



CHAHAL
A C A D E M Y

UNION BUDGET 2024-25



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TOPIC 1: PUBLIC FINANCE & DEVELOPMENT: EVALUATION OF INDIA'S BUDGETARY PRIORITIES (2024-25)



Introduction

The budget for 2024-25 outlines key sectors for economic growth and social welfare, focusing on nine priority areas, including agriculture, employment, human resource development, manufacturing, urban development, energy security, infrastructure, innovation, and next-generation reforms.

Productivity and Resilience in Agriculture

Agriculture is crucial for India, supporting 42.3% of the population and contributing 18.2% to GDP. The budget emphasizes transforming the agricultural sector for food security, income enhancement, productivity, and climate resilience.

- **Agricultural Research**
 - Funding for research in public and private sectors.
 - Introduction of 109 high-yielding, climate-resilient crop varieties across 32 field and horticultural crops.
- **Promotion of Natural Farming**
 - Bharatiya Prakartik Krishi Paddhati, a traditional farming approach, will be supported.
 - 1 crore farmers will be aided in transitioning to natural farming over two years.
- **Self-Sufficiency in Pulses and Oilseeds**
 - Focus on reducing dependence on imports by increasing production, storage, and marketing of pulses and oilseeds.

- **Vegetable Production and Supply Chains**
 - Addressing post-harvest losses through large-scale vegetable production clusters and support for farmer producer organizations (FPOs), cooperatives, and startups.
- **Digital Public Infrastructure (DPI) for Agriculture**
 - Central government to partner with states for DPI implementation.
 - Enabling innovative solutions for crop planning, inputs, credit, insurance, and market intelligence.

Employment and Skilling

India's demographic dividend can boost economic growth but faces challenges like skill mismatches and unemployment. The budget introduces schemes to bridge these gaps.

- **Employment-linked Incentive Scheme-A (First-timers)**
 - Targets 2.1 crore youth with salaries up to ₹1 lakh per month.
 - Government to pay up to ₹15,000 in three installments directly to employees.
- **Employment-linked Incentive Scheme-B (Manufacturing)**
 - Aims to create jobs in manufacturing for 30 lakh first-time employees.
- **Employment-linked Incentive Scheme-C (Support to Employers)**
 - Incentivizes employment for 50 lakh people across sectors.
- **Skilling**
 - New centrally-sponsored scheme with ₹60,000 crore outlay to skill 20 lakh youth over five years, upgrading 1000 ITIs.
 - Internship opportunities at top companies for 1 crore youth aged 21-24, with a monthly stipend of ₹5000.

Inclusive Human Resource Development and Social Justice

The budget prioritizes social justice and equitable resource distribution across various demographic groups.

- **Saturation Approach for Social Justice**
 - Ensures all eligible individuals benefit from education, healthcare, and other programs,

focusing on artisans, craftsmen, SC, ST, women entrepreneurs, and street vendors.

- **Purvodaya**
 - Comprehensive development of eastern India through infrastructure and economic opportunities.
- **Women-led Development**
 - Allocates ₹3 lakh crore to schemes benefiting women and girls.
- **Pradhan Mantri Janjatiya Unnat Gram Abhiyan**
 - To benefit over 5 crore tribal people in 63,000 villages.
- **Expansion of India Post Payment Bank (IPPB)**
 - Over 100 new branches will be opened in tribal regions.
- **Education, Healthcare, and Housing**
 - 12% increase in allocation for education, aiming to improve quality and expand access to digital tools.

Manufacturing and Services

The budget introduces initiatives to boost the MSME sector and promote manufacturing.

- **Credit Guarantee Scheme for MSMEs**
 - Government-backed loans for purchasing machinery and equipment without collateral.
- **Credit Support for MSMEs during Stress Periods**
 - A new mechanism to maintain bank credit for MSMEs facing financial difficulties.
- **Mandatory Onboarding in TReDS**
 - Turnover threshold for mandatory onboarding on the Trade Receivables Discounting System reduced from ₹500 crore to ₹250 crore.

Urban Development

Revitalizing cities through urban development initiatives is a key focus of the budget.

- **Cities as Growth Hubs**
 - Collaboration between central and state governments to transform cities into growth hubs through economic and transit planning.
- **Creative Development of Cities**
 - A framework for policies and market-based mechanisms for redeveloping existing urban areas.

Transit-Oriented Development

- Focus on 14 large cities with a population over 30 lakh.

Urban Housing

- ₹10 lakh crore investment to build 1 crore houses for urban poor and middle-class families over five years.

Water Supply and Sanitation

- Partnership with states and multilateral development banks for water, sewage, and waste management in 100 large cities.

Energy Security

The budget allocates resources to ensure a smooth transition to renewable energy and improve energy security.

Energy Transition

- ₹1.5 lakh crore allocated for renewable energy projects like solar, wind, and green hydrogen.

PM Surya Ghar Muft Bijli Yojana

- Installation of rooftop solar plants, providing 1 crore households with free electricity (up to 300 units per month).

Pumped Storage Policy

- Promotion of storage pumps for electricity.

R&D in Small and Modular Nuclear Reactors

- Support for advanced nuclear technology.

Advanced Ultra Super Critical (AUSC) Thermal Power Plants

- Fiscal support for setting up an 800 MW AUSC thermal power plant as a joint venture between NTPC and BHEL.

Infrastructure

Infrastructure investment has a high multiplier effect on employment and productivity.

Government Infrastructure Investment

- Central government to allocate ₹11,11,111 crore for capital expenditure.
- States to increase capital investment under the Special Assistance Scheme.

Private Infrastructure Investment

- Promotion of private sector investment through viability gap funding, enabling policies, and financing frameworks.

Pradhan Mantri Gram Sadak Yojana (PMGSY) – Phase IV

- All-weather connectivity for an additional 25,000 rural habitations.

- **Tourism Infrastructure**

- Development of iconic tourist destinations with central and state government collaboration.

Innovation, Research, and Development

The budget emphasizes R&D and innovation to drive economic growth and competitiveness.

- **Anusandhan National Research Fund**

- Operationalizing a national research fund and creating a ₹1 lakh crore financing pool to spur private sector-led R&D.

Next Generation Reforms

To foster a more efficient and competitive economy, the budget outlines next-generation reforms.

- **Economic Policy Framework**

- Defining the approach to economic development and planning the next wave of reforms.

- **Land-related Reforms**

- Part of the 50-year interest-free loan to states will be allocated for land reforms in both rural and urban areas.

- **Foreign Direct Investment (FDI) and Overseas Investment Reforms**

- Simplification of rules for FDI and overseas investments to attract more foreign capital and promote the use of the Indian rupee in international transactions.

TOPIC 2: FOCUS ON THE MANUFACTURING & SERVICES SECTORS



Introduction

Manufacturing and services are key sectors driving India's economy, with the government targeting substantial growth in both areas. The budget for 2024-25 emphasizes initiatives to boost manufacturing, particularly through MSMEs, while also strengthening the services sector, which plays a dominant role in GDP and employment.

Manufacturing Sector

The manufacturing industry in India has been a cornerstone of economic growth, contributing 16-17% of GDP pre-pandemic. It plays a critical role in India's path to becoming a major global manufacturing hub by 2030, with the capacity to export goods worth \$1 trillion.

- **Contribution to the Economy**

- Manufacturing accounts for 17% of India's GDP and employs over 27.3 million workers.
- The government aims for 25% of economic output from manufacturing by 2025.

- **Key Initiatives and Policies**

- **SAMARTH Udyog Bharat 4.0:** The government's advanced manufacturing initiative, promoting competitiveness in the capital goods market.
- **National Manufacturing Policy:** Targets increasing manufacturing's share in GDP to 25% by 2025.
- **PLI Scheme for Manufacturing:** Launched in 2022, aims to develop core manufacturing sectors to match global standards.
- **Industry 4.0:** India is transitioning towards automated, process-driven manufacturing to increase efficiency and production.

- **Foreign Technical Collaborations**

- Rise in foreign collaborations, especially in mobile phones, electronics, and food processing sectors, with the US, Germany, and Japan as key technology partners.

- **Manufacturing Competence During the Pandemic**

- During COVID-19, India demonstrated its manufacturing capabilities by rapidly producing pharmaceuticals and vaccines, improving its global perception as a reliable manufacturing destination.

- **Attractive Destination for Foreign Investment**
 - India's streamlined regulatory processes, R&D opportunities, and ability to manufacture high-quality products have made it favorable for foreign companies.

Support for MSMEs (Micro, Small, and Medium Enterprises)

The budget for 2024-25 puts a strong focus on promoting MSMEs, especially in labor-intensive manufacturing. MSMEs play a vital role in economic growth, employment generation, and industrial output.

- **Term Loans for MSMEs**
 - The government will facilitate term loans for MSMEs to purchase machinery and equipment without collateral or third-party guarantees.
- **Self-financed Guarantee Fund**
 - A guarantee fund will cover up to ₹100 crore for each applicant, although loan amounts can be larger.
- **Credit Continuity for MSMEs in Stress Periods**
 - A new mechanism will ensure credit continuity when MSMEs are in the Special Mention Account (SMA) stage, helping them avoid becoming non-performing assets (NPAs).
- **Increase in MUDRA Loan Limit**
 - The loan limit under the MUDRA scheme will increase from ₹10 lakh to ₹20 lakh for entrepreneurs who have successfully repaid previous loans under the 'Tarun' category.
- **TReDS Platform**
 - The turnover threshold for mandatory onboarding on the Trade Receivables Discounting System (TReDS) platform will be reduced from ₹500 crore to ₹250 crore, helping MSMEs unlock working capital.
- **Expansion of SIDBI**
 - The Small Industries Development Bank of India (SIDBI) will expand by opening new branches in major MSME clusters within three years.
- **Food Irradiation Units and E-commerce Export Hubs**
 - Financial support will be provided to set up 50 multi-product food irradiation units in the MSME sector.

- E-commerce export hubs will be established in a Public-Private Partnership (PPP) model to help MSMEs and traditional artisans sell products internationally.
- **Green Manufacturing**
 - The budget encourages the adoption of eco-friendly technologies, with subsidies for industries transitioning to greener manufacturing methods.
- **Infrastructure Development**
 - Substantial investment is earmarked for industrial corridors, facilitating smoother logistics and enhancing supply chain management.

Services Sector

The services sector is the dominant contributor to India's GDP, accounting for significant foreign investment, exports, and large-scale employment.

- **Contribution to the Economy**
 - Encompasses diverse industries such as trade, transport, hotels, communication, finance, insurance, real estate, business services, construction, and more.
 - The sector has high employment elasticity, meaning it has the potential to generate highly productive jobs and drive revenue.
- **Growth Drivers**
 - The sector has seen double-digit growth in recent years, supported by digital technologies and government institutional frameworks.
- **Government Initiatives**
 - **Skill India Program:** Aims to skill and upskill 400 million people by 2022, primarily through private sector-driven initiatives.
 - **Make in India Program:** While primarily focused on manufacturing, it also benefits the services sector by boosting demand for related services.

Union Budget 2024-25 and Strategic Measures

- **Focus on MSMEs**
 - The budget outlines a series of measures to promote and protect MSMEs, with particular emphasis on labor-intensive manufacturing, access to credit, and stress-period support.
- **Infrastructure and Green Manufacturing**
 - Investment in industrial corridors and

green manufacturing technologies is designed to enhance the country's global competitiveness and drive sustainable development.

• Services Sector Promotion

- The budget supports the expansion of the services sector through digital transformation, skill development, and institutional support.

Synergy Between Manufacturing, Services, and Startups

- The strategic measures outlined in the budget will create a dynamic economy through the synergy between the manufacturing and services sectors.
- With the growth of a robust startup ecosystem, India is positioned to achieve sustained economic growth, create employment opportunities, and enhance living standards.

Conclusion

The Union Budget 2024-25 marks a significant step towards realizing the vision of "Viksit Bharat" (Developed India). Through its focus on manufacturing and services, the budget aims to drive economic growth, foster job creation, and improve the standard of living across the country. By promoting MSMEs, encouraging foreign investments, and supporting green manufacturing, India is on the path to becoming a global manufacturing hub while simultaneously strengthening its services sector.

TOPIC 3: ENERGY SECURITY



Introduction

Energy security is crucial for India's economic, social, and political stability, especially as the country's energy demand is expected to grow significantly. As of June 2024, 54.5% of India's

power comes from thermal sources, while 45.5% is derived from non-fossil fuel sources, including 1.8% from nuclear power.

Definition and Importance of Energy Security

According to the International Energy Agency (IEA), **energy security** refers to the uninterrupted availability of energy sources at an affordable price. For India, energy security is defined as the ability to ensure a **reliable, sustainable, and uninterrupted supply of energy** that meets its economic, social, and political needs.

Four Key Objectives of India's Energy Policy

- **Affordable access** to energy for all citizens.
- **Improved energy security and independence** by reducing dependency on imports.
- **Sustainability** through clean and renewable energy initiatives.
- **Economic growth** driven by stable and reliable energy supply.

India currently depends heavily on imported oil, gas, and coal, which constitutes 90% of the country's commercial primary energy supply. The challenge of energy security lies in diversifying energy sources, reducing fossil fuel demand, and investing in renewable energy.

Projected Growth in Energy Demand

The Economic Survey 2023-24 predicts that India's energy needs will increase 2 to 2.5 times by 2047 to meet its growing economic aspirations. To achieve energy security, the country must invest in both **domestic production and diversification of import sources**, while reducing energy consumption through efficiency measures.

Budget 2024-25: Key Measures for Energy Security

The 2024-25 budget introduces several important measures to enhance energy security, focusing on **research and development, infrastructure, and renewable energy technologies**.

Major Initiatives and Allocations:

- **Collaboration on Small Modular Reactors:** The government will partner with the private sector to develop Bharat Small Modular Reactors (SMRs) and explore new nuclear technologies.
- **Energy Transition Pathways:** A policy document will outline strategies to balance employment growth with environmental sustainability.

- **Promotion of Pumped Storage Projects:** These projects will store electricity to integrate more renewable power, addressing the variability and intermittency of renewable energy.
- **Advanced Ultra Supercritical (AUSC) Technology:** A joint venture between NTPC and BHEL will set up a 800 MW thermal plant using AUSC technology.
- **'Hard to Abate' Industries:** A roadmap will be developed to help transition these industries to a carbon market mode.
- **PM Suraj Ghar Muft Bijli Yojana:** A scheme to install rooftop solar plants for 1 crore households, offering free electricity up to 300 units per month.

Budget Allocations:

- **Ministry of New and Renewable Energy (MNRE):** ₹19,100 crore, marking an 86.7% increase from the previous year.
- **Ministry of Power:** ₹20,502 crore.
- **Ministry of Coal:** ₹192.58 crore.
- **Ministry of Petroleum and Natural Gas:** ₹15,930.26 crore.

Major Renewable Energy Schemes & Policies

India's commitment to renewable energy and sustainability is evident in various schemes launched to enhance energy security and reduce dependency on fossil fuels.

Key MNRE Schemes:

- **KUSUM Scheme:** Aims to increase farmers' income, promote irrigation, and reduce the agricultural sector's dependence on diesel.
- **National Green Hydrogen Mission:** Seeks to make India a global hub for the production and export of green hydrogen by 2030, supporting clean energy transition and self-sufficiency.
- **National Offshore Wind Energy Policy (2023):** Focuses on the development of offshore wind energy projects to expand India's renewable energy portfolio.
- **Pumped Storage Policy:** Enhances energy storage solutions, ensuring better integration of renewable energy into the grid.
- **Critical Mineral Mission:** Focuses on domestic production and recycling of critical minerals required for renewable technologies and electric vehicles (EVs).

Present Status of India's Energy Use

India's energy profile is characterized by:

- **High use of biomass** in the total primary energy supply.
- **Heavy dependence on imported petroleum.**
- **Significant use of domestic coal** for electricity generation.

Despite heavy reliance on fossil fuels, India has made strides in **renewable energy (RE)**. Non-fossil fuel sources account for 45.5% of the total power capacity in 2024, compared to 32% in 2014. Notably, India has surpassed its target under the Paris Agreement to generate 40% of its power from non-fossil fuel sources by 2030.

Policy Initiatives and Challenges

Major Policy Initiatives:

- **PM Surya Ghar Muft Bijli Yojana:** A solar energy initiative launched in February 2024 with an outlay of ₹75,021 crore, expected to add 30 GW of solar capacity and reduce 720 million tonnes of CO₂.
- **National Offshore Wind Energy Policy:** Encourages offshore wind energy projects.
- **Indian Green Hydrogen Mission:** Targets 5 million metric tonnes of green hydrogen by 2030, with incentives to boost electrolyzer manufacturing.
- **Critical Mineral Mission:** Aims to secure critical minerals for renewable energy technologies and electric vehicles by exempting customs duty on 25 key minerals, including lithium, cobalt, and rare earth elements.
- **Coal Gasification Mission:** Aims to gasify 100 million tonnes of coal by 2030, reducing reliance on imported natural gas and ammonia while lowering emissions.

Challenges:

India faces several obstacles in achieving energy security:

- **Intermittency of Renewable Energy:** The variability of renewable sources like wind and solar poses challenges for maintaining a stable energy supply.
- **Land and Water Scarcity:** Expanding renewable energy infrastructure requires vast amounts of land and water, which are limited resources in India.

- **Dependency on Critical Minerals:** The production of renewable technologies such as solar panels and batteries relies on critical minerals like lithium and cobalt, which are geographically concentrated and subject to geopolitical tensions.
- **Solar PV Waste:** The recycling of solar photovoltaic (SPV) panels presents environmental risks due to toxic metals, as their lifespan ends after 25-30 years.

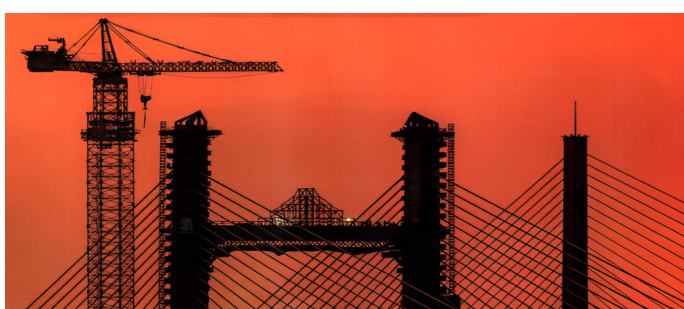
The Road Ahead

India's energy demand is set to rise as the country strives towards its **Viksit Bharat** (Developed India) goal. The transition to renewable energy must be managed carefully to avoid efficiency losses and ensure energy system stability. Expanding RE, especially through green hydrogen, offshore wind, and energy storage solutions, will be critical for India's energy security. However, addressing the challenges of land use, mineral dependency, and energy waste will be essential for long-term sustainability.

Conclusion

India's focus on **energy security** through diversification, renewable energy expansion, and reducing fossil fuel reliance is essential for meeting its future economic and developmental needs. The 2024-25 budget lays a strong foundation for achieving this, but continued innovation, investment, and policy measures will be required to navigate the challenges ahead. With a balanced approach, India can ensure a secure and sustainable energy future.

TOPIC 4: FOSTERING INFRASTRUCTURE DEVELOPMENT IN INDIA THROUGH FISCAL INTERVENTIONS



Introduction

India, with its unique demographic dividends, boasts a **youth population of 40% (18-35 years)** and over **62% in the age group of 15-59 years**, which is expected to rise to **65% by 2035**. To harness this demographic dividend, the country must adopt strategic measures for integrated development, focusing particularly on self-sustaining infrastructure development. Infrastructure is critical to economic development and acts as a driver for growth, even in uncertain and challenging environments.

The creation of world-class, resilient infrastructure across physical, social, financial, and digital domains is key to achieving the vision of **Viksit Bharat@2047**—India as a developed nation. Studies show that a **1% increase** in infrastructure investment can **boost GDP by 1.0 to 1.5%**, with a direct impact on employment and sustainable development.

Key Infrastructure Initiatives and Budget Allocations (2024-25)

The Union Budget 2024-25 has allocated **₹11,11,111 crore** for total **capital expenditure**, out of the total budget of **₹48,20,512 crores**, reflecting a **16.9% increase** from the previous year. This allocation amounts to **3.4% of GDP**, the highest in decades. A steady increase in capital expenditure (CAPEX) over the last five years, backed by strong fiscal support, is expected to drive infrastructure development in India.

Physical Connectivity Infrastructure

Infrastructure development for physical connectivity is essential for creating an integrated and efficient transportation system across roadways, railways, waterways, and airways. Each sector is allocated specific funds aimed at enhancing India's infrastructure.

Roadways

- **Budget Allocation:** ₹2.78 lakh crore
- **Key Focus:** Developing a robust road network to boost economic opportunities, connectivity, tourism, and urbanization. The road sector has attracted significant private investment and asset monetization.
- **Technological Integration:** New-age technology and sustainable materials are being used in roadway development.
- **Special Projects:** ₹26,000 crore is allocated for expressways like **Patna-Purnea and Buxar-**

Bhagalpur, along with a two-lane bridge over the Ganga.

Railways

- **Budget Allocation:** ₹2.65 lakh crore
- **Focus Areas:** Clean sanitation, bio-toilets, and infrastructure for high-traffic, energy, and mineral corridors. The aim is to reduce carbon footprints through renewable energy sourcing.
- **Opportunities:** Significant growth in locomotive and wagon production, contributing to employment and industrial growth.

Waterways

- **Investment Focus:** Smart water technology and **Public-Private Partnership (PPP)** projects under the **Sagarmala National Programme** and **PM Gati Shakti** are enhancing India's maritime infrastructure.
- **Global Competitiveness:** Waterways infrastructure is key to improving trade and increasing India's global maritime competitiveness.

Airways

- **Budget Allocation:** Over ₹26,000 crore (FY20-FY25).
- **Key Focus:** Airport development, modernization, and the use of drones for various sectors like education, agriculture, disaster management, and security.

PM Gati Shakti: Unified Infrastructure Development

PM Gati Shakti aims to streamline infrastructure projects by coordinating efforts between ministries and government bodies. This initiative improves logistics efficiency, reduces costs, and speeds up project completion. The ultimate goal is to enhance infrastructure efficiency through unified planning and timely implementation.

Space Infrastructure

India's space sector, led by ISRO (Indian Space Research Organization), has achieved remarkable milestones such as the **Mars Orbiter Mission (2014)**, **Chandrayaan-3 (2023)**, and the **Aditya-L1 mission (2023)**. The launch of fleets like PSLV, GSLV, LVM3, and SSLV showcases India's growing capabilities in space infrastructure.

Digital Infrastructure

The development of digital public infrastructure is essential for realizing the vision of **Digital India**, **Fintech Nation**, and **Startup India**.

- **Budget Allocation:** ₹1.16 lakh crore for IT and telecommunications.
- **Key Focus:** Expanding broadband networks, strengthening the **Digital India** initiative, and improving digital connectivity for citizens, MSMEs, and corporations.
- **Flagship Projects:** Initiatives like **PM Gati Shakti**, **BharatNet**, **Single Window Systems**, **Bhuvan**, and **Bharatmaps** are advancing India's digital infrastructure, particularly in rural areas, reducing urban-rural migration.

Energy Infrastructure

The development of energy infrastructure is crucial for building a sustainable ecosystem, with a focus on power and renewable energy sectors.

Power Sector

- **Budget Allocation:** ₹3.04 lakh crore for the **Revamped Distribution Sector Scheme (RDSS)** (FY22-FY26), with an additional ₹0.98 lakh crore of government support.
- **Key Focus:** Enhancing transmission grids, reducing technical losses, and promoting energy-efficient street lighting and fans under programs like **One Sun, One World, One Grid** and **SAMARTH**.

Renewable Energy Sector

- **Budget Allocation:** ₹30.5 lakh crore between 2024 and 2030.
- **Key Focus:** Transitioning to non-fossil fuels and achieving the United Nations' **Sustainable Development Goals (SDGs)** by 2030. Investments in this sector are expected to enhance economic growth, improve quality of life, and promote sustainable development.

Rural Infrastructure Development

The rural economy, a major pillar of India's growth, continues to receive significant attention:

- **Budget Allocation:** ₹2.66 lakh crore, a 12% increase from the previous year.
- **Key Focus:** Projects like **PM Awas Yojana**, which proposes ₹10 lakh crore for urban housing, and **Pradhan Mantri Gram Sadak Yojana Phase-**

IV, aimed at providing all-weather connectivity to 25,000 rural habitations.

- **Irrigation Projects:** ₹11,500 crore is allocated for irrigation programs like the **Kosi-Mechi intra-state link** and other regional projects.

Social Infrastructure Initiatives

Investing in social infrastructure enhances the quality of life and societal well-being. Key budgetary initiatives include:

- Ayushman Bharat
- National Health Mission
- AMRUT Scheme
- Samagra Shiksha Abhiyan
- National Livelihood Mission

Studies show that investments in healthcare, education, and governance have a high multiplier effect and positively impact the quality of life. Through the **Jan Dhan Yojana-Aadhaar-Mobile (JAM) Trinity Initiative**, ₹38 lakh crore has been transferred since 2013, significantly improving financial inclusion.

Conclusion

India's strategy for fostering infrastructure development through fiscal interventions is geared towards transforming the nation into **Viksit Bharat@2047**. With targeted investments in physical, digital, energy, and social infrastructure, the country is paving the way for sustainable growth, economic opportunities, and improved quality of life for its citizens.

TOPIC 5: SALARIED CLASS AND CONSUMERS: THE KEY TO A DEVELOPED INDIA



The 2024-25 Union Budget focuses on achieving a \$10 trillion GDP by 2033 and attaining

developed-country status by 2047. To make this happen, a key part of the strategy involves salaried workers and consumers. These two groups create a “virtuous cycle” where progress in one area leads to progress in another, driving the nation forward.

The Role of Salaried People and Consumers

To become the world's third-largest economy, with a \$5 trillion GDP in three years, \$7 trillion by 2030, and \$10 trillion by 2033, India needs a virtuous cycle. In this cycle, improvement in one area fuels improvement in others, helping the economy grow. Salaried individuals and consumers are critical to this.

Salaried Individuals vs. Consumers

While all salaried individuals can be consumers, not all consumers are salaried. Both these groups are crucial in the economy, and the 2024-25 budget gives special attention to them.

Income Tax Data: For the 2023-24 assessment year, about **3.8 crore people** (out of 7.97 crore tax returns filed) declared salary incomes, ranging from Rs 91,000 to Rs 177.5 crore.

Labour Force Data: According to the 2022-23 Labour Force Survey, **47.1% of male workers** and **50.8% of female workers in urban areas** are salaried employees.

This matters because the budget expects to collect **Rs 11.87 lakh crore** from **personal income tax (PIT)** compared to Rs 10.20 lakh crore from corporate income tax (CIT). Since a significant portion of PIT comes from salaried people, the budget closely addresses this group.

Budget Measures for the Salaried Class

- **Standard Deduction Increase:** The standard deduction rises by **50%**, from Rs 50,000 to Rs 75,000. This deduction was reintroduced in the 2018-19 budget after a 13-year gap, and this increase is expected to simplify paperwork and compliance for taxpayers.
- **Changes in Income Tax Slabs:** While the number of tax slabs and rates remain the same, the ranges have been adjusted:
 - Income from Rs 3 lakh to Rs 7 lakh will now be taxed at **5%** (previously Rs 3 lakh to Rs 6 lakh).
 - With these changes, a salaried employee could save up to **Rs 17,500** in taxes under the new regime.

- **Employment Linked Incentive (ELI) Scheme:** This scheme has three tiers to encourage more employment:
 - **Scheme A:** New workers in formal sectors earning up to **Rs 1 lakh per month** will receive a one-month wage (up to **Rs 15,000**) in three installments through direct bank transfer (**DBT**), benefiting about 2.1 crore youth.
 - **Scheme B:** This focuses on manufacturing jobs for first-time workers, where the government will provide incentives for employers and employees through EPFO contributions for the first four years of employment.
 - **Scheme C:** For additional employment across all sectors, employers will be reimbursed up to **Rs 30,000 per month** for each new employee earning under Rs 1 lakh, benefiting 50 lakh workers.
- **Paid Internship Scheme:** The Prime Minister's Internship Scheme will help skill 1 crore young people aged 21-24 by placing them in internships at top companies, where they will earn **Rs 5,000 per month** for one year.

Boosting Consumption

All salaried people are consumers, but not everyone in India is part of the global "consumer class," which includes people spending over **\$12 a day (PPP, 2017)**. India's consumer class, according to global data, includes **47.3 crore people**.

The average Indian consumer is 30 years old, and this number is expected to grow. By 2030, India will have 35.7 crore young consumers under 30 years old, making it the world's largest young consumer market.

Trends in Indian Consumers: According to a Deloitte study, Indian consumers are becoming more aspirational, meaning they aim for better quality and lifestyle. This matches findings from the RBI's Consumer Confidence Survey, which shows that consumer confidence remains high, despite slight dips due to economic uncertainties.

Private Consumption Growth: Private Final Consumption Expenditure (**PFCE**), an important measure of consumption, grew by **14.2%** in 2022-23 but slowed to **8.5%** in 2023-24, indicating a need for policy measures to stimulate consumption.

Measures to Boost Consumption

To boost consumer spending and drive the virtuous cycle, the government has introduced several measures:

- **Income Tax Changes:** With the changes in standard deduction and tax slabs, the consumer market could see a boost of Rs 40,000 crore this fiscal year, benefiting **4 crore people**.
- **Internship Scheme:** The paid internships for 1 crore young people will expand the formal job market, increasing the consumer base.
- **Urban and Rural Growth Push:** Investments in rural and urban development will increase rural consumption and discretionary spending.
- **Import Duty Exemptions:** By cutting import duties on 25 critical minerals, like lithium (used in electric vehicle batteries), the government expects to boost EV sales.
- **Custom Duty Reductions:** Reducing duties on gold, silver, and mobile phones will lower costs for consumers and drive demand in these sectors.
- **GST Rate Rationalization:** Although final decisions lie with the GST council, hopes are high that rate rationalization will further boost the consumer market.

Conclusion

India's path to becoming a developed nation is not just about increasing budget allocations but also ensuring rising incomes and growing consumer spending. The 2024-25 Union Budget recognizes the importance of both salaried individuals and consumers in this process and has introduced measures to strengthen the virtuous cycle that will drive India toward its goals.