and ancillary information**. This will facilitate efficient flow of credit, promote financial inclusion, and foster financial stability.
- ▲ **Azadi Ka Amrit Mahotsav Mahila Samman Bachat Patra:** For commemorating Azadi Ka Amrit Mahotsav, a one-time new small savings scheme, Mahila Samman Savings Certificate, will be made available for a two-year period up to March 2025.
- ▲ **PM VIshwakarma KAushal Samman (PM VIKAS):** It is a package of assistance for traditional artisans and craftspeople. This will greatly benefit the Scheduled Castes, Scheduled Tribes, OBCs, women and people belonging to the weaker sections.

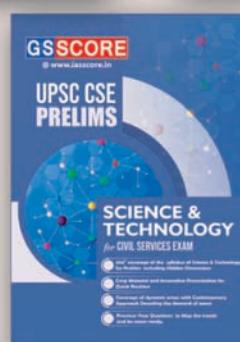
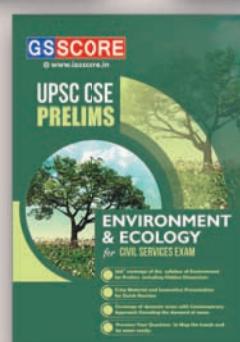
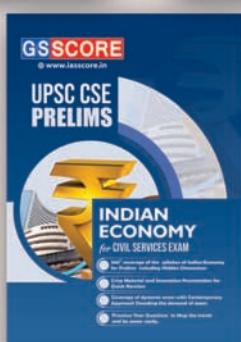
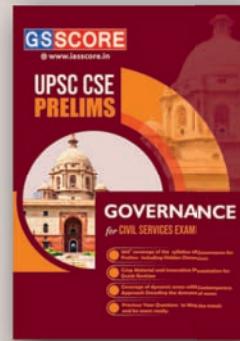
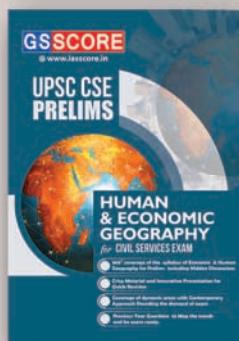
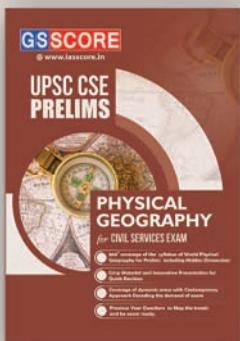
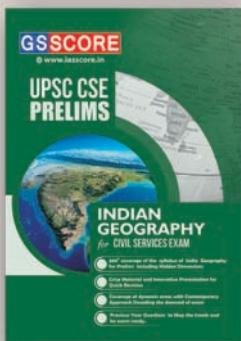
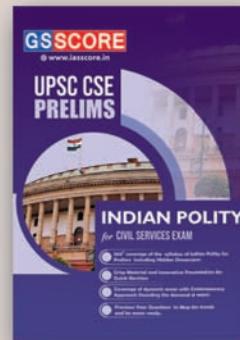
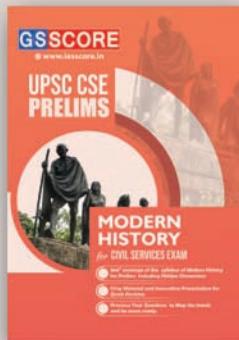
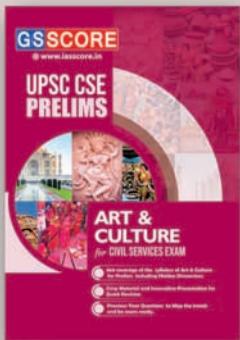
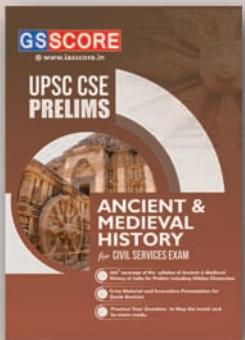
QUICK ANALYSIS

- ▲ **Tax:** The budget focused on **fiscal consolidation, infra, agri, green growth, and railways**. However, no changes were made in the tax rates, which was a disappointment to salaried individuals.
- ▲ **Industry status:** The industry has been requesting industry status for years, believing it would unlock benefits like easier access to credit, tax breaks, and infrastructure development. This wasn't explicitly addressed in the interim budget.
- ▲ **Tax benefits:** Tax incentives for homebuyers, such as increasing the deduction limit on home loan interest under Section 24, were expected. The interim budget remained silent on this as well.
- ▲ **Affordable housing:** Boosting allocations for schemes like PMAY (Urban) to improve affordability and encourage new projects in this segment was a key expectation. No major announcements appeared in the interim budget regarding this either.
- ▲ While the interim budget didn't directly address the real estate sector's key demands, the upcoming Union Budget might hold more concrete measures addressing industry concerns and potentially impacting market trends.

- ▲ The interim budget is seen as a stop-gap financial plan during an election year, aimed at meeting immediate financial needs before a new government is formed. The full-fledged union budget will only be released after the elections. The Budget has been touted as a roadmap to “vikshit Bharat”, or developed India, by 2047.

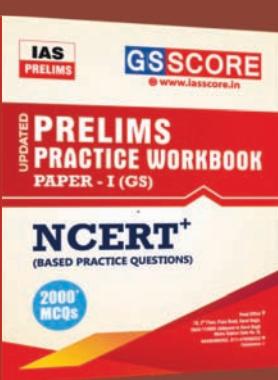
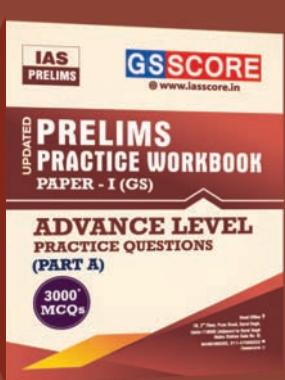
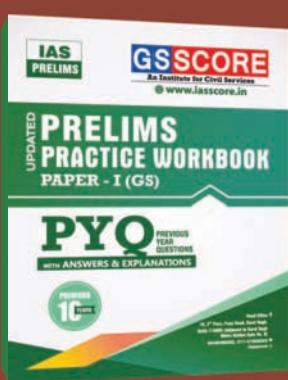
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PRACTICE MCQs

1. Consider the following statements about Inflation:

1. Headline Inflation measures the price rise in food, fuel and all other commodities.
 2. Core Inflation does not consider inflation in fuel and food.

Which of the above statements is/are correct?

- (a) 1 only (b) 2 only
 (c) Both 1 and 2 (d) Neither 1 nor 2

2. Consider the following statements regarding the measurement of the rate of inflation:

1. The rate of inflation is measured on the basis of the Wholesale Price Index (WPI) and Consumer Price Index (CPI).
 2. A price index is a measure of the average level of prices.
 3. Price index shows the exact price rise or fall of a single good.

Which of the above statements is/are correct?

- (a) 1 only (b) 1 and 2 only
(c) 2 and 3 only (d) 1 and 3 only

- ### **3. What do you understand by the Inflationary gap?**

- (a) It is a situation which arises when Aggregate demand in the economy falls short of Aggregate Supply at the full employment level.
 - (b) It is a situation when inflation rises at an extremely faster rate.
 - (c) It is a situation which arises when Aggregate demand in an economy exceeds the Aggregate supply at the full employment level.
 - (d) The mechanism through which the central banks control inflation depends on interest rate.

4. Which of the following situations contribute to cause the Inflation situation in an economy?

1. Demand-supply gap
 2. Excess circulation of money
 3. Increase in tax rates

Select the correct answer using the codes given below:

- (a) 1 only (b) 1 and 2 only
 (c) 2 and 3 only (d) 1 and 3 only

- 5. With reference to the Finance Commission, consider the following statements:**

1. The Constitution requires a Finance Commission (FC) to be set up every five years.

2. It is appointed by the President of India under Article 280 of the Constitution.

3. It recommends to the Prime Minister of India on the distribution of tax proceeds between the Union and the States.

Which of the statement(s) given above is/are correct?

- (a) 1 only (b) 1 and 2 only
 (c) 2 and 3 only (d) 1, 2 and 3

6. Which of the following statements is NOT correct regarding the Economic Survey of India?

- (a) It presents detailed statistical data on different sectors.
 - (b) Projected Gross Domestic Product (GDP) growth constitutes a part of the Economic Survey.
 - (c) The finance ministry's chief economic adviser is in charge of preparing this document.
 - (d) The document is binding on the Government of India and must be applicable to Budget.

- 7. Consider the statements regarding Capital Expenditure:**

1. It is the money spent by the government on the development of machinery, equipment, building, health facilities, education, etc.

2. It does not include the expenditure incurred on acquiring fixed assets.

Which of the statements given above is/are correct?

- (a) 1 only (b) 2 only
 (c) Both 1 and 2 (d) Neither 1 nor 2

8. Consider the following pairs:

1. Net fiscal deficit: Gross fiscal deficit less net lending of the Central government.
2. Primary deficit: Difference between the government's income-expenditure gap and its interest payment on previous borrowings
3. Effective revenue deficit: Difference between revenue deficit and grants for creation of capital assets.

Which of the above pairs is/are correctly matched?

- (a) 1 only (b) 2 only
 (c) 2 and 3 only (d) 1, 2 and 3

9. Consider the following:

1. Recovery of loans
2. State provident funds
3. Disinvestment proceeds
4. Treasury bills

Which of the above are the examples of non-debt capital receipts of the union government?

- (a) 1, 2 and 4 only (b) 2, 3 and 4 only
 (c) 1 and 3 only (d) 1, 3 and 4 only

10. Consider the following:

1. Fiscal Deficit
2. Gross Revenue Deficit
3. Receipts and Expenditures
4. Public Debt

How many of the above is/are broad aggregates of Budget?

- (a) Only one (b) Only two
 (c) Only three (d) All four

11. How many of the following illustrate the components of a Budget document?

1. Account of sources of receipts and their expenditure.

2. Details with respect to the resources transferred to the States and UTs.
3. Extracts of allocations for programme and schemes.
4. Sources of Deficit financing
5. Composition of variables allocated by the government

Select the correct option from the code given below:

- (a) Only two (b) Only three
 (c) Only four (d) All five

12. Which among the following reflects the 'Fiscal Deficit (FD)'?

- (a) It is the total of the non-debt receipts and the total expenditure excluding revenue receipts.
- (b) FD is reflective of the total borrowing requirement of Government.
- (c) It is the difference between Revenue Deficit and Grant-in-Aid for Creation of Capital Assets.
- (d) It is the primary deficit less interest payments.

13. Consider the following statements regarding expenditure estimations:

1. The total revenue expenditure during the FY 2023-24 is more than the actuals of FY 2022-23 by 2 crore approximately.
2. The Effective capital expenditure has also been estimated with an increase of 17 % more than the revenue expenditure for FY 2023-24.

Which of the statements given above is/are correct?

- (a) 1 only (b) 2 only
 (c) Both 1 and 2 (d) Neither 1 nor 2

14. Consider the following:

1. Grants and loans
2. Devolution of states
3. Funds under Centrally sponsored schemes
4. GST returns

How many of the above shows the union resources being transferred to states?

- (a) Only one (b) Only two
 (c) Only three (d) All four

15. Consider the following statements:

Statement I: The Revenue Expenditure for the year 2023-24 is reduced by Rs.7151 crore on account of net amount payable by the Centre to the States for prior years.

Statement II: Nominal GDP for Budgetary Estimates 2024-25 has been assumed to grow by 10.5% as compared to the prior year's estimates.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement-I and Statement-II are correct, and Statement-II is the correct explanation for Statement-I.
- (b) Both Statement-I and Statement-II are correct, and Statement-II is not the correct explanation for Statement-I.
- (c) Statement I is correct, but Statement II is incorrect.
- (d) Statement I is incorrect, but Statement II is correct.

16. Which among the following are sources of the government's income?

1. Corporation Tax
2. Borrowings and liabilities
3. Non-debt capital receipts
4. Non-tax receipts
5. Transfers
6. Subsidies

Select the correct option from the code given below:

- (a) 1, 2, 3, 4 and 6 only
- (b) 2, 3, 4, 5 and 6 only
- (c) 1, 2, 3, 4, and 5 only
- (d) 1, 2, 3 and 4 only

17. Consider the following:

1. Government securities (G-secs)
2. State provident funds
3. External debt
4. Long term borrowings

How many of the above is/are sources of Financing Fiscal Deficit?

- (a) All four
- (b) Only three
- (c) Only two
- (d) Only one

18. Consider the following statements:

Statement I: The Budget 2024-25 receipts estimation excludes recoveries of short-term loans and advances.

Statement II: The receipts are net of payment.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement-I and Statement-II are correct, and Statement-II is the correct explanation for Statement-I.
- (b) Both Statement-I and Statement-II are correct, and Statement-II is not the correct explanation for Statement-I.
- (c) Statement I is correct, but Statement II is incorrect.
- (d) Statement I is incorrect, but Statement II is correct.

19. With respect to trends in net receipts of the centre, consider the following statements:

1. The centre's net tax revenue is six times as that of Non tax revenue as per the budget estimates for FY 2024-25.
2. The share of non-debt capital receipts remains the highest amongst the net receipts sources.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

20. Consider the following statements:

1. As per the expenditure of the Union government, the share of centrally sponsored schemes is less than the central sector schemes.
2. The effective capital expenditure has been increased three times as compared to FY 2016-17.
3. Pension holds one of the highest shares of the government's expenditure calculations.

How many of the statements given above is/are incorrect?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

21. Arrange the following in increasing order of the government's expenditure on major items during FY 2024-25:

- (a) Defence < Energy < Health < Finance Rural Development
- (b) Rural Development < Energy < Finance < Health < Defence
- (c) Energy < Finance < Health < Rural Development < Defence
- (d) Finance < Energy < Health < Rural Development < Defence

22. As per the budget estimates for 2024-25, the subsidy expenditure by the Government of India, Consider the following:

Distribution of subsidy	Share
1. Fertilizer	1.6 %
2. Food	2.5 %
3. Petroleum	4.09%

How many of the above is/are correct?

- (a) Only one (b) Only two
- (c) All three (d) None

23. Under PM-KISAN SAMMAN Yojana, consider the following statements:

- 1. It provides direct benefit transfer to small and marginal farmers.
- 2. The scheme is facilitated from farmer-centric policies to provide income support including coverage of risks through price.

Which of the statements given above is/are correct?

- (a) 1 only (b) 2 only
- (c) Both 1 and 2 (d) Neither 1 nor 2

24. Consider the following statements:

Statement I: GIFT IFSC and the unified regulatory authority, IFSCA are creating a robust gateway for global capital and financial services for the economy.

Statement II: Digital Public Infrastructure is a new 'factor of production' in the 21st century and is instrumental in formalization of the economy.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement-I and Statement-II are correct, and Statement-II is the correct explanation for Statement-I.

(b) Both Statement-I and Statement-II are correct, and Statement-II is not the correct explanation for Statement-I.

(c) Statement I is correct, but Statement II is incorrect.

(d) Statement I is incorrect, but Statement II is correct

25. Regarding India's Global initiatives updated in recent times to expand the economy, consider the following statements:

- 1. The India-Middle East-Europe Economic Corridor was announced to reduce food, fertilizer, fuel, and finances for the world.
- 2. As per India, climate challenges are linked to very high public debt of the countries.
- 3. 'Viksit Bharat' aims of "Prosperous Bharat in harmony with nature, with modern infrastructure, and providing opportunities for all citizens".

How many of the above statements is/are correct?

- (a) Only one (b) Only two
- (c) All three (d) None

26. With respect to the Government's commitment to Rooftop solarization, consider the following:

- 1. Through rooftop solarization, one crore households will be enabled to obtain up to 300 units free electricity every month.
- 2. Solar energy will save the surplus electricity and sold it to distribution companies.
- 3. It also aims to provide youth employment through technical training.
- 4. The electric vehicles infrastructure was also included under the solarisation programme.

How many of the statements given above is/are correct?

- (a) Only one (b) Only two
- (c) Only three (d) All four

27. Consider the following:

Initiatives	Aim for
1. U-WIN portal	Manage Immunisation of children
2. Saksham Anganwadi	Early childhood care

3. POSHAN 2.0 Improved nutrition delivery

How many of the above pair(s) is/are incorrect?

- (a) Only one (b) Only two
 (c) All three (d) None

28. Consider the following statements with respect to dairy development in India:

Statement I: India is the world's largest milk producer but with low productivity of milch animals.

Statement II: Infrastructure Development Funds for dairy processing and animal husbandry aim to control foot and mouth disease in animals.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement-I and Statement-II are correct, and Statement-II is the correct explanation for Statement-I.
 (b) Both Statement-I and Statement-II are correct, and Statement-II is not the correct explanation for Statement-I.
 (c) Statement I is correct, but Statement II is incorrect.
 (d) Statement I is incorrect, but Statement II is correct

29. Consider the following statements:

1. Bio-foundry schemes will provide environment friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs.
2. This scheme will also help to shift towards consumptive manufacturing paradigm.

Which of the statements given above is/are correct?

- (a) 1 only (b) 2 only
 (c) Both 1 and 2 (d) Neither 1 nor 2

30. Consider the following:

Statement I: Under the new tax scheme, the Government has reduced and rationalized tax rates.

Statement II: There is now no tax liability for taxpayers with income up to Rs. 10 lakhs.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement-I and Statement-II are correct, and Statement-II is the correct explanation for Statement-I.
 (b) Both Statement-I and Statement-II are correct, and Statement-II is not the correct explanation for Statement-I.
 (c) Statement I is correct, but Statement II is incorrect.
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ANSWERS

1. (c)	2. (b)	3. (c)	4. (b)	5. (b)	6. (d)	7. (a)	8. (d)	9. (c)	10. (b)
11. (d)	12. (b)	13. (c)	14. (d)	15. (b)	16. (d)	17. (b)	18. (a)	19. (a)	20. (d)
21. (c)	22. (b)	23. (c)	24. (a)	25. (a)	26. (d)	27. (d)	28. (b)	29. (a)	30. (c)

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CONCEPT MAPPING WORKBOOK PRELIMS PRACTICE MCQs

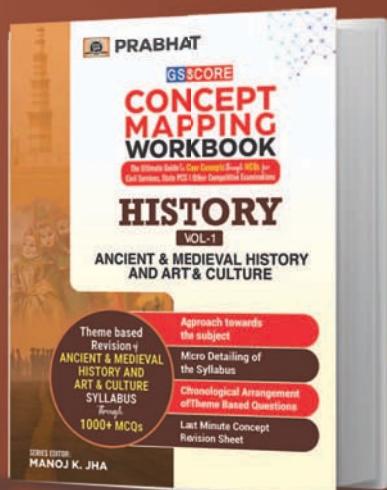
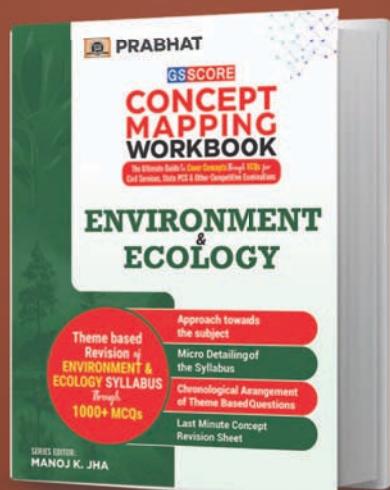
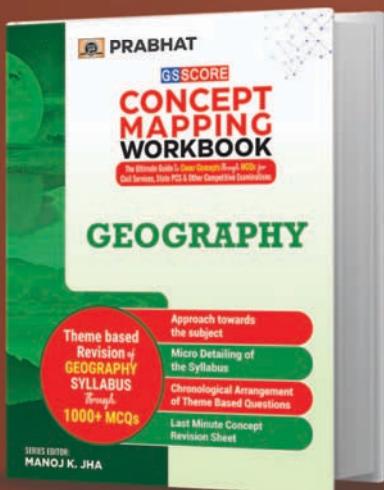
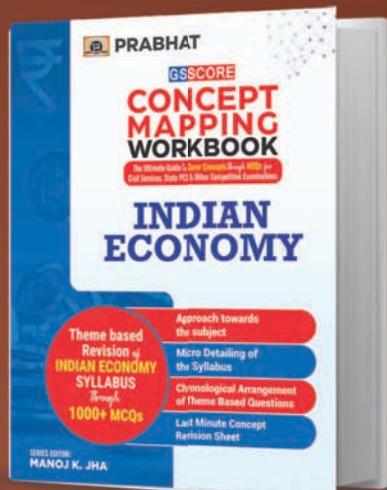
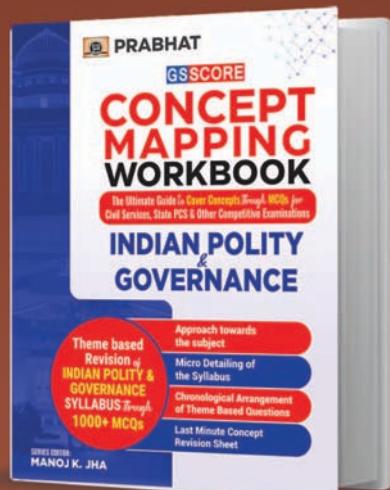
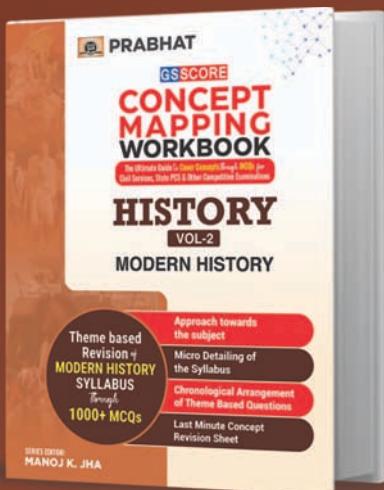
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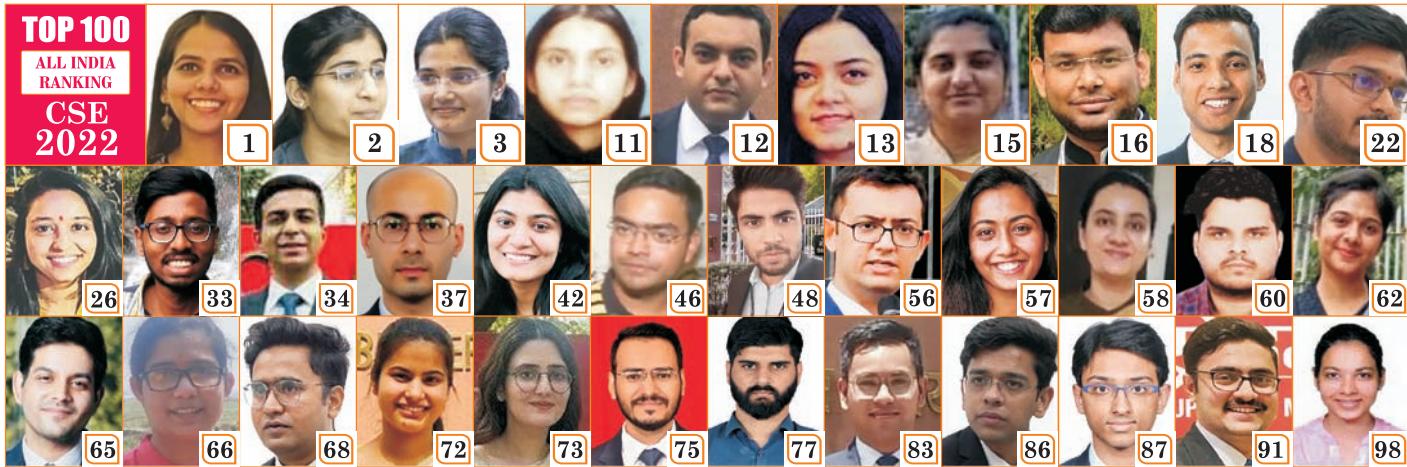


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MAINS PRACTICE QUESTIONS

1. Simplification of Tax regimes is vital to promote not only “Ease of Doing Business”, but also “Ease of Living”. Elucidate.
2. A challenge and incentive approach to various sectors can usher in much-needed competitive spirits for accelerated growth and development. Analyze.
3. Taking into consideration the direct tax provisions in the Union Budget, evaluate to what extend the Central Government has met with the larger goal of Tax rationalization and simplification of tax code.
4. Examine the importance of primary agricultural credit co-operatives and analyse the extent to which budgetary provisions to them would boost the agricultural sector.
5. Explain how start-up ecosystem in India will be boosted through the provisions of Union Budget converging priority sectors for inclusive and equitable economic growth?
6. Evaluate the progress and achievements of the Pradhan Mantri Awas Yojana-Grameen in providing housing in rural areas. What challenges and opportunities does the scheme present for sustainable rural development?
7. Assess the significance of the FDI inflow during 2014-23, reaching \$596 billion, and its impact on India's economic landscape.
8. Explain the concept of 'net zero' by 2070 and the significance of India's commitment.
9. Evaluate the role of viability gap funding in harnessing offshore wind energy and its contribution to India's renewable energy goals.
10. Explore the potential socio-economic and environmental benefits resulting from the successful implementation of the Pradhan Mantri Matsya Sampada Yojana.



SUCCESS IS A PRACTICE WE DO!

