



UNION BUDGET

2024 - 25

HIGHLIGHTS



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SETTING THE CONTEXT

ECONOMIC SURVEY 2023 – 24

India's economy expanded by 20% in real GDP from FY20 to FY24, one of the few major economies to achieve this. Growth was inclusive, reducing unemployment and multidimensional poverty while increasing labour force participation. FY24 saw real GDP growth of 8.2%, driven by stable consumption and improving investment demand. Gross Value Added (GVA) grew by 7.2%, with agriculture, industry, and services sectors contributing 17.7%, 27.6%, and 54.7% respectively to overall GVA. Agriculture growth slowed due to erratic weather, while manufacturing GVA rebounded with 9.9% growth due to reduced input prices and stable domestic demand. Construction grew by 9.9% due to infrastructure development and strong real estate demand.

India's economic response to the pandemic comprised three key components. Firstly, public spending on infrastructure sustained the economy by creating job demand and stimulating industrial output, leading to a delayed but strong private investment response. This was supported by robust balance sheets in the private sector, aided by a decade of government and RBI initiatives. Secondly, the digitalisation of service delivery emerged as a natural response to adversity, with public policy fostering this irreversible transformation. Thirdly, the Atmanirbhar Bharat Abhiyan provided targeted relief and structural reforms, facilitating recovery and boosting medium-term growth potential. Despite global challenges, supply chain disruptions, and erratic monsoons, inflation was managed through administrative and monetary policies. Fiscal balance improved due to tax compliance, procedural reforms, expenditure restraint, and digitisation, despite expansionary public investment. Although global demand for goods was subdued, strong services exports balanced the external sector.

Services sector growth was reflected in high-frequency indicators like GST collections and e-way bills, with financial and professional services driving post-pandemic growth. Private final consumption expenditure (PFCE) grew by 4.0%, supported by strong urban demand and recovering rural consumption. Gross Fixed Capital Formation (GFCF) rose with private investment, driven by government capital expenditure. Private non-financial corporations' investment grew by 19.8%, and housing sales hit a decade high, indicating strong urban household investment. Banking and financial sectors, with clean balance sheets, supported growing investment demand, with double-digit credit growth for MSMEs and housing loans. Corporate bond issuances also rose, indicating diversified funding sources.

Global trade growth slowed in 2023, leading to a slight decline in merchandise exports. However, reduced merchandise imports and a larger services trade surplus minimised the impact on GDP. The decline in exports was offset by robust domestic fixed investment, continuing the trend of domestic stimuli replacing external demand. Overall, India's economic growth remained broad-based and inclusive, positioning it for continued robust growth in FY25 and beyond, barring any significant geopolitical disturbances.

KEY HIGHLIGHTS OF THE ECONOMIC SURVEY 2023-24

- India's real GDP grew by 8.2% in FY24, maintaining momentum despite external challenges.
- Gross Fixed Capital Formation increased by 9% in real terms in FY 2023-24. This is due to the Government's investment in Capital Expenditure and a steady pace of Private Investment.
- Subdued global demand for goods has pressured the external balance, but strong services exports largely counterbalanced this. As a result, CAD stood at 0.7 % of the GDP during FY 2023-24, an improvement from the deficit of 2.0% of GDP in FY 2022-23.
- Reduced retail inflation (5.4% in FY24) and improved Current Account Deficit to 0.7% of GDP through effective macro stability and policy management.
- Credit disbursal by Scheduled Commercial Banks grew by 20.2%, with improved bank asset quality and reduced non-performing assets.
- India's rank in the World Bank's Logistics Performance Index improved to 38th, and it became the top remittance recipient globally with USD 120 billion.
- India's per capita income has grown more than 7 times since 1990. Economic Survey has projected India's Per Capita Income to reach ₹14.9 Lakh by 2047.
- Renewable energy capacity increased to 45.4%, and GDP emission intensity reduced by 33% from 2005 levels, achieving significant savings and emissions reductions.
- Welfare expenditure grew at a CAGR of 12.8%, with initiatives like Ayushman Bharat covering over 7.37 crore hospital admissions.
- Unemployment rates declined, with significant improvements in urban and youth employment, and robust job creation indicated by doubling EPFO membership and payroll additions.
- Public sector investment boosted infrastructure projects, significantly increasing NH construction and railway capital expenditure, with strong growth in the manufacturing and services sectors.

PART I: OVERVIEW

Finance Minister Nirmala Sitharaman presented the first Budget of the Narendra Modi-led government's third term in office. Despite a stronger-than-expected performance, the global economy faces significant policy uncertainties, including high asset prices, political instability, and shipping disruptions, which pose risks to growth and could drive up inflation. In contrast, India's economy remains robust, with low and stable inflation nearing the 4% target, and core inflation at 3.1%. The 2024-25 Budget aligns with the 'Viksit Bharat' vision, emphasizing innovation, research, and development; enhancing educational and employment opportunities; improving credit access for MSMEs and farmers; and investing in infrastructure and energy transition.

The government's commitment to comprehensive and inclusive development, particularly targeting farmers, youth, women, and the poor, is a clear continuation of the interim budget's focus. It emphasizes a saturation approach to social justice, aiming to cover all eligible individuals through various educational and health programs to enhance their capabilities. This approach signifies a deliberate effort to build on previous initiatives, ensuring that programs like PM Awas Yojana, PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Start-Up India, etc., are implemented more robustly. By maintaining a focus on employment and economic empowerment, the budget reflects a strategic continuity from earlier fiscal policies, reinforcing the government's dedication to fostering economic opportunities and social inclusion across diverse demographic groups.

Snapshot of Interim Budget 2024-25

The Interim Union Budget for FY 2024-25 marked the last budget of the BJP's second term, with Finance Minister Nirmala Sitharaman outlining the Centre's key fiscal and developmental priorities ahead of the General Election in May. It specifically emphasized four major areas: 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth), and 'Annadata' (Farmers). The allocations indicated the government's focus on infrastructure development, agricultural growth, green energy initiatives, and railways. The government had doubled down on allocations for social welfare schemes like the 'Lakshpati Didi' Scheme, electricity subsidies, and healthcare coverage under Ayushman Bharat for Anganwadi workers. The government allocates its largest outlay to enhance semiconductor R&D and production, offering incentives for manufacturing, investing in infrastructure and skills and stimulating international partnerships while streamlining regulations.

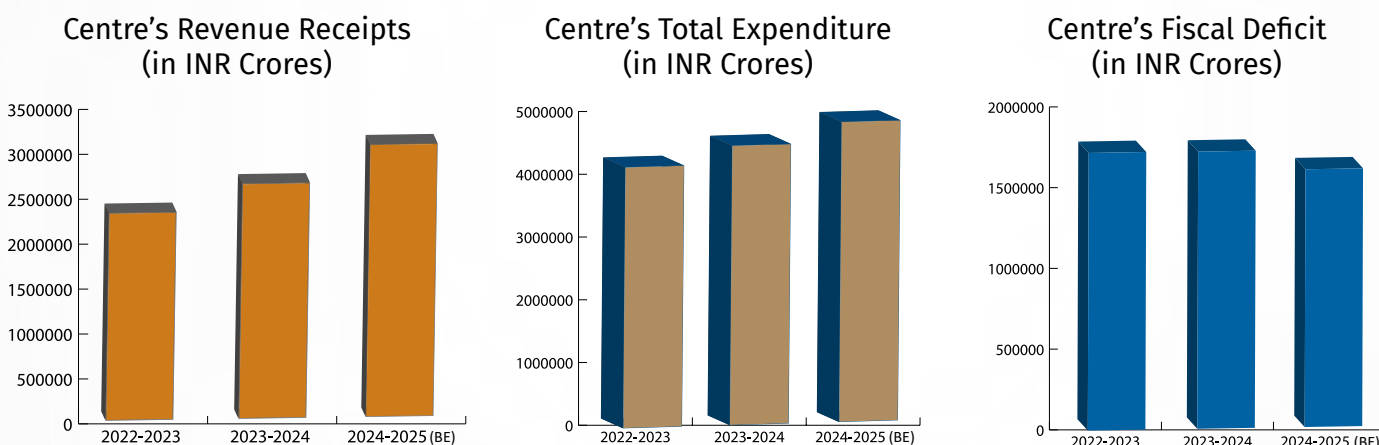
Key aspects from the Interim budget

- **Healthcare-** In the interim budget, there was an increase in allocation for Ayushman Bharat-PMJAY from ₹7,200 crore in 2023-24 to ₹7,500 crore in 2024-25. The government also encouraged cervical cancer vaccination for young girls.

- **Agriculture-** Under the interim budget, the government stressed on devising a strategy for achieving 'Atmanirbharta' in oil seeds. This element was also highlighted in the new budget. It was announced that new schemes and initiatives to promote investments in post-harvest activities will be launched.
- **Technology-** An increase in budget allocation for PLI scheme was made from ₹4,645 crores to ₹6,200 crores. Additionally there was an establishment of ₹1 Lakh crore corpus with a 50-year interest-free loan provision for encouraging the private sector to scale up research and innovation in sunrise sectors.
- **Logistics-** Three major economic railway corridor programs were launched under the interim budget: (a) energy, mineral, and cement corridors; (b) port connectivity corridors; and (c) high traffic density corridors. There was an announcement of expansion of existing airports and development of new airports under the UDAN scheme.

In this post-election budget, the government's focus remains on the enhancement of the above sectors.

Key Budget Indicators

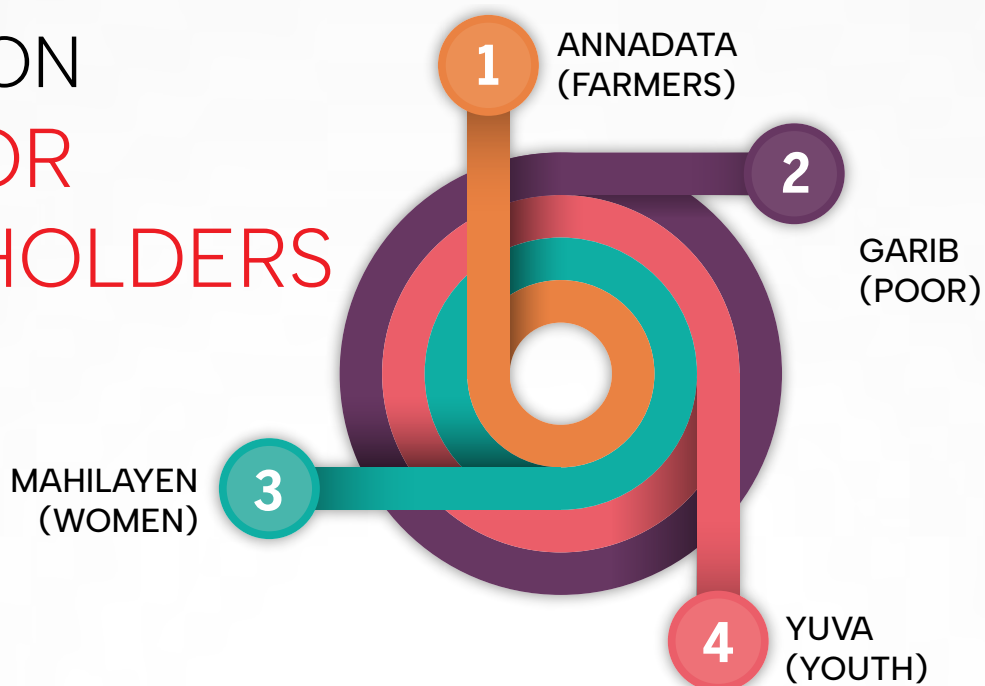


Themes

The focus areas in this budget indicate the continuity in the priorities set by the government in previous years. For instance, the budget has been formulated with a specific emphasis on a few overarching themes, with a five-year horizon.

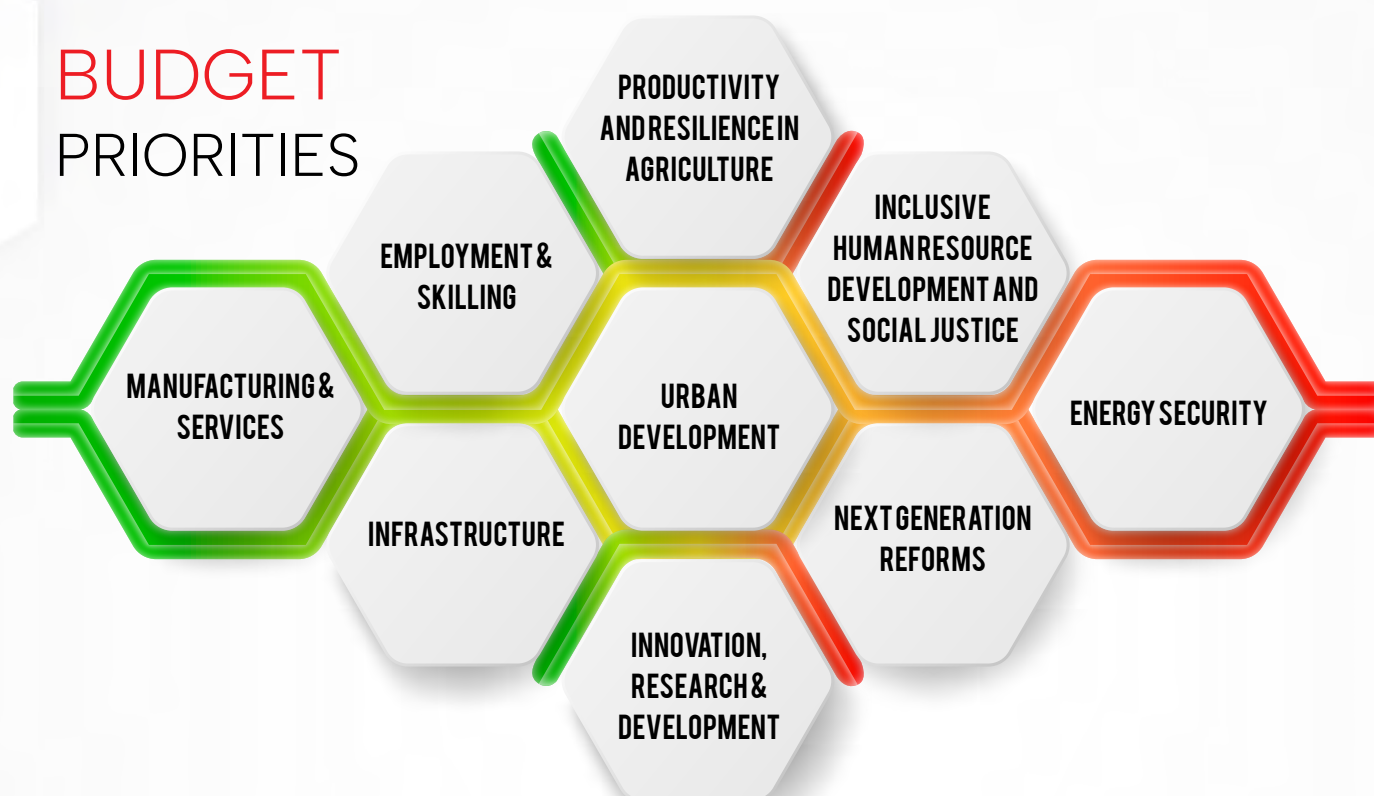
- Financial allocations for encouraging innovation, research & development, creating learning and employment opportunities, and skill development avenues for millions of Indian youth.
- Introduction of new credit mechanisms and improved access to capital for MSMEs and farming communities to flourish.
- New schemes and tax incentives for reducing the financial burden of the middle class.
- Strong impetus to urban and rural infrastructure development, and investments in energy transition, to spur a sustainable growth economy over the next 5 years.

FOCUS ON 4 MAJOR STAKEHOLDERS



Priorities

Under the post-election budget, the government has identified 9 priorities in alignment with its 'Viksit Bharat' agenda announced during the interim budget. In line with this, the budget speech alluded to a roadmap with the following priorities:



Productivity and resilience in Agriculture

In a bid to identify gaps, and revamp obsolete mechanism, the budget seeks to undertake a **comprehensive review of the agriculture research setup**. It is aimed at enhancing productivity, developing large-scale vegetable production clusters, improving self-sufficiency in pulses and oilseeds, and developing climate-resilient varieties, with ample access to funds even for the private sector. In addition, one crore farmers will be initiated into natural farming, supported by certification and branding, and



the establishment of bio-input resource centres. Other proposals include, **Digital Public Infrastructure for agriculture**, and a **National Cooperation Policy** to boost the cooperative sector and rural economy.

Employment & Skilling

The 2024-25 budget offers continuity from the previous years, prioritising the aspirations of young India through the **Prime Minister's package of 5 schemes**, facilitating learning and employment opportunities for millions of youth. These include **3 Employment Linked Incentive (ELI) schemes**, a scheme for training students and upgrading training institutes, a model loan scheme for skilling, etc. The ELI schemes cover provisions such as DBTs, incentives to employers in manufacturing, and reimbursements for additional hires. The budget also includes a scheme aimed at increasing women's workforce participation and boosting women SHG enterprises through skilling, market access, and other initiatives.



Inclusive Human Resource Development and Social Justice

The budget aims to empower all eligible people through comprehensive education, health programs, economic activities for craftsmen, artisans, self-help groups, and entrepreneurs through schemes like PM Vishwakarma and PM SVANidhi. Similarly, the **Purvodaya plan's** infrastructure, irrigation, and industrial projects will drive the development of backward regions across eastern and northeastern states. Other focus areas include, **building 3 crore additional houses under PM Awas Yojana**, allocation of over ₹3 lakh crore for women-led development, PM Janjatiya Unnat Gram Abhiyan benefiting 5 crore tribal people, and the setting up of 100+ branches of India Post Payment Bank in the North East region.

Manufacturing & Services

The budget emphasises **MSMEs and labour-intensive manufacturing** with a comprehensive package including financing, credit guarantees, regulatory changes, and technology support. The government is adopting a holistic approach by reforming key aspects across industries, given the emphasis on new investment-ready industrial parks, rental housing for workers welfare, shipping industry reforms, a Critical Mineral Mission, and offshore mining auctions. Further to this, the **development of Digital Public Infrastructure and an Integrated Technology Platform for IBC** are planned to improve service sector productivity.



Urban Development

Given the growing demand for urban modernisation, the budget plans for several initiatives, including a collaborative Centre-states program to develop **'Cities as Growth Hubs'** through economic and transit planning, and orderly development of peri-urban areas. Furthermore, it emphasises policy support and market-based mechanisms for creative brownfield redevelopment, formulation of **Transit Oriented Development plans** for 14 large cities, and a ₹10 lakh crore investment towards PM Awas Yojana Urban 2.0 to address housing needs for 1 crore urban poor and middle-class families. Support will also be extended to promoting policies for efficient rental housing, water supply, sewage treatment, and solid waste management projects in 100 large cities.

Energy Security

The budget outlines the government's strategy for sustaining high and resource-efficient economic growth while ensuring energy security. To achieve this, it talks about the plan to introduce a roadmap with incentives for industries to move from energy efficiency to emission targets. Similarly, it will introduce a **policy document on energy transition pathways** that will balance employment, growth, and environmental sustainability. Announced during the interim budget of 2024-25, the PM Surya Ghar

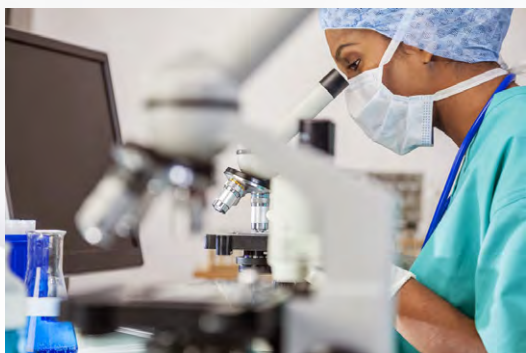


Muft Bijli Yojana for rooftop solar installations has seen remarkable uptake, and a pumped storage policy will support electricity storage. In addition, the government will explore partnerships with the private sector to advance small and modular nuclear reactors, alternate fuels, and set up Advanced Ultra Super Critical Thermal Power Plants.

Infrastructure

In continuation of this year's interim budget, the Central Government will maintain strong fiscal support for infrastructure, with ₹11.11 lakh crore allocated for capital expenditure, around 3.4% of GDP. States are also being encouraged to support investments in infrastructure with long-term interest-free loans totaling ₹1.5 lakh crore, and private investment will be promoted through suitable policies and viability gap funding. Furthermore, Phase IV of PMGSY will enhance rural connectivity, and substantial funds will support flood mitigation and irrigation projects in Bihar, Assam, Himachal Pradesh, Uttarakhand, and Sikkim.





Innovation, Research & Development

In a strategic push to drive forward the nation's innovation and research capabilities, the government has outlined a comprehensive plan, which includes the implementation of the Anusandhan National Research Fund. This will serve as a cornerstone for advancing basic research and developing prototypes, as well as cutting-edge scientific breakthroughs. A

robust mechanism will also be introduced to catalyse private sector-driven research and innovation at a commercial scale. Furthermore, to align with long-term economic goals, a dedicated venture capital fund will be established, aiming to expand the space economy by 5 times over the next decade.

Next Generation Reforms

The government announced that it will establish an Economic Policy Framework to drive employment opportunities and sustained growth, focusing on reforms in land, labour, capital, entrepreneurship, and technology areas. Key initiatives include land digitization, integration of labor services with e-shram portal, and a financial sector strategy. In addition, climate finance taxonomy and Variable Capital Company structures will be introduced, and FDI rules are expected to be simplified. In terms of fiscal prudence, the government proposed a fiscal deficit target of 4.9% of GDP for 2024-25, aiming for below 4.5% next year.

POLITICAL ASPECTS OF BUDGET 2024-25

Coalition Compulsions and the Andhra Pradesh Reorganization Act

Following the 2024 General Elections, the BJP was forced to assume power by forming a coalition government. The BJP fell short of the majority mark of 272 seats in the Lok Sabha for the first time since 2014. Despite this, Prime Minister Narendra Modi assumed office by relying on the support of pre-poll alliance partners such as the Telugu Desam Party (TDP), and the Janata Dal United (JDU), among others. Given the less than satisfactory election results for the BJP in key states such as Uttar Pradesh, Maharashtra, West Bengal, etc., their dependencies on regional players will continue to determine various outcomes. Further to this, the political discourse and policy priorities in the NDA's third term will be dominated by demands of the BJP biggest coalition partners like the TDP and the JDU, who add 16 seats and 12 seats respectively to the coalition.

This means that issues such infrastructure, urban development, employment, farmers welfare, industrial investments, etc., would be addressed after taking the regional partners' priorities into consideration. For instance, the government has prioritised financial assistance to Andhra Pradesh in this budget, given that it has been a long-standing demand under the Andhra Pradesh Reorganization Act, since its bifurcation in 2014.

The Modi Government has approved special financial support to the state for establishing its new capital Amaravati, through multilateral development agencies. For 2024-25 alone, ₹15,000 crore in assistance was announced, with the Finance Minister mentioning that additional amounts are planned in the coming years. Similarly, the government has announced financing for the delayed, Polavaram Irrigation Project, another longstanding dream for the people and farmers of Andhra Pradesh. Finance Minister Sitharaman announced the creation of a Visakhapatnam-Chennai-Orvakal-Hyderabad industrial corridor and a Hyderabad-Bengaluru industrial corridor that partially covers Andhra Pradesh. A special backward areas fund has also been introduced for Rayalaseema, Prakasam, and the districts of northern Andhra Pradesh. Budget announcements on funds for infrastructure development and industrial corridors criss crossing the state, lends credibility to arguments about the compulsions of the BJP in a coalition government.

Bihar and Other Priority Regions

During the proceedings, Finance Minister Nirmala Sitharaman announced the government's focus on the eastern belt of the country, particularly Bihar, Jharkhand, Odisha, and West Bengal. Bihar and Odisha were highlighted as major beneficiaries of infrastructure and tourism projects. Sitharaman underscored the government's commitment to enhancing connectivity to boost tourism. As part of this plan, an industrial node will be set up in Gaya along the Amritsar-Kolkata industrial corridor. A budget of Rs 26,000 crore has

been allocated for key infrastructure projects in Bihar, including the Patna-Purnea expressway, the Buxar-Bhagalpur highway, a two-lane bridge over the Ganga river in Buxar, and the Bodhgaya-Rajgir-Vaishali-Darbhanga corridor. Additionally, efforts will be made to revitalize Nalanda, with the goal of restoring the historical Nalanda University to its former glory. For Odisha, the Centre will concentrate on its scenic beauty, beaches, wildlife, and religious centers.

The focus on Odisha follows a historic win in the State Legislative elections and the Lok Sabha Elections, where the BJP ousted long-time Chief Minister Naveen Patnaik and formed the 2024 Lok Sabha from the region as well. Nitish Kumar's JD(U) was a crucial ally for the NDA during the Lok Sabha elections, and with state legislative elections approaching in 2025, Bihar was expected to be a key focus in the Budget.



PART II: TAXATION

Direct Taxes

FM Sitharaman commenced announcements on direct tax proposals with an update that the Finance Ministry is undertaking a **comprehensive review of Income Tax Act, 1961**, and expects this to be completed within 6 months. The Minister also announced that this Finance Bill would start the process by simplifying tax exemptions on amounts paid to charity, as well as on tax deducted at source (TDS). Efforts will be made to reduce and simplify litigation and appeals concerning tax disputes, and to deepen the tax base across the length and breadth of the country.

Simplification for Charities and TDS

- Two tax exemptions for charities to be merged into one
- 5% TDS on several payments is being merged into the 2% TDS rate
- 20% TDS rate on repurchase of units by mutual funds or UTIs withdrawn
- Credit of TCS to be given in TDS on salary
- Delay in TDS to be decriminalised up to due date of filing statement
- SOPs to be put in place for TDS defaults with simplified compounding guidelines

Reassessment

- Assessment can be reopened beyond 3 years from the end of assessment year only if the escaped income is ₹50L or more up to a maximum of 5 years from the end of the assessment year.
- Time limit in search cases to be reduced from 10 years to 6 years

Capital Gains

- Short term capital gains (STCG) on certain financial assets to be taxed at 20% (STCG other financial assets and non-financial assets to continue at applicable rates)
- Long term capital gains (LTCG) on all financial and non-financial assets to be taxed at 12.5% with an exemption of ₹1.25 Lakh per year
- Listed financial assets held for over 1 year to be classified as “long term”; unlisted and all non-financial assets held for over 2 years to be classified as “long term”
- Unlisted bonds and debentures, debt mutual funds, market-linked debentures to be taxed at applicable rates

Taxpayer services and dispute resolution

- All major taxpayer services have been digitalised; remaining services of customs and income tax to be digitalised over the next 2 years
- Deployment of more officers to hear tax appeals
- Increase in monetary limits for filing appeals related to direct taxes, excise, and service tax before tribunals, High Courts, and Supreme Court to ₹60L, ₹2 Cr and ₹5 Cr respectively
- Scope of safe harbour rules to be expended; streamlining of transfer pricing assessment procedure

Employment and Investment

- Abolition of angel tax for all classes of investors
- Simplifying tax regime for foreign shipping companies operating domestic cruises
- Safe harbour rates for foreign mining companies selling raw diamonds in India
- Corporate tax rate on foreign companies reduced from 40% to 35%

Deepening the tax base

- Securities Transactions Tax (STT) on futures and options of securities to be increased to 0.02% and 0.1% respectively
- Income received on buyback of shares to be taxed in the hands of recipient

Income Tax

- Standard deduction increased from ₹50,000/- to ₹75,000/-
- Deduction on family pension for pensioners enhanced from ₹15,000/- to ₹25,000/-
- New tax slabs are as follows:

Amount in ₹	Applicable tax rate
₹0-3L	Nil
₹3-7L	5%
₹7-10L	10%
₹10-12L	15%
₹12-15L	20%
Above ₹15L	30%

- Salaried employee in new tax regime stands to save up to ₹17,500/- in income tax

Others

- Employer deduction towards New Pension Scheme to be increased from 10% to 14% of the employee's salary; similar deduction proposed from employee's salary
- Non-reporting of movable assets abroad (such as ESOPs and social security schemes) up to ₹20L shall not be penalised henceforth
- Equalisation levy of 2% to be withdrawn
- Expansion of tax benefits to funds and entities in IFSC
- Immunity from penalty and prosecution under the Benami Transactions (Prohibition) Act, 1988 on full and accurate disclosure.

Indirect Taxes

FM Sitharaman spoke of the success of the GST regime and mentioned that efforts are underway to streamline tax structures and expand it to other sectors. Several changes have been made to Basic Customs Duty (BCD) to promote domestic manufacturing, increase local value-add, and promote export competitiveness.

Medicines and medical equipment

- **Three more cancer medicines** fully exempted from customs duties
- Changes in BCD on X-Ray tubes and flat panel detectors for use in X-Ray machines under Phased Manufacturing Programme—synchronising with domestic capacity addition

Mobile Phone and Related Parts

- BCD on mobile phone, mobile phone PCBA, and mobile chargers—reduced to 15%

Critical Minerals

- Full exemption of customs duties on 25 critical minerals and reduced BCD on 2 of them

Solar Energy

- Govt to expand list of exempted capital goods for use in mfg of solar cells and panels in India
- Customs duty exemptions on solar glass and tinned copper interconnect will not be extended in view of sufficient domestic manufacturing capacity

Marine products

- Seafood exports touched all-time high of ₹60,000 Cr in FY23

- BCD to be reduced on certain broodstock, polychaete worms, shrimp and fish feed to 5%
- Customs duties to be exempted on inputs for mfg shrimp and fish feed

Leather and Textile

- Reduction in BCD on real down filling material from duck or goose
- Expanded list of exempted goods for mfg of leather or textile garments, footwear and other leather export goods
- BCD on methylene diphenyl diisocyanate (MDI) (used in making spandex yarn) reduced conditionally from 7.5% to 5%
- Export duty structure on raw hides, skins and leather to be simplified and rationalised

Precious and other Metals

- Customs duties on gold, silver reduced to 6%
- Customs duty on platinum reduced to 6.4%
- BCD on ferro nickel and blister copper to be removed
- Nil BCD on ferrous scrap, nickel cathode to continue
- Concessional BCD of 2.5% on copper scrap to continue



Electronics

- BCD on oxygen-free copper (for mfg of resistors) to be conditionally removed
- Duties on certain components on connectors mfg to be removed

Chemicals and Petrochemicals

- BCD on ammonium nitrate to be increased from 7.5% to 10%

Plastics

- BCD on PVC flex banners raised from 10% to 25% in view of health and environmental hazards

Telecommunication Equipment

- BCD on PCBA of specified telecom equipment to be raised from 10% to 15%

Trade Facilitation

- Period for export of goods imported for repair to be extended from 6 months to 1 year

PART III: SECTOR-WISE BREAK-UP

Critical Sectors

Critical Minerals

- A **Critical Mineral Mission** will be set up to ensure sustainable domestic production, recycling, and overseas acquisition of critical minerals.
- This will cover technology development, workforce skills, extended producer responsibility (EPR), and financing mechanisms.
- Minerals such as lithium, copper, cobalt and rare earth elements are critical for sectors like nuclear energy, renewable energy, space, defence, telecommunications, and high-tech electronics.
- **25 critical minerals** to be fully exempted from custom duties to provide a major fillip to the processing and refining of such minerals and help secure their availability for these strategic and important sectors.



Semiconductors

- The Ministry of Electronics and Information Technology (MeitY) **received a 52% budget hike for 2024-25, with ₹21,936.90 crore allocated**. Key increases include the semiconductor schemes' budget, with ₹4,203 crore for compound semiconductors and ₹1,500 crore for semiconductor fabs. Additionally, ₹500 crore has been allocated for the IndiaAI program.
- While semiconductors-related priorities were not covered under the current 2024-25 budget speech of FM Sitharaman, several critical announcements were made during the pre-election interim budget, including a Modified Programme for Development of Semiconductors and display manufacturing ecosystem- ₹6,903 crore in 2024-25 (up from ₹3,000 crore in 2023-24).

R&D

- The **Anusandhan National Research Fund** will be operationalised for basic research and prototype development.
- A mechanism will be set up for spurring private sector-driven research and innovation at commercial scale with a financing pool of ₹1 lakh crore, in line with the announcement in the interim budget.

Space

- In alignment with the Government of India's ambition of expanding the space economy by **5 times** in the next 10 years, a venture capital fund of ₹1,000 crore will be set up.

Healthcare & Education

- To provide relief to cancer patients, **three medicines** will be fully exempted from customs duties. These medicines are Trastuzumab Deruxtecan, Osimertinib, Durvalumab.
- The government has also proposed changes in the **BCD on x-ray tubes and flat panel detectors** for use in medical x-ray machines under the Phased Manufacturing Programme, to synchronise them with domestic capacity addition.
- The government has allocated **₹89,287 crore for developing, maintaining and improving the country's healthcare system**. The government has also allocated ₹2,143 crore for PLI for the pharmaceutical industry.



Women

- For promoting women-led development, **₹3 lakh crore** has been allocated for schemes benefitting women and girls.
- The budget alludes to increasing women's workforce participation by **establishing working women hostels** in partnership with industry and setting up childcare facilities. Additionally, this partnership will focus on organising **skill development programs** specifically for women and **enhancing market access** for women-led self-help group (SHG) enterprises.



Industry

Manufacturing

MSMEs:

- A new **credit guarantee scheme** will be launched to facilitate term loans for MSMEs, enabling them to purchase machinery and equipment without the need for collateral or third-party guarantees. This

scheme will **pool the credit risks of MSMEs**, with a self-financing guarantee fund providing each applicant a guarantee **cover up to ₹100 crore**, while larger loan amounts may still be approved.



- Public sector banks will enhance their internal capabilities to assess MSME creditworthiness instead of depending on external assessments.

They will develop or commission a **new credit assessment model** that scores MSMEs based on their digital footprints, which is expected to be more effective than **the traditional asset or turnover-based assessments**.

- A new mechanism will ensure the continuation of bank credit to MSMEs **during periods of stress**. When MSMEs are in the **‘special mention account’ (SMA) stage due to uncontrollable factors**, they need credit to sustain their business and avoid becoming non-performing assets (NPAs). This will be supported by a **government-promoted fund providing guarantees**.
- To help MSMEs unlock working capital by converting trade receivables into cash, the turnover threshold for mandatory onboarding on the **TReDS platform will be reduced from ₹500 crore to ₹250 crore**. This measure will bring 22 more CPSEs and 7,000 more MSMEs onto the platform.
- The Small Industries Development Bank of India (SIDBI) will open new branches to extend its reach to all major MSME clusters within three years, providing direct credit to them. This year, **24 new branches will be opened, expanding service coverage to 168 out of 242 major clusters**.
- Financial support will be provided for setting up **50 multi-product food irradiation units** in the MSME sector, along with facilitating the establishment of 100 NABL-accredited food quality and safety testing labs.

Industrial Infrastructure Development

- The government will develop investment-ready **“plug and play” industrial parks with full infrastructure in or near 100 cities**, in collaboration with states and the private sector, utilizing better town planning schemes. Additionally, **twelve industrial parks** under the **National Industrial Corridor Development Programme** will be approved.

Ease of Doing Business

- To enhance ease of doing business, **Jan Vishwas Bill 2.0** is introduced to decriminalise over 100 minor offences, replacing imprisonment with monetary penalties, boosting investor confidence, and relieving overburdened courts.

FMCG

- While the budget does not include specific announcements for the FMCG sector, the allocated funds for rural development, roadways, and skill development for women and youth are expected to positively impact the sector.



E- commerce

- To help MSMEs and traditional artisans sell their products internationally, **E-Commerce Export Hubs** will be created in a **public-private partnership (PPP)** mode. These hubs will offer trade and export-related services under one roof within a seamless regulatory and logistic framework.

Start-ups

- The increased **Mudra loan** limit will empower aspiring entrepreneurs, particularly in **Tier II and III cities**, stimulating opportunities and creating a more attractive investment climate for domestic and foreign investors.
- To boost the startup ecosystem, the **angel tax for all classes of investors** will be abolished.



Labour, Employment, & Skilling

Three schemes will be implemented for employment-linked incentives, as part of the Prime Minister's package.

- Scheme A- First Timers**

This scheme offers a **one-month wage** to all individuals newly joining the formal workforce. Through direct benefit transfers, first-time employees registered with the EPFO will receive their **first month's salary in three installments**, up to a maximum of ₹15,000. Employees earning up to ₹1 lakh per month are eligible. The scheme aims to benefit **210 lakh youth**.

- Scheme B- Job Creation in Manufacturing**

This scheme will incentivize additional employment in the manufacturing sector, linked to the employment of first-time employees. Incentives will be directly provided to both employees and employers, based on their EPFO contributions during the **first 4 years of employment**. The scheme is expected to benefit **30 lakh young workers** and their employers.

- Scheme C- Support to Employers**

This employer-focused scheme aims to promote additional employment across all sectors. It will count

all **new employment** with salaries **up to ₹1 lakh per month**. The government will reimburse **employers up to ₹3,000 per month** for two years towards their EPFO contributions for each new employee. The scheme is expected to incentivize the employment of **50 lakh individuals**.

Skilling

- Over a five-year period, **20 lakh youth** will be trained. A total of **1,000 Industrial Training Institutes** will be upgraded using a hub-and-spoke model focused on outcomes. The course content and design will be **tailored to meet industry skill requirements**, with new courses introduced to address emerging needs.
- Internship opportunities will be provided to **1 crore youth in 500 top companies** over five years.



Students will **gain 12 months** of exposure to real-life business environments, various professions, and employment opportunities. They will receive an internship **allowance of ₹5,000 per month**, along with a **one-time assistance of ₹6,000**. Companies are expected to cover the training costs and 10% of the internship costs from their CSR funds

- The Model Skill Loan Scheme will be revised to offer **loans up to ₹7.5 lakh**, backed by a government-promoted fund guarantee. This initiative is expected to benefit **25,000 students** annually.

Services to Labour

- The government will facilitate a wide range of services for labour, including employment and skill development. By **integrating the e-shram portal** with other platforms, a comprehensive one-stop solution will be created.
- This integration will include **open architecture databases** to address the rapidly changing labour market, skill requirements, and available job roles, along with a system to connect job seekers with potential employers and skill providers.

Energy & Sustainability

Energy Transition

- A policy document on energy transition pathways will be created, balancing employment, growth, and environmental sustainability.



- In line with the interim budget, the **PM Surya Ghar Muft Bijli Yojana** has been launched, installing rooftop solar plants to provide 1 crore households with up to 300 units of free electricity monthly. The scheme has seen over 1.28 crore registrations and 14 lakh applications, with plans for further promotion.
- A policy will be introduced to **promote pumped storage projects** for electricity storage, ensuring smooth integration of the growing and variable share of renewable energy into the overall energy mix.
- A roadmap will be formulated to transition **‘hard to abate’ industries’** from **‘energy efficiency’** targets to **‘emission targets’**. Appropriate regulations will shift these industries from the ‘Perform, Achieve and Trade’ mode to the ‘Indian Carbon Market’ mode.
- **An investment-grade energy audit** of traditional micro and small industries in 60 clusters, including brass and ceramic, will be facilitated. Financial support will be provided to shift these industries to cleaner energy and implement energy efficiency measures. The scheme will be replicated in another 100 clusters in the next phase.
- Once the **Critical Mineral Mission** is operationalised, it will cover technology development, skills training, creation of workforce, extended producer responsibility (EPR), and financing mechanisms. This will further help boost sustainability by recycling and responsibly sourcing critical minerals which are vital for transition to green technologies.

Nuclear Energy

Nuclear energy is expected to be a significant part of Viksit Bharat’s energy mix. The government will partner with the private sector for the following:

- Setting up Bharat Small Reactors
- Research & development of Bharat Small Modular Reactor
- Research & development of newer technologies for nuclear energy

The R&D funding announced in the interim budget will be made available for this sector.

Power Sector

- The development of indigenous technology for Advanced Ultra Super Critical (AUSC) thermal power plants, which offer much higher efficiency, has been completed.
- An 800 MW commercial AUSC plant will be established through a joint venture between the Public Sector Undertakings (PSUs) National Thermal Power Corporation (NTPC) and Bharat Heavy Electricals Limited (BHEL), with fiscal support provided by the government
- The development of indigenous capacity for producing high-grade steel and 15 other advanced metallurgy materials for these plants is expected to result in significant economic benefits.

Agriculture

National Cooperation Policy

- This year, the government will introduce a new National Cooperation Policy aimed at strengthening the cooperative sector. This policy is designed to support the growth and development of cooperatives, enhancing their role in the agricultural economy and fostering a more robust cooperative network.



Strengthening Pulses Production

- To bolster the production, storage, and marketing of essential oilseeds such as mustard, groundnut, sesame, soybean, and sunflower, the government will establish **10,000 need-based bio-input centers**. These centers will provide crucial support to farmers, helping to stabilize pulses production and improve supply chains.

Rural Economic Growth

- The government will focus this year on accelerating the growth of the rural economy and creating new employment opportunities. By prioritizing rural development, the aim is to uplift communities, enhance economic stability, and improve livelihoods across agricultural regions.

Shrimp Farming Support

- The government is committed to supporting the shrimp farming sector by **facilitating financing through the National Bank for Agriculture and Rural Development (NABARD)**. This initiative will cover shrimp farming, processing, and export, aiming to strengthen this vital sector and boost economic growth in coastal areas.

Promotion of Vegetable Supply Chains

- To improve the efficiency of vegetable supply chains, the government will actively promote the development of farmer producer organizations (FPOs), cooperatives, and start-ups.

High-Yielding Crop Varieties

- In response to climate change and the need for higher productivity, **the government will introduce 109 new high-yielding and climate-resilient varieties of 32 field and horticulture crops.**
- **Kisan Credit Cards:** The rollout of **Kisan credit cards will begin in five states**, providing farmers with better access to credit and financial services.

- **Digital Public Infrastructure:** The government will partner with states to build a comprehensive Digital Public Infrastructure for agriculture over the next three years, aiming to integrate over 6 crore farmers into a formal land registry system.
- **Digital Crop Survey:** A digital crop survey for the **Kharif season will be conducted in 400 districts in FY25** to enhance agricultural data collection and planning.
- **Agricultural Research Focus:** There will be a renewed focus on agricultural research to boost productivity and promote climate resilience, including a thorough review of the farm research setup.
- **Vegetable Production Clusters:** Large-scale vegetable production clusters will be developed near major consumption centers to improve efficiency and increase overall output.

Infrastructure & Supply Chains

- Fiscal support for infrastructure will be maintained over the next 5 years, alongside other priorities and fiscal consolidation.
- An allocation of **₹11,11,111 crore for capital expenditure** has been provided this year, constituting 3.4 percent of the GDP.
- States will be encouraged to support infrastructure at a similar scale, considering their development priorities.
- A provision of **₹1.5 lakh crore for long-term interest-free loans** has been made to assist the states in their resource allocation.
- Investment in infrastructure by the private sector will be promoted through viability gap funding, enabling policies, and regulations. A market-based financing framework will be introduced.
- Phase IV of Pradhan Mantri Gram Sadak Yojana will be launched to provide all-weather connectivity to 25,000 rural habitations that have become eligible due to population increases.

Infrastructure in the East: Purvodaya

- A comprehensive plan will be developed called, '**Purvodaya**,' for the eastern region of India, encompassing Bihar, Jharkhand, West Bengal, Odisha, and Andhra Pradesh.
- The focus will be on human resource development, infrastructure, and economic growth to transform the region into a growth engine for the nation.

Industrial Development and Infrastructure in Purvodaya

- An industrial node at Gaya as part of the Amritsar-Kolkata Industrial Corridor will be established.
- Road connectivity projects with a total investment of ₹26,000 crores will be developed in the following areas:
 1. Patna-Purnea Expressway
 2. Buxar-Bhagalpur Expressway

3. Bodhgaya, Rajgir, Vaishali, and Darbhanga spurs

Additional 2-lane bridge over river Ganga at Buxar

- Power projects, including the setting up of a new 2400 MW power plant at Pirpainti, Bihar will be undertaken at a cost of ₹21,400 crores.

Human Development and Social Infrastructure in Purvodaya

- New airports, medical colleges, and sports infrastructure in Bihar will be constructed. An additional allocation for capital investments will be provided. The requests for external assistance from multilateral development banks by the Bihar Government will also be expedited.

Andhra Pradesh Reorganization Act

- **Financial Assistance:** Special financial support for establishing a new capital for Andhra Pradesh will be facilitated through multilateral development agencies. ₹15,000 crores will be arranged for the current financial year, with additional amounts planned for future years.
- **Polavaram Irrigation Project:** Financing and early completion of the Polavaram Irrigation Project, a crucial lifeline for Andhra Pradesh and its farmers, will be ensured. This project will also enhance the country's food security.
- **Industrial Development:** Funds will be allocated for infrastructure development to promote industrial growth in:
 1. Koppaerthy node on the Vishakhapatnam-Chennai Industrial Corridor
 2. Orvakal node on the Hyderabad-Bengaluru Industrial Corridor
 An additional allocation will be provided this year towards capital investment for economic growth.
- **Backward Region Development:** Grants for the backward regions of Rayalaseema, Prakasam, and North Coastal Andhra, as stated in the Andhra Pradesh Reorganisation Act, will be provided.

PM Awas Yojana

- **Three crore additional houses** under the PM Awas Yojana for rural and urban areas have been announced, with necessary allocations being made.

Industrial Parks

- The government will facilitate the development of investment-ready “plug and play” industrial parks with complete infrastructure in or near 100 cities, in partnership with states and the private sector, by optimizing town planning schemes.
- **Twelve industrial parks** under the National Industrial Corridor Development Programme will be sanctioned.

Shipping Industry

- Reforms in ownership, leasing, and flagging will be implemented to enhance the share of the Indian shipping industry and create more employment opportunities.

Urban Development

- The government will work with states to facilitate the development of **'Cities as Growth Hubs'**. This will be achieved through economic and transit planning and orderly development of peri-urban areas utilizing town planning schemes.
- A framework for enabling policies, market-based mechanisms, and regulation for the creative brownfield redevelopment of existing cities with a transformative impact will be formulated.
- **Transit Oriented Development plans** for **14 large cities** with a population above 30 lakh will be formulated, along with an implementation and financing strategy.
- Under **PM Awas Yojana Urban 2.0**, housing needs of **1 crore urban poor** and middle-class families will be addressed with an investment of **₹10 lakh crore**. This includes central assistance of ₹2.2 lakh crore over the next 5 years, along with a provision for interest subsidies to facilitate loans at affordable rates.
- **Rental housing** with dormitory-style accommodation for **industrial workers** will be facilitated through Public-Private Partnership (PPP) mode with Viability Gap Funding (VGF) support and commitments from anchor industries.

Water Supply and Sanitation

- In partnership with State Governments and Multilateral Development Banks, bankable projects for water supply, sewage treatment, and solid waste management will be promoted in 100 large cities. These projects will also include using treated water for irrigation and filling nearby tanks.

Street Markets

- Building on the success of the PM SVANidhi Scheme, the government envisioned a scheme to support the **development of 100 weekly 'haats'** or street food hubs in select cities each year over the next five years.

Stamp Duty

- States that continue to charge high stamp duty will be encouraged to moderate rates for all, with further reductions considered for properties purchased by women. This reform will become a key component of urban development schemes.

Logistics for Tourism

- The Vishnupad Temple and Mahabodhi Temple in Bihar will undergo comprehensive development, modeled after the Kashi Vishwanath Temple Corridor, to transform them into world-class pilgrimage and tourist destinations.

Finance

Banking and Financial Services

- Over **100 branches of the India Post Payment Bank** will be established in the North East region to expand banking services.
- For youth ineligible for benefits under current government schemes and policies, a financial support initiative will provide loans up to **₹10 lakh for higher education in domestic institutions**. E-vouchers for annual **interest subvention of 3 percent of the loan** amount will be directly provided to 1 lakh students each year.
- To expedite insolvency resolution, **the Insolvency and Bankruptcy Code (IBC)** will undergo appropriate reforms, and tribunals and appellate tribunals will be strengthened. New tribunals will be established, with some dedicated exclusively to cases under the Companies Act
- To meet the financing needs of the economy, the government will introduce a financial sector vision and strategy document. This document will prepare the sector in terms of **size, capacity, and skills, setting the agenda for the next five years** and guiding the work of the government, regulators, financial institutions, and market participants.

Digital Public Infrastructure

- For the services sector, there will be development of Digital Public Infrastructure (DPI) applications at a **population scale aimed at enhancing productivity, creating business opportunities, and fostering innovation in the private sector**. These applications will be planned in areas such as credit, e-commerce, education, health, law and justice, logistics, MSMEs, service delivery, and urban governance.
- To enhance data governance, collection, processing, and management, various sectoral databases, including those **established under the Digital India mission**, will be leveraged with active use of technological tools.
- States are to receive incentives for **advancing digitalization efforts** to promote Ease of Doing Business.
- **An Integrated Technology Platform** will be established to improve the outcomes under the Insolvency and Bankruptcy Code (IBC). This platform will aim to achieve consistency, transparency, timely processing, and better oversight for all stakeholders.



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