Summary in Simple Terms:

Finance Minister Nirmala Sitharaman announced in the budget that individuals earning up to 12 lakhs annually will now benefit from higher income tax exemptions. Previously, the tax exemption limit was 7 lakhs. This change has sparked widespread discussions across the country.

Salient Points:

1. **Increased Tax Exemption:**
    - The tax exemption limit has been raised from 7 lakhs to 12 lakhs per year.
    - Those earning up to 1 lakh per month (12 lakhs per year) no longer need to pay income tax.
    - This change can help individuals save up to 80,000 annually.
2. **Impact on Taxpayers:**
    - India has a population of 145 crore, but only 3 crore people currently pay income tax.
    - Due to this announcement, around 1 crore taxpayers will no longer need to pay taxes.
3. **Government Revenue Loss:**
    - The government is expected to lose around 1 lakh crore in tax revenue.
    - However, the government sees this as giving back money to middle-class families.
4. **Economic Boost:**
    - The saved money is expected to be spent on consumer goods such as vehicles, home appliances, and personal gadgets.
    - Increased spending can boost production, sales, and employment.
5. **Service Sector Growth:**
    - If people spend money on travel, dining, or hotel stays, the service sector will grow, indirectly creating more jobs.
6. **Impact on Employment:**
    - In a country struggling with unemployment, this decision could support job growth.
7. **Reduced Savings Culture:**
    - Earlier, people saved money by investing in insurance, buying homes with loans, or other tax-saving methods.
    - With fewer tax-saving benefits under the new tax regime, the younger generation is saving less, which might affect their future financial security.
8. **Encouragement to Continue Saving:**
    - Just as the tax exemption limit was raised, additional measures are needed to encourage savings for financial security and economic stability.