

OVERVIEW OF INTERIM BUDGET 2024-25

I. INTRODUCTION

The Hon'ble Finance Minister Mrs. Nirmala Sitharaman presented an Interim Budget for the forthcoming financial year 2024-25, being the last budget before the Lok Sabha elections in 2024. The full budget will be presented in July this year after the new government is formed post General Elections. This Interim Budget has offered a glimpse into the Indian government's priorities with respect to the government's vision to create '*Viksit Bharat*' by focusing on transitioning India into a trinity of demography, democracy and diversity backed by '*Sabka Prayas*' by 2047. It has put out an optimistic outlook towards an accelerated economy growth path and profound transformation with a great focus on people-centric inclusive development, empowering the youth and women, sustainable development, wellness of farmers, infrastructure investment, tourism, agriculture and food processing, and housing scheme for the medium income households of the country.

The GIFT IFSC's role in enhancing India's position in international arbitration and financial services is noteworthy, indicating a forward-looking approach to dispute resolution. The law ministry has been allocated Rs. 6,461 crore in the Interim Budget 2024, with an additional allocation of Rs. 1,700 crore this year to strengthen the legal system. Keeping with First Developed India's (FDI) promise, the 2024 Union Budget has prioritized strengthening and aiding the MSME sector to compete in the global market by meeting their investment needs, improving/advancing technology, and liberalizing the regulatory space. The Hon'ble Finance Minister has aimed for more comprehensive GDP – Governance, Development, and Performance growth beyond economic measures. The Budget appears to take care of the taxpayer sentiments while ensuring a dedicated thrust for enhancing business and employment growth in the country. The key priorities of this budget as laid down by the Hon'ble Finance Minister are –

People Centric Inclusive Development – through shifting the approach from 'provisioning up-to-village level' to targeting each and every household and individual by providing housing, electricity, water supply, cooking gas, bank accounts and financial services in a record time, by substantive development of all forms of infrastructure, strengthening financial sector and

managing inflation proactively. The approach to improve people's capability and development is all-round, all-pervasive and all-inclusive. The focus on four major groups namely the 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata' (Farmer) are imperative to drive the country forward.

Empowering the Youth – has trained 1.4 crore youth under Skill India Mission and fostered entrepreneurial aspirations by sanctioning 43 crore loans under the PM Mudra Yojna.

Wellness of Farmers –direct financial assistance to 11.8 crore farmers under PM-KISAN, crop insurance to 4 crore farmers has been provided under PM Fasal Bima Yojana and integrating 1,361 mandis under e-NAM, supporting trading volume of Rs. 3 Lakh crore.

Infrastructure and Investment – 3 major economic railway corridor programmes will be implemented under PM Gati Shakti which will improve multi-modal connectivity, logistics and reduce costs. These corridors will enable promoting foreign investments via negotiating bilateral investment treaties, expansion of existing airports and comprehensive development of new airports, undertaking urban transformation via Metro Rail and NaMo Bharat.

Agriculture and food processing – by promoting private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing, marketing and branding. The Government also proposes to focus on formulation of a comprehensive programme for dairy development. It also plans to set up 5 integrated aquaparks to enhance aquaculture productivity, double the exports and generate more employment

opportunities.

Green Growth – by providing viability gap funding for harnessing offshore wind energy potential for initial capacity of one giga-watt, setting up coal gasification and liquefaction capacity of 100 MT by 2030, mandatory blending of compressed biogas (CBG) in compressed natural gas (CNG) for transport and piped natural gas (PNG) for domestic purpose in phased manner. Financial assistance for procurement of biomass aggregation machinery to support collection will be provided. Focus will also be made on expansion and strengthening of e-vehicle ecosystem by supporting, manufacturing and charging infrastructure, adoption of e-buses for public transport network through payment security mechanism and introduce a new scheme of bio-manufacturing and bio-foundry for promoting green growth.

Tourism – An integrated approach to make tourism digitally accessible has been proposed whereby tourist experience can be enhanced through availability of relevant information on apps. The government also plans on comprehensive development of tourist centres by branding and marketing them at a global scale by undertaking various projects for port connectivity, tourism infrastructure and amenities on the Indian islands which will in turn generate employment opportunities and local entrepreneurship.

The fiscal deficit is estimated to be 5.1% of the GDP. The net market borrowings are estimated to be Rs. 11.75 Lakh Crore. The private investments are occurring at a larger scale, thereby lowering the borrowings by the Central Government which in turn will facilitate larger availability of credit for the private sector. Gross market borrowings are estimated at Rs. 14.13 Lakh Crore.

Same tax rates for direct and indirect tax including import duties were proposed to be retained. However, certain tax benefits available to start-ups and investments made by sovereign wealth or pension funds were proposed to be extended. These have been further elaborated in the taxation section.

The Interim Budget 2024-2025 has been prepared as a roadmap with a vision to attain a Developed India with amplified growth and resultantly increased employment. This budget places India on a forward-looking path while taking into account the much needed reforms demanded by its citizens.

II. IMPLICATIONS ON INDUSTRY

1. Healthcare -

- Maternal and child health care – Various schemes for maternal and childcare will be brought under one comprehensive programme for synergy in implementation. Upgradation of anganwadi centres under “Saksham Anganwadi and Poshan 2.0” will be expedited for 14 improved nutrition delivery, early childhood care and development. The newly designed U-WIN platform for managing immunization and intensified efforts of Mission Indradhanush will be rolled out expeditiously throughout the country.
- Cervical Cancer Vaccination – Government shall encourage vaccination for girls in age group of 9 to 14 years for prevention of cervical cancer.
- Ayushman Bharat - Healthcare cover under Ayushman Bharat scheme will be extended to all ASHA workers, Anganwadi Workers and Helpers.

2. Technology and Data -

- The previous budget had laid out a tech-driven vision for ‘Amrit Kaal’. The Hon’ble Finance Minister had endeavoured to implement unique digital public infrastructure so as to smoothly upgrade the country from manual to digital. In order to boost the initiative of ‘Digital India’, several announcements had been made to make the country digitally literate in all sectors.
- It is acknowledged in the current budget that new age technologies and data are changing the lives of people and businesses while also enabling new economic opportunities and facilitating the provision of high-quality services at affordable prices. India’s continued commitment to show solutions through innovation and

entrepreneurship of its people is of top-most priority.

- A corpus of Rs. 1,00,000 Crore will be established with 50-year interest free loan for the tech-savvy youth. The corpus will provide long-term financing or refinancing with long tenors and low or nil interest rates. This will encourage the private sector to scale up research and innovation significantly in sunrise domains.

3. **Banking and Finance -**

- PM Mudra Yojana – In order to empower the youth of the nation for fostering entrepreneurial aspirations and for providing them with the training for developing the skills and better employment opportunities, the government has planned to increase the budget allocation from Rs. 4000 Crore in Fiscal year 2023-24 to Rs. 6050 Crore in the Fiscal year 2024-25 for developing new universities, IITs, IIMs and AIIMS.
- Financial Sector Regulations – For meeting the investment needs the government will prepare the financial sector in terms of size, capacity, skills and regulatory framework.
- Interest Free Loan to States – Many growth and development enabling reforms are needed in the states for realizing the vision of ‘Viksit Bharat’. A provision of Rs. 75,000 Crore as 50-year interest free loan is proposed this year to support those milestone-linked reforms by the State Governments.

4. **Tourism -**

- States will be encouraged to take up comprehensive development of iconic tourist centres, branding and marketing them at global scale. A framework for rating of the centres based on quality of facilities and services will be established. Long-term interest free loans will be provided to States for financing such development on matching basis.
- The success of organizing G20 meetings in sixty places presented diversity of India to global audience. Tourism, including spiritual tourism, has tremendous opportunities for local entrepreneurship.
- To address the emerging enthusiasm for domestic tourism, projects for port connectivity, tourism infrastructure, and amenities will be taken up on our islands, including Lakshadweep. It is believed that this will help in generating employment also.

5. **MSME -**

- As a part of Government’s strategy for ‘Amrit Kaal’, the Government has acknowledged that it is an important policy priority for the Government to ensure

timely and adequate finances, relevant technologies and appropriate training for the Micro, Small and Medium Enterprises (MSME) to grow and also compete globally. Orienting the regulatory environment to facilitate their growth will be an important element of this policy mix.

6. Manufacturing -

- Electric Vehicle Ecosystem - The Government will expand and strengthen the e-vehicle ecosystem by supporting manufacturing and charging infrastructure.
- Bio-manufacturing and Bio-foundry - For promoting green growth, a new scheme of bio-manufacturing and bio-foundry will be launched.

7. Education -

- Female enrolment in higher education has gone up by 28% in ten years. In STEM courses, girls and women constitute 43% of enrolment which is one of the highest in the world. All these measures are getting reflected in the increasing participation of women in workforce.
- The National Education Policy 2020 is ushering in transformational reforms. PM Schools for Rising India (PM SHRI) are delivering quality teaching and nurturing holistic and well-rounded individuals.
- The Skill India Mission has trained 1.4 crore youth, upskilled and reskilled 54 lakh youth, and established 3000 new Industrial Training Institutes (ITIs). A large number of new institutions of higher learning, namely 7 Indian Institute of Technology (IITs), 16 Indian Institute of Information Technology (IIITs), 7 Indian Institute of Management (IIMs), 15 All India Institute of medical Sciences (AIIMS) and 390 universities have been set up.

8. Energy -

- Green Growth – Green energy forms an integral part of the goals stated in the 2024 budget. In fact, green growth has been identified by the Hon'ble Finance Minister as one of the 4 potentially transformative opportunities as well as one of the priorities of the budget. A net-zero carbon emission by 2070 has been envisioned as an environmental goal which depends largely on the implementation of the various schemes under green growth.
- Viability Gap Funding Scheme – In order to support infrastructure projects that are economically justified but fall short of financial viability, viability gap funding will be provided for harnessing offshore wind energy potential for initial capacity of one giga-watt.
- Setting up of coal gasification and liquefaction units with capacity of 100 million

tonnes by 2030. This will also help in reducing imports of natural gas, methanol, and ammonia.

- Phased mandatory blending of CNG, PNG and compressed biogas for domestic purposes.
- Financial assistance to be provided for procurement of biomass aggregation machinery to support collection.
- The Government aims at rooftop solarization to 1 Crore households. These households will be enabled to obtain up to 300 units of free electricity, hence each household will be able to save up to Rs. 15,000 to Rs. 18,000 annually.
- In order to create a green environment major focus will remain to implement/adopt e-buses as a means of public transports. The government will provide fiscal support by strengthening e-vehicle ecosystem by providing support to manufacturing units for creating/installing electronic charging stations across India which in turn will help in creating employment opportunities in manufacturing, installation and maintenance and provide with entrepreneurship opportunities for vendors for supply and installation.
- As mentioned above, for promoting green growth, a new scheme of bio-manufacturing and bio-foundry will be launched which will provide environment friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs. This scheme will also help in transforming today's consumptive manufacturing paradigm to the one based on regenerative principles.
- National Green Hydrogen Mission – In order to facilitate the transformation of the economy to one of low carbon intensity and low dependence on fossil fuel imports. In the Fiscal year 2023-24 an amount of Rs. 297 Crore was allocated which has been increased to an amount of Rs. 600 Crore in the Fiscal year 2024-25 by the Ministry of Petroleum and Natural Gas towards priority capital investments to be utilized in order to meet the net zero carbon emission objective.
- Blue Economy 2.0 – For promoting climate resilient activities for blue economy 2.0, a scheme for restoration and adaptation measures, and coastal aquaculture and mariculture with integrated and multi-sectoral approach to be launched.

9. Agriculture -

- Promote private and public investment - For ensuring faster growth of the sector, the Government will promote private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing and marketing and branding.

- Nano DAP - After the successful adoption of Nano Urea, application of Nano DAP on various crops will be expanded in all agro-climatic zones.
- Atmanirbhar Oil Seeds Abhiyan - Building on the initiative announced in 2022, a strategy will be formulated to achieve 'atmanirbharta' for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower. This will cover research for high-yielding varieties, widespread adoption of modern farming techniques, market linkages, procurement, value addition, and crop insurance.
- Dairy Development - A comprehensive programme for supporting dairy farmers will be formulated. India is the world's largest milk producer but with low productivity of milch-animals. The programme will be built on the success of existing schemes such as Rashtriya Gokul Mission, National Livestock Mission, and Infrastructure Development Funds for dairy processing and animal husbandry.
- Pradhan Mantri Matsya Sampada Yojana ("PMMSY") – The Government had set up a separate Department for Fisheries realizing the importance of assisting fishermen. This has resulted in doubling of both inland and aquaculture production. Seafood export since 2013-14 has also doubled. Implementation of 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.
 - Five integrated aquaparks will be setup.
- Welfare of Annadata – Every year, under PM-KISAN SAMMAN Yojana, direct financial assistance is provided to 11.8 crore farmers, including marginal and small farmers. Crop insurance is given to 4 crore farmers under PM Fasal Bima Yojana.
- E- Agriculture - Electronic National Agriculture Market has integrated 1361 mandis and is providing services to 1.8 crore farmers with trading volume of 3 Lakh Crore. The sector is poised for inclusive, balanced, higher growth and productivity. These are facilitated from farmer-centric policies, income support, coverage of risks through price and insurance support, promotion of technologies and innovations through start-ups.

10. **Infrastructure and Investments** –

- **Capital Investment** –The capital expenditure outlay has tripled in the past 4 years resulting in huge multiplier impact on economic growth and employment creation. The outlay for capital spending has been increased by 11% to Rs. 11.11

Lakh Crore forming 3.4% of the GDP from the earlier budget of Rs. 10 Lakh Crores. The focus behind the increase of outlay from 2023-2024, is to ensure unprecedented development to be carried out in consultation with the state governments to realize the dream of developed India by 2047.

- Infrastructure Financial Secretariat –
 - Utmost attention will be given to development of the East and its people by making it a powerful driver of India's growth.
 - PM Awas Yojana (Grameen) is close to achieving the target of 3 Crores houses and 2 Crore more houses will be taken up in the next 5 years to meet the requirement arising from increase in the number of families.
 - Government will launch a scheme to help deserving sections of the middle class living in rented houses, or slums, or chawls and unauthorized colonies to buy or build their own houses.
 - Government has already set up 15 All India Institute of medical Sciences (AIIMS) and there are further plans to set up more medical colleges by utilizing existing hospital infrastructure under various departments. A committee for this purpose will be set up to examine the issues and make relevant recommendations.
- The Government aims for rooftop solarization and muft bijli through which 1 Crore households will be enabled to obtain up to 300 units free electricity every month. The following benefits are expected:
 - a. Saving up to Rs. 15,000 to Rs. 18,000 annually from free solar electricity and selling the surplus to distribution companies;
 - b. Charging of electric vehicles;
 - c. Entrepreneurship opportunities for a large number of vendors for supply and installation;
 - d. Employment opportunities for the youth with technical skills in manufacturing, installation, and maintenance.
- The Government has identified 3 major economic corridors under the PM Gati Shakti for enabling multi-modal connectivity which will further help in improving logistics and efficiency and reduce costs, viz.
 - a. Energy, mineral and cement corridors.
 - b. Port connectivity corridors, and
 - c. High traffic density corridors
- Keeping in mind the fast-expanding middle class and rapid urbanization the Government aims to expand the Metro Rail and NaMo Bharat network in large cities focusing on transit-oriented development.

- Government aims to expand and strengthen the e-vehicle ecosystem by supporting manufacturing and charging infrastructure.
- The government has proposed a provision of Rs. 75,000 Crore as 50-year interest free loan to support those milestone-linked reforms by the State Government.
- Government aims at promoting investments, the FDI inflow during 2014-23 was USD 596 billion marking a golden era, this is double the inflow during 2005-2014. Government is negotiating bilateral investment treaties with their foreign partners, in the spirit of 'First Develop India.'

III. DIRECT AND INDIRECT TAX –

Broad Aim – The broad aim of the direct tax and indirect tax proposals is to maintain continuity and stability of taxation as well as to improve ease of living and ease of doing business by improving taxpayer services.

- Income Tax Slabs – The Hon'ble Finance Minister proposed no change in the tax rates for direct and indirect taxes including import duties.
- Withdrawal of outstanding direct tax demands – Large number of petty, non-verified, non-reconciled or disputed direct tax demands upto Rs. 25,000 pertaining to the period up to financial year 2009-10 and up to Rs. 10,000 for the financial years 2010-11 and 2014-15 are proposed to be withdrawn.
- The Hon'ble Finance minister has extended the tax benefits on income from International Financial Services Centre (IFSC) units which were expiring in March 2024 by another year to March 31, 2025, which will provide continuity in taxation. This move will elongate the tax exemption on income earned from Gujarat International Finance Tec-City (GIFT) through trading in non-deliverable forward contracts or offshore derivative instruments, thereby creating a robust gateway for global capital and financial services for the economy.
- Tax exemptions on aircraft or ship leasing from the IFSC centre has also been extended.
- A significant announcement regarding personal taxation involved the designation of the new income tax regime as the default option. However, citizens retain the flexibility to opt for the advantages offered by the traditional tax regime.

While the Hon'ble Finance Minister, in her budget speech did not focus on announcing any major changes to the scenario of litigation and dispute resolution in India, she did not fail to account for petty disputes which affect the common man and cause hinderance in ease of

living and ease of doing business in India. The success of faceless assessment and appeal, which has imparted greater efficiency, transparency and accountability in the tax litigation landscape was also highlighted.

The Interim Budget has made strategic allocations and announced initiatives for the above sectors. This aims indirectly to modernise and strengthen India's economical framework and capabilities. The budget aligns with the broader goal of national development and international cooperation.

The Interim Budget makes robust and all-encompassing institutional efforts to increase the competitiveness of the Indian economy - a bold step ahead towards the aim of becoming a developed economy.

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