

BUDGET

2024-25 | INTERIM

SIMPLIFIED SERIES

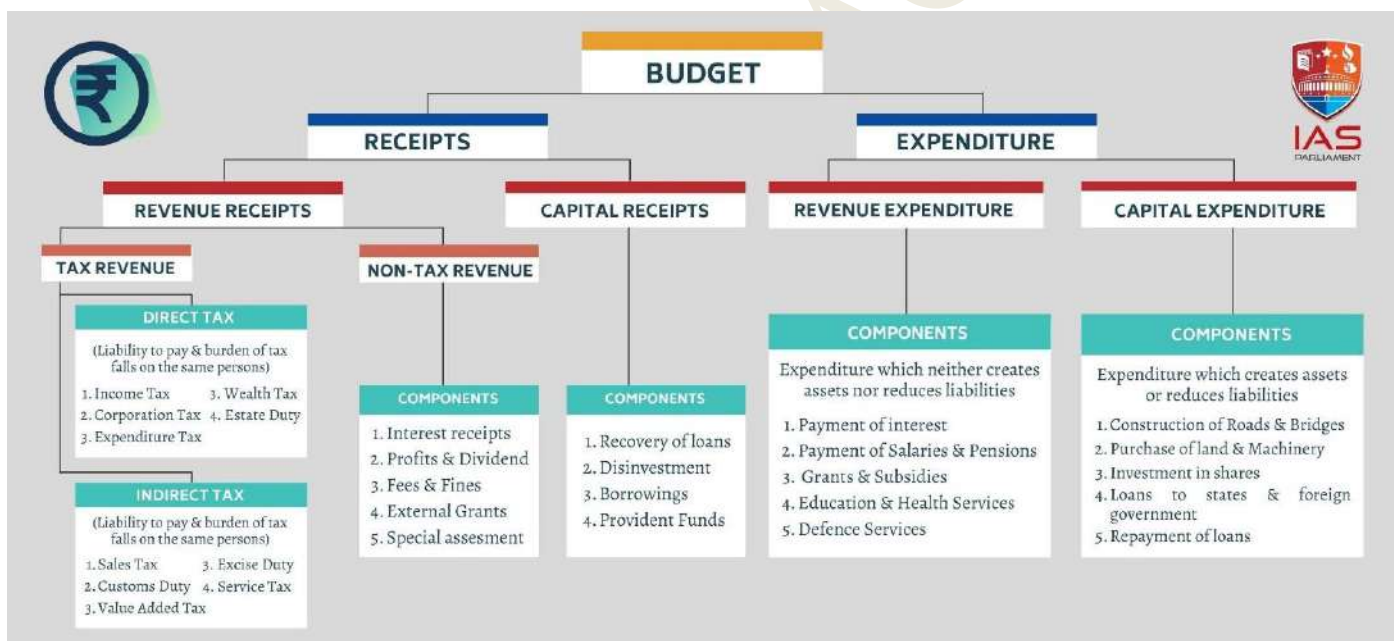


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INTERIM BUDGET 2024-25

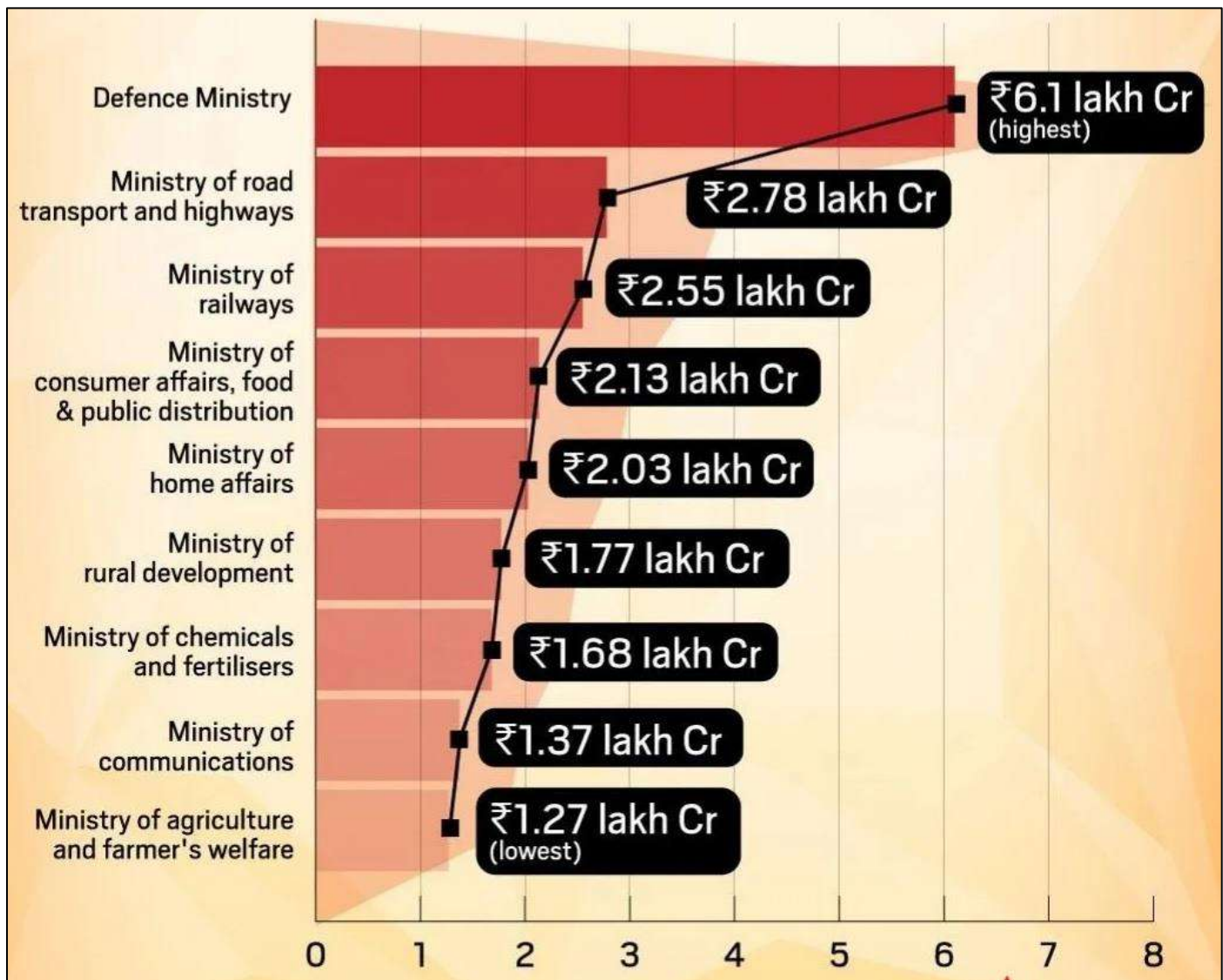
- **Budget (Annual financial statement)** - A budget is an estimation of revenue and expenses over a specified future period of time.
- In the Constitution of India, the budget is referred in Article 112 as the Annual Financial Statement (AFS).
- **Article 112** - The President shall in respect of every financial year cause to be laid before both the Houses of Parliament a statement of the estimated receipts and expenditure of the Government of India
- The Union Minister of Finance Smt. Nirmala Sitharaman presented the Interim Budget 2024-25 in the new Parliament house.



- **Interim budget** - It is a short-term financial statement that allows for the smooth functioning of the government until a new administration can present a full budget for the entire fiscal year.
- It is presented by the outgoing government ahead of the Lok Sabha polls.
- There is **no constitutional provision** for an interim budget.
- The interim Budget includes estimates for government expenditure, revenue, fiscal deficit, and financial performance, but **cannot include major policy announcements**.

- **Vote on Account** - It allows the Lower House to make any grant in advance for the estimated expenditure for part of any financial year by voting and passing such a legislation (*Article 116*).
- It is valid only for 2 months and can be extended up to 4 months.

	Annual budget	Interim budget
Timing	Presented on <i>February 1st of each year</i> , outlines the government's financial roadmap for the entire fiscal year (April 1 to March 31).	Presented in an election year, <i>typically around February</i> , to keep essential government operations funded until the newly elected government presents its full budget.
Scope	Covers <i>all aspects of government finances</i> , including revenue generation, expenditure allocations and policy announcements	Focusses primarily on maintaining <i>essential spending</i> on ongoing schemes and critical public services until the new government takes charge.
Policy Announcements	Major policy pronouncements are made in the annual budget.	Due to its transitory nature, an interim budget avoids major policy pronouncements or significant changes to tax structures.
Parliamentary scrutiny	Faces <i>rigorous debate</i> and analysis	Receives less scrutiny due to its <i>limited scope</i> and temporary nature.
Validity	1 year	Usually 2–4 months, but remains valid until the new government presents its full budget.



Related Terms

Fiscal deficit	<ul style="list-style-type: none"> It is defined as excess of total budget expenditure over total budget receipts excluding borrowings during a fiscal year. <ul style="list-style-type: none"> $\text{Fiscal deficit} = \text{Total expenditure} - \text{Total receipts excluding borrowings}$
Primary Deficit	<ul style="list-style-type: none"> It is defined as fiscal deficit of current year minus interest payments on previous borrowings. <ul style="list-style-type: none"> $\text{Primary deficit} = \text{Fiscal deficit} - \text{Interest payments}$
Revenue deficit	<ul style="list-style-type: none"> It is excess of total revenue expenditure of the government over its total revenue receipts.

	<ul style="list-style-type: none"> ○ $\text{Revenue deficit} = \text{Total revenue expenditure} - \text{Total revenue receipts}$
Current Account Deficit	<ul style="list-style-type: none"> • It is the shortfall between the money received by selling products to other countries and the money spent to buy goods and services from other nations.
Fiscal Consolidation	<ul style="list-style-type: none"> • The term refers to the things a Government does to maintain good fiscal health which includes reducing debt and wasteful expenditure and improve revenue opportunities.

PART - A

- **Goal** - To make India a '**Viksit Bharat**' by 2047 (Prosperous Bharat in harmony with nature, with modern infrastructure, and providing opportunities for all citizens and all regions to reach their potential)
- **Trinity** - The trinity of **demography, democracy and diversity** backed by 'Sabka Prayas' has the potential to fulfill aspirations of every Indian.
- **Kartavya Kaal** - Moving forward towards the goal of 100 years of independence, 'Amrit Kaal' has been named as '**Kartavya Kaal**'.
- **Focus Areas**
 - **Garib** (Poor)
 - **Mahilayen** (Women)
 - **Yuva** (Youth) and
 - **Annadata** (Farmer)



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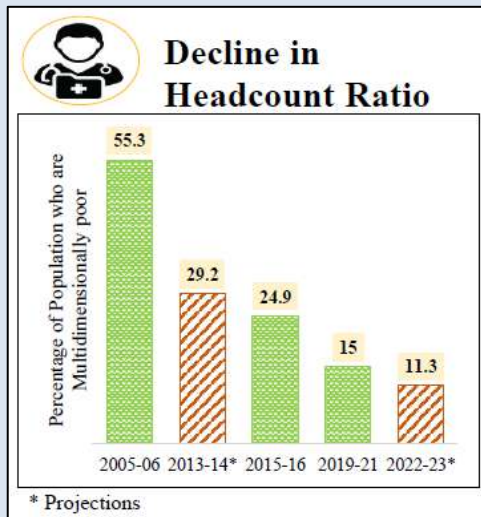
GET FIT FOR PRELIMS

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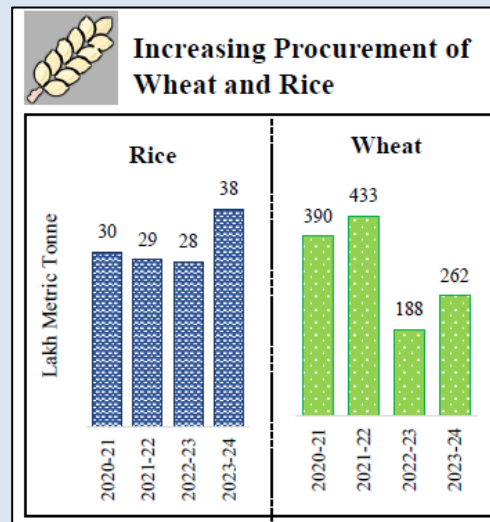
Schemes for Poverty alleviation

- PM-Jan Dhan Yojana
- [PM-SVANidhi](#)
- [PM-JANMAN Yojana](#)
- [PM-Vishwakarma Yojana](#)



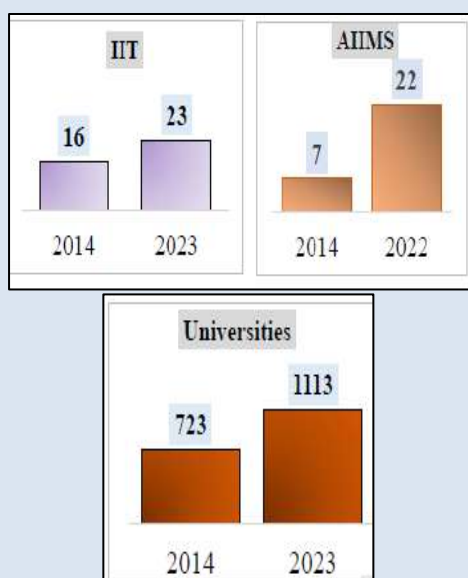
Schemes for Farmers

- PM-KISAN SAMMAN Yojana
- [PM Fasal Bima Yojana](#), [e- NAM](#)
- PM Kisan Sampada Yojana
- PMFME Scheme



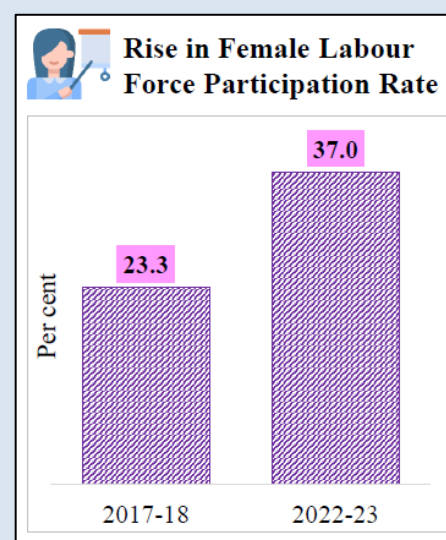
Schemes for Youth

- [The National Education Policy, 2020](#)
- [PM ScHools for Rising India \(PM SHRI\)](#)
- Skill India Mission
- [PM Mudra Yojana](#)



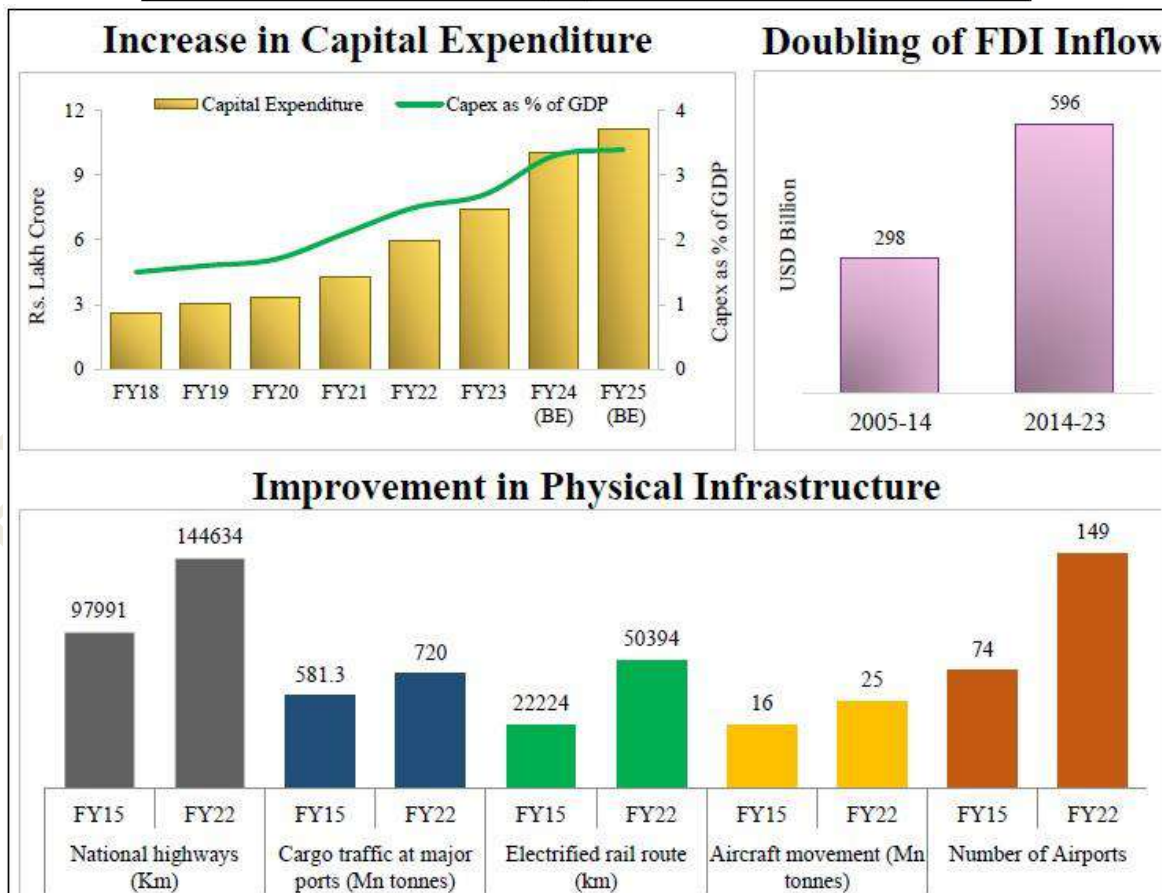
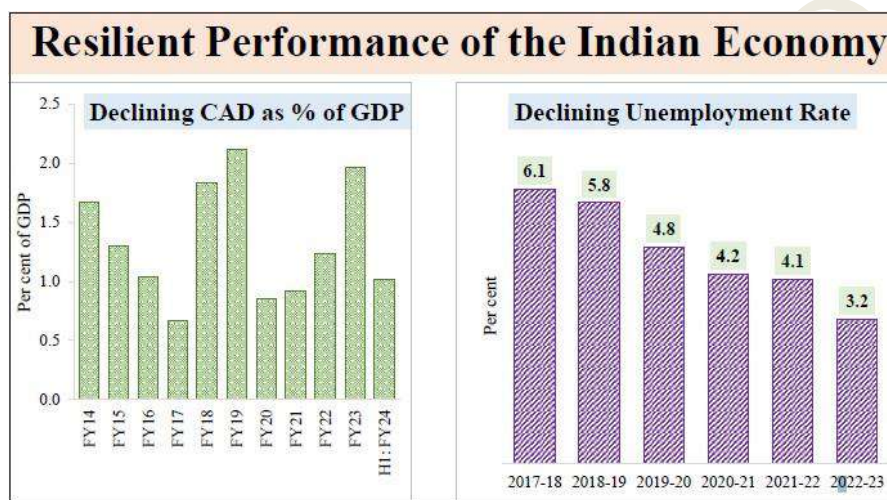
Schemes for Women












- Reservation of [1/3rd seats for women](#) in Lok Sabha and State legislative assemblies
- Giving over 70% houses under PM Awas Yojana in rural areas to women as sole or joint owners
- [Lakhpati Didi](#)



MAJOR ACHIEVEMENTS

- **Promotion of Digital Public Infrastructure** – Formalised the economy
- **Goods and Services Tax** - Enabled One Nation, One Market, One Tax
- **GIFT IFSC and the unified regulatory authority, IFSCA** - Created a robust gateway for global capital and financial services
- **MPI** - In 10 years, Government assisted 25 crore people out of multi-dimensional poverty.
- **Rooftop solarisation** - Through rooftop solarization, 1 crore households will be enabled to obtain up to 300 units free electricity every month.



STATUS OF IMPORTANT SCHEMES				
Scheme	Budget spend 	Target 	Achievement 	Remark 
 Ayushman Bharat (PMJAY) (Launch : 2018)	₹31,998.55 crore	Free health insurance for low income earners	30.3 crore Ayushman Bharat cards created and 6.2 crore hospital admissions done	Health insurance is increasingly available to poorer families
 Swacchh Bharat (Launch: 2014)	₹1,00,152.81 crore	Eliminate open defecation	85% of villages are open defecation free	Effective in constructing toilets in most of rural India but habits can take time to change though
 PM Mudra Yojana (Launch: 2015)	Disbursed by lending agencies including banks & NBFCs	Loan up to ₹10 lakh to small/micro enterprises	Loans worth ₹23.38-lakh crore disbursed until FY23	The scheme has exceeded its target in many years
 AMRUT (Launch year: 2015)	₹58,503.87 crore	Development of basic infrastructure in selected cities and towns by FY26	80% projects completed	Has made a difference to urban transportation in many cities and towns
 PM Ujjwala Yojana (Launch: 2016)	₹58,706.37 crore	Clean cooking fuel to poor households	At least one cylinder provided to 10.1 crore households	Has helped the shift towards cleaner cooking fuel, though buying refills is a problem for many
 PM Kisan (Launch: 2019)	₹3,42,506.82 crore	Give farmers up to ₹6,000 per year as minimum income support	₹2.8-lakh crore paid to 11.8 crore farmers	Provides money to farmers for basic needs
 PM Fasal Bima Yojana (Launch: 2016)	₹91,932.22 crore	Insure farmers against loss from crop damage	₹1.5-lakh crore paid as claims to 4 crore farmers	Many farmers are benefitting but issues remain in implementation

IMPORTANT ANNOUNCEMENTS

Housing

- **New housing scheme** - The government will launch a new 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.
- **PMAY** - Extra 2 crore houses under ***Pradhan Mantri Awas Yojna-Gramin*** will be made in 5 yrs.

Healthcare

- **Cervical Vaccine** - 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.
- **Ayushman Bharat** - Healthcare cover under Ayushman Bharat scheme will be extended to all ASHA workers, Anganwadi Workers and Helpers.

Agriculture/allied sectors

- **Nano DAP** - After the successful adoption of Nano Urea, application of Nano DAP will be expanded in all agro-climatic zones.
- **Atmanirbhar Oil Seeds Abhiyan** – It will be formulated to achieve self-reliance for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.
- **Aqua Parks** - 5 new integrated aqua parks will be setup.
- **Pradhan Mantri Matsya Sampada Yojana (PMMSY)** - 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.
- **Dairy Scheme** - 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.
- **Blue Economy** - 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.

Women

- **Lakhpati Didi** - The target for Lakhpati Didi which was initially set at 2 crore women has been enhanced to 3 crore women.

Research and Innovation

- **Sunrise domain** - 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.
- **Deep Tech Scheme** - A new scheme will be launched for strengthening deep-tech technologies for defence sector.

Infrastructure Development

- **Capital expenditure** - The capital expenditure outlay for next year is increased by 11.1 % to 11,11,111 crore which is 3.4 % of the GDP.
- **Railway Corridors** - 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
- **Vande Bharat** - 40,000 normal rail bogies will be converted to the Vande Bharat standards to enhance safety, convenience and comfort of passengers.
- **Metro & NaMo Bharat** - Expansion of Metro Rail and NaMo Bharat will be supported in large cities focusing on transit-oriented development.
- **PLI Scheme** - India plans to broaden its Production Linked Incentive (PLI) scheme to include toys, leather and footwear, aiming to boost domestic manufacturing and exports.

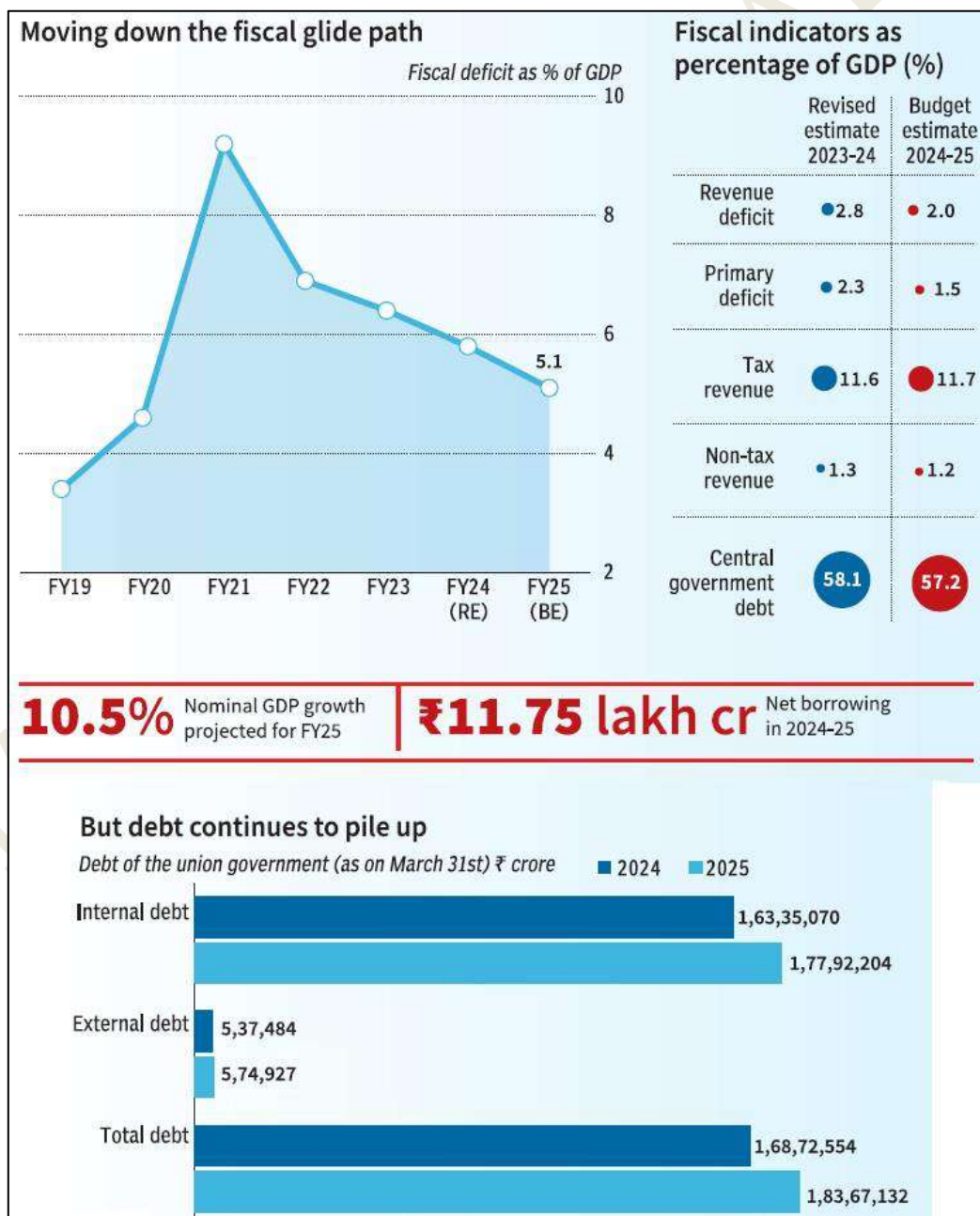
Energy

- **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.

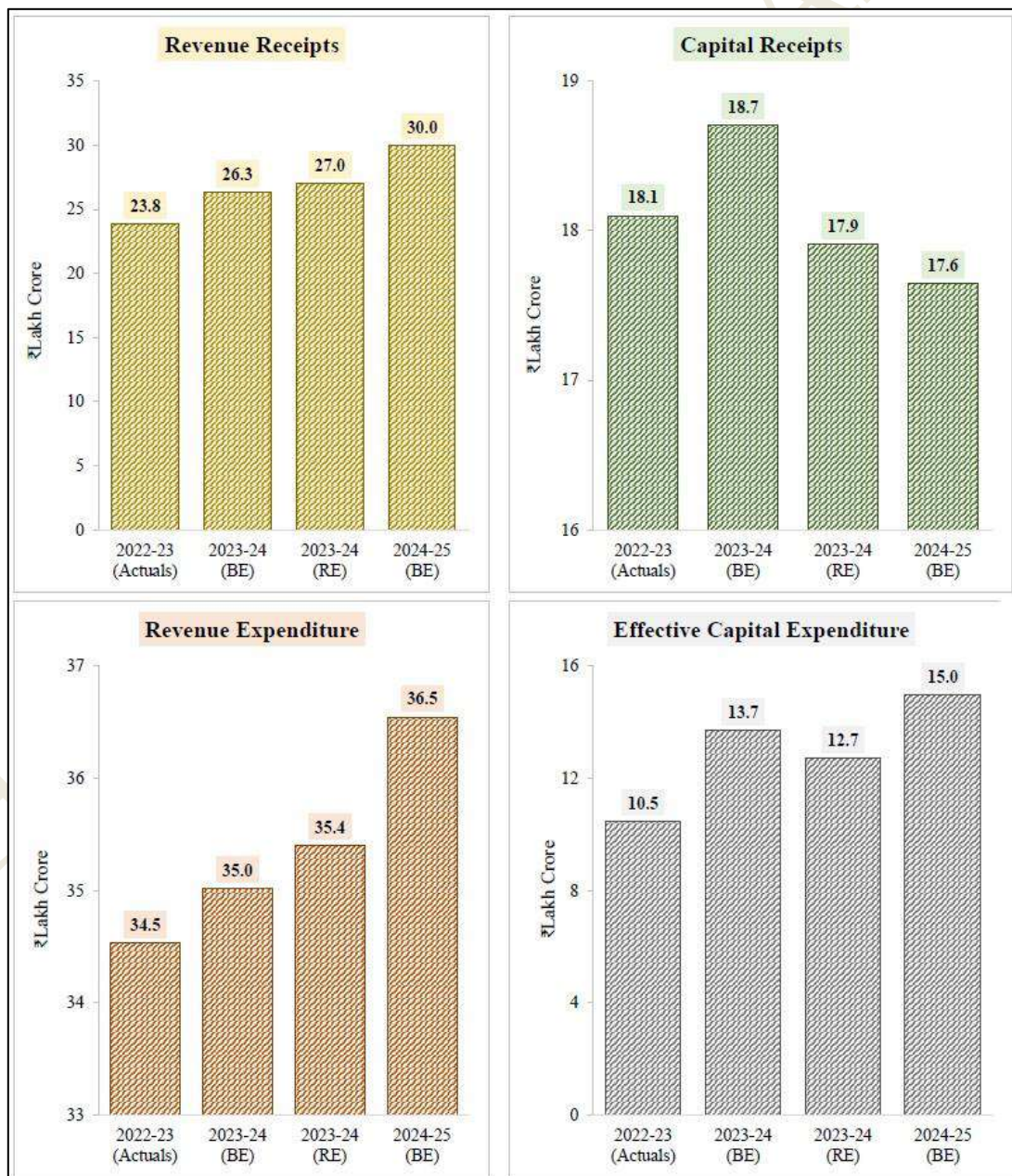
- **Bio-manufacturing** - A new ***scheme of bio-manufacturing and bio-foundry*** will be launched to provide environment friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs.

Tourism

- **Interest Free loans** - 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.
- **Rating Framework** - A framework for rating of the centres based on quality of facilities and services will be established.
- **State reforms** - A provision of 75,000 crore rupees as 50-year interest free loan is proposed to support the milestone-linked reforms by the State Governments.



Revised Estimates 2023-24		Budget Estimates 2024-25	
Total receipts other than borrowings	27.56 lakh crore	Total receipts other than borrowings	30.80 lakh crore
Tax receipts	23.24 lakh crore	Tax receipts	26.02 lakh crore
Total expenditure	44.90 lakh crore	Total expenditure	47.66 lakh crore
Revenue receipts	30.03 lakh crore	Revenue receipts	30 lakh crore
Fiscal deficit	5.8% of GDP	Estimated fiscal deficit	5.1% of GDP (Aims to reduce fiscal deficit below 4.5 % by 2025-26)



PART - B

Tax proposals

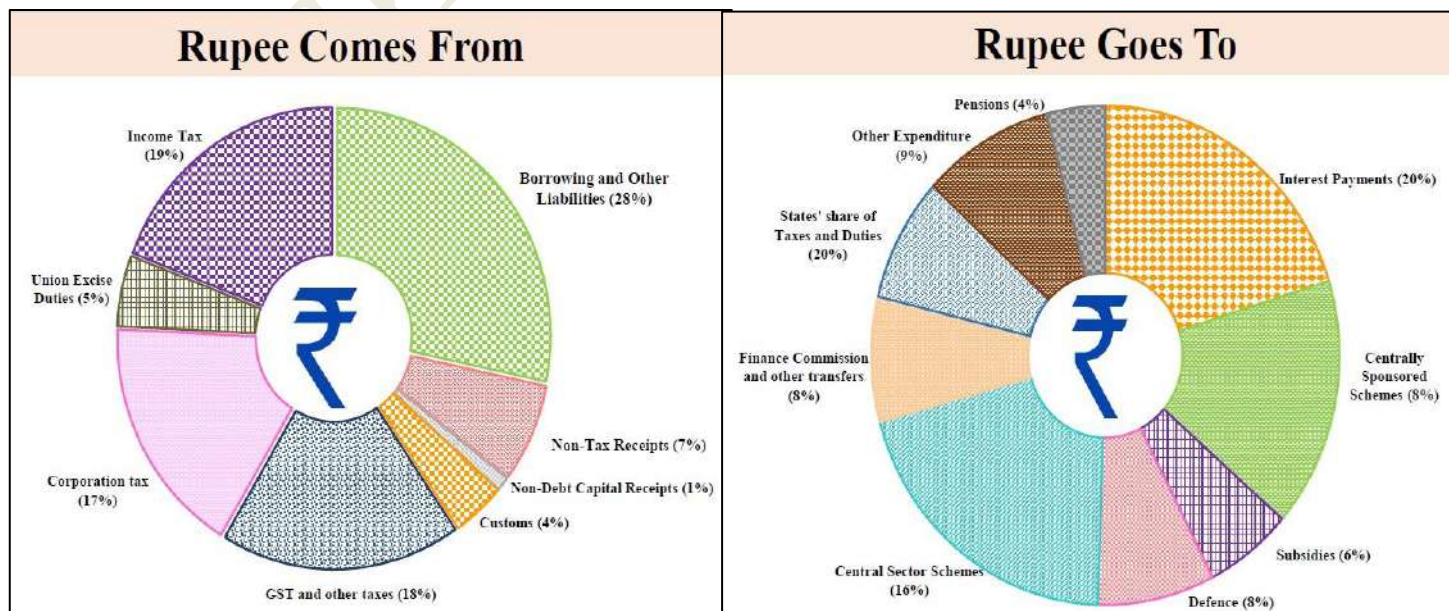
- In keeping with the convention, **no changes were made** relating to taxation and same tax rates for direct and indirect taxes including import duties were retained.

Direct taxes

- Achievements** - Over the last 10 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.
- Corporate tax rate** - It 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.
- Direct Tax Demands** - 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.



BUDGET ANALYSIS

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.
- **Population growth** - A high powered committee for extensive consideration of challenges arising from population growth will help in numerous ways.

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.

- **Income disparity** - The interim budget also did not focus on the Income disparity prevalent between the rich and poor.
- **Achievements** - The achievements announced in the budget such as the increase in average real income by 50%, more than 250 million people have been lifted from poverty, and India's projection as world's fifth-largest economy was contested by the opposition.
- **Private Consumption slow growth** - Private consumption, which is 60% of the economy, will grow at 4.4% in 202-24 (6% in last decade).
- Barring the pandemic year, this is the slowest, since 2002-2003 and it shows that many of our society are unable to achieve their financial well-being.
- **Disinvestment** - Out of 30,000 crore earmarked for this year's disinvestment target, only Rs. 12,500 crore was recovered and the next year target is earmarked as Rs. 50,000 crore.
