

# Analysis of India's **INTERIM BUDGET** 2024-25

## A confident step up to the elections

A pre-election budget can be seen as an indicator of a government's assessment of its prospects at the polls. It is often leveraged as an opportunity to appeal to the electorate by announcing large social programmes—even providing direct financial commitments for welfare schemes.

If that is used as a barometer for India's Interim Budget 2024-25, then it would seem that the Government is quite confident of a third term. The Interim Budget presented by Hon'ble Finance Minister Nirmala Sitharaman steered clear of any last-minute sops, instead charting a steady course that maintains the momentum on key focus areas of the Government.

Infrastructure has been a big win for this Government over the years, and the Interim Budget gave us a glimpse of the next stage of infrastructure growth envisaged, along with priorities such as reducing the cost of logistics and enhancing the efficiency of movement of people and goods through the country. Providing financial heft to domestic R&D in sunrise sectors and defence deep tech shows the Government's intent to move towards a knowledge and innovation economy. With India looking to host the 33rd Conference of the Parties of the UNFCCC (COP33) in 2028, the push to develop a green ecosystem builds on the significant achievements of the country in decarbonising the economy. The Government also sees efficient and targeted delivery of welfare programs as a major accomplishment, and the Interim Budget gave a flavour of how these programmes will be made more specialised in the coming years.

The Government clearly feels that it has its bases covered before the elections—that the economy is on the right track, welfare is reaching those intended, and there is no real need for any last-minute policy tweaks. The full budget, to be presented in July this year after the elections, will paint a fuller picture of the country's politico-economic trajectory for the years to come.

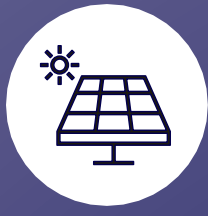


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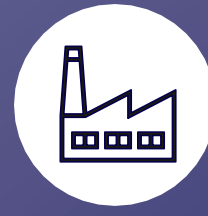


# THE BIG PICTURE



## GREEN GROWTH

- Rooftop solarisation to give 10 million households 300 units of free electricity per month.
- Coal gasification and liquefaction capacity of 100 MT to be set up by 2030.
- New scheme for biomanufacturing and bio foundry will be launched.
- Viability gap funding to be provided for harnessing offshore wind energy for 1 GW.
- Phased mandatory blending of Compressed Biogas (CBG) in Compressed Natural Gas (CNG) for transport and Piped Natural Gas (PNG) for domestic purposes to be mandated.
- Greater adoption of e-buses for public transport networks will be encouraged through a payment security mechanism.
- By assisting with infrastructure for manufacturing and charging, the Government will fortify and broaden the e-vehicle ecosystem.



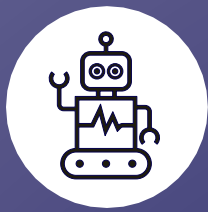
## INFRASTRUCTURE & DEVELOPMENT

- Capital expenditure outlay for infrastructure development increased by 11.1% to INR 11.11 trillion (USD 133.66 billion)—3.4% of GDP.
- Three major economic railway corridor programmes identified under the PM Gati Shakti to improve logistics efficiency and reduce cost:
  - Port connectivity corridors
  - Energy, mineral and cement corridor
  - High-traffic density corridor



## SOCIAL DEVELOPMENT

- Healthcare cover under the Ayushman Bharat scheme will be extended to all ASHA workers, Anganwadi workers, and helpers.
- Setting up of more medical colleges by utilising the existing hospital infrastructure under various departments.
- An additional 20 million houses targeted for the next five years under PM Awas Yojana (PMAY Grameen).
- Launch of a scheme to help deserving sections of the middle class living in rented houses, or slums & chawls, and unauthorized colonies, to buy or build their own houses.
- 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 improved nutrition delivery, early childhood care and development.



## TECHNOLOGY & INNOVATION

- A corpus of INR 1 trillion (USD 12 billion) will be established with a 50-year interest-free loan to provide long-term financing with less or nil interest rates for youth to scale up research and innovation.
- New scheme will be launched for strengthening deep-tech technologies for defence purposes.



## AGRICULTURE

- Application of Nano Di-Ammonia Phosphate (DAP) will be expanded in all agroclimatic zones.
- A strategy will be formulated to achieve self-sufficiency for oilseeds like sesame, sunflower, mustard, and others by enhancing supply chains to increase market linkage.
- Five integrated aquaparks to be set up for aquaculture.



## TAXATION

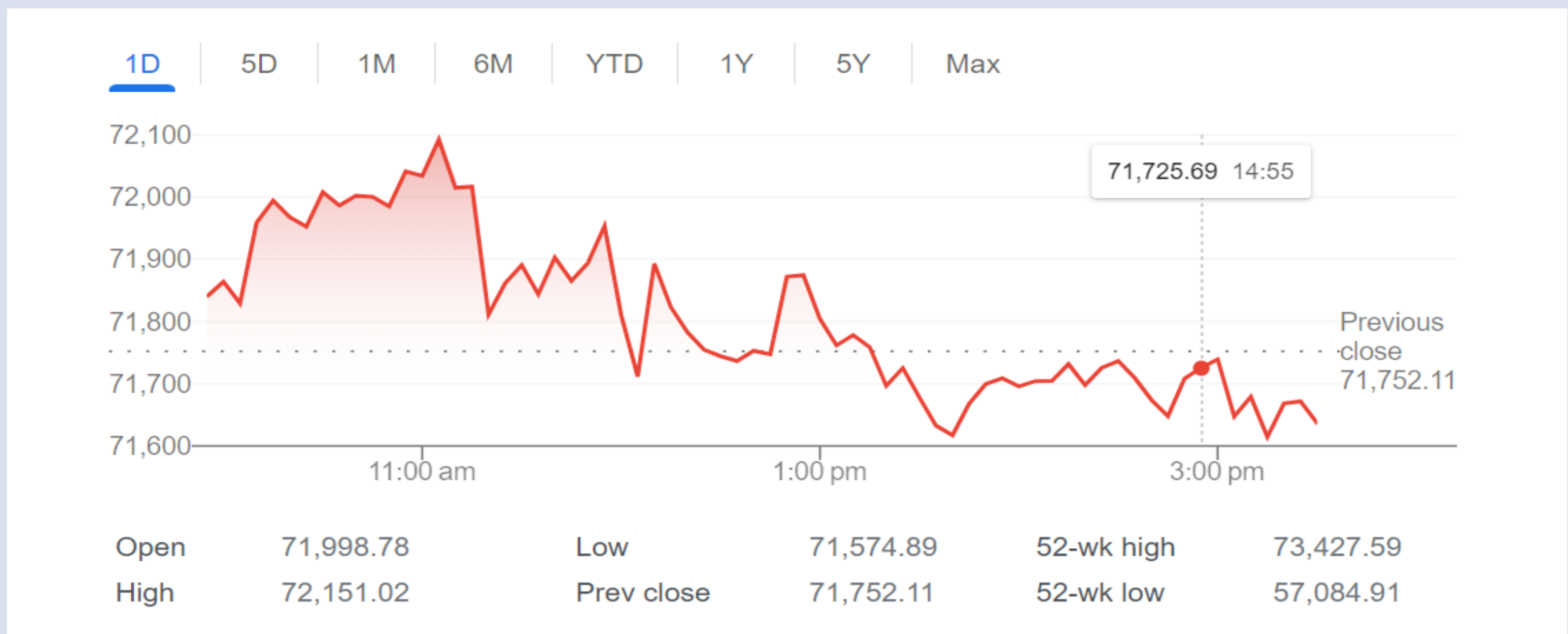
- Presumptive taxation threshold for professionals increased to INR 7.5 million (USD 90,000) from INR 5 million (USD 60,000).
- Presumptive taxation threshold for retail businesses increased to INR 30 million from INR 20 million.
- Proposal to extend certain tax benefits to start-ups and investments made by sovereign wealth or pension funds as well as tax exemption on certain income of some IFSC units from on 31.03.2024. to 31.03.2025.
- Withdrawal of outstanding direct tax demands up to INR 25,000 for FY 2009-10 and INR 10,000 for the FY 2010-11 to 2014-15 was announced.

# Budget Estimates (2024-2025)

Numbers in INR

	2022-23 (Actuals)	2023-24 (Revised Estimates)	2024-25 (Budget Estimates)
Fiscal Deficit	3.0%	5.8%	5.1%
Revenue Deficit	3.9%	2.8%	2.0%
Gross Tax Revenue	30.5 Trillion (INR)	34.3 Trillion (INR)	38.3 Trillion (INR)
Devolution of States' Share in Taxes	9.4 Trillion (INR)	11.0 Trillion (INR)	12.2 Trillion (INR)

## Market Summary < BSE Sensex



## OUTLAY OF SCHEMES

Numbers in INR BILLION







## R. Chandrashekhar

Chairman CDF, Fmr. Telecom  
Secretary, Government of India,  
Fmr. President NASSCOM

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### **Interim Budget 2024: Political and economic confidence on display while laying the foundation for faster growth**

The Interim Budget 2024 unveiled by the Hon'ble Finance Minister Nirmala Sitharaman displays both political and economic confidence. The conviction that the Modi Government is certain to return for another term and that the economy is on the right growth track is writ large, even though it is merely a Vote on Account. Consequently, it seeks to maintain continuity, chart a stable course for growth, and does not yield to the temptation of lacing it with freebies and giveaways in election season.

The budget emphatically reiterates the Government's commitment to fiscal prudence, maintaining a trajectory to reduce the fiscal deficit from 5.8% to 5.1%. The budget exercises conservatism in revenue projections, allowing room for cheer when the actual figures are revealed. On the tax front, too, the estimates are conservative, further contributing to the fiscal prudence narrative. While taxes remain unchanged, as expected in an interim budget, the prospect of major changes stands deferred to the full budget.

The Government, confident of a return, seeks to build upon its record of increasing capex and infrastructure outlay as the foundation for solid, long-term growth. Infra capex, which has thus far played a multiplier role in economic growth and employment creation, has been increased by 11.1%, and now stands at a substantial 3.4% of GDP, a refreshing improvement from past self-imposed constraints. This underscores the Government's commitment to leveraging infrastructure as a key driver for economic growth and to unlock greater return on investment.

The budget's broad-ranging infrastructural thrust also encompasses railways and aviation, with a noteworthy call for states to contribute to capex—an essential component of India's rapidly expanding economy. This comes on top of ongoing focus on road infrastructure. The provision of long-term, interest-free loans to states to develop and promote their iconic tourism centres reflects one of the many ways that states will be co-opted and empowered to create greater value.

On the energy front, the budget also underscores a strong focus on renewable energy, particularly wind and solar. The Government's emphasis on strengthening the EV manufacturing, charging ecosystem, and using EVs for public transport networks demonstrates a continued commitment to green energy initiatives and reducing India's carbon footprint.

In the weeks prior, there had been a fair bit of curiosity and expectation about how the budget would ramp up rural consumption. The Government has wisely chosen to use housing as a vehicle to pump money into rural India, via its goal of constructing 20 million homes over the next five years, under the PM Awas Yojana (Grameen). This, in turn, helps the construction sector and also boosts overall employment.

Also related to the rural front is the focus on fisheries and seafood, wherein stepping up the implementation of the Pradhan Mantri Matsya Sampada Yojana (PMMSY) will double exports to INR 1 lakh crore. This will contribute to the Government's agenda of job creation while bolstering dollar revenues, aligning well with the broader agricultural strategy.

The decrease in net borrowing raises expectations of a potential reduction in effective interest rates for banks, also boosting the banking sector. It could potentially lead to moderation in the lending rate in the foreseeable future, reflecting confidence that the inflation monster is well under control.

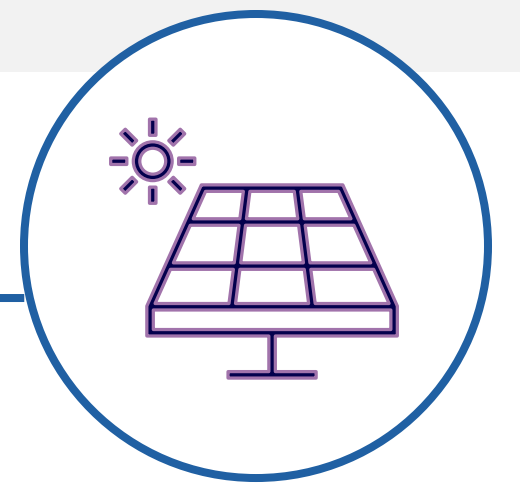
Notably, the whittling down of subsidies reflects a strategic move towards fiscal consolidation by reallocating resources to productive infrastructure rather than subsidising sectors that may have been a drain on the economy.

Among the headline items, the budget places a significant focus on research and development (R&D) and deep tech, aligning with the Government's continued thrust on technology. While India enjoys a well-earned position in IT services, the budget recognises that India has an enduring gap in product development and more significantly, technology creation. India's record of being the largest importer of defence equipment needs continued corrective action. The emphasis on R&D to support Atma Nirbhar in the sector is another laudable step.

The budget can be seen as an attempt to catalyse R&D in the private sector, via the allocation of a one lakh crore corpus as interest-free loans for deep tech and defence tech. Notably, unlike in the past, the budget does not limit R&D to the public sector but instead recognises and incentivises the role that the private sector can play.

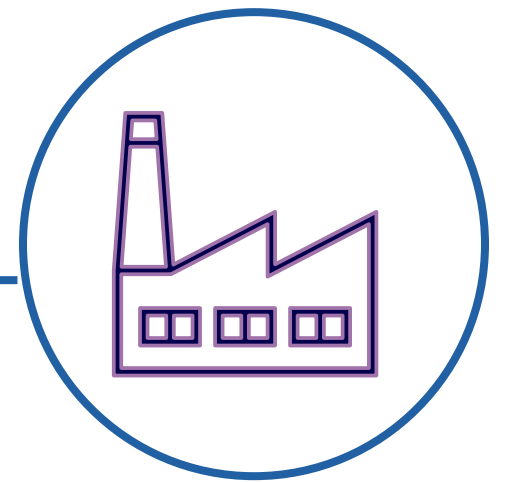
In summary, the Interim Budget 2024 reflects not only economic and political confidence but also a growth-oriented, tech-driven, capex-focused, and innovation-supportive agenda. The larger picture of the Government's aspirations will become clearer only when the full scope of the regular Union Budget is revealed later this year.

# GREEN GROWTH



- **Commitment to meet 'Net Zero' by 2070 through:**
  - Viability gap funding for wind energy.
  - Coal gasification and liquefaction capacity of 100 MT to be set up by 2030.
  - Phased mandatory blending of CNG, PNG and compressed biogas.
- Financial assistance for procurement of biomass aggregation machinery.
- Rooftop solarisation targeting 10 million households will be enabled to obtain up to 300 units of free electricity per month.
  - It will enable monthly savings of INR 15,000-18,000 (USD 180-216) with free solar electricity and selling the surplus electricity to distribution companies (discoms).
- Adoption of e-buses for public transport networks.
- Strengthening the e-vehicle ecosystem by supporting EV manufacturing and charging.
- A new scheme of biomanufacturing and bio-foundry to be launched to support environment-friendly alternatives.

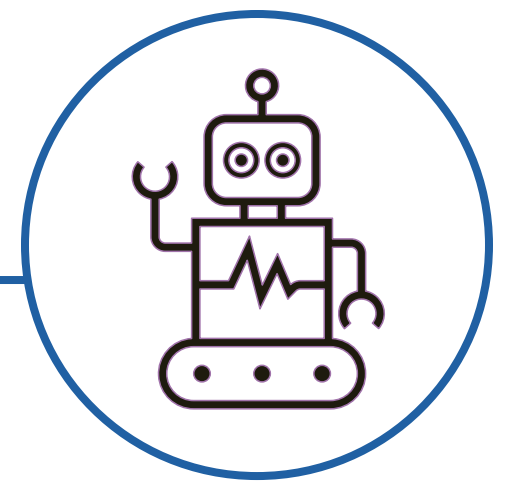
# INFRASTRUCTURE



- The capital expenditure for infrastructure has increased by 11.1% from INR 10 trillion (USD 122.20 billion) to INR 11.11 trillion (USD 134 billion) which is 3.4% of GDP.
- Three major economic railway corridor programmes have been identified under the PM Gati Shakti for implementation:
  - Energy, mineral, and cement corridors.
  - Port connectivity corridors.
  - High-traffic density corridors.
- Expansion of Metro Rail and NaMO Bharat (rapid rail transport) to be supported in large cities focusing on transit-oriented development.
- Roll out of air connectivity to tier-two and tier-three cities under Ude Desh ka Aam Nagrik (UDAN). Expansion of existing airports and development of new airports will continue.
- Indian carriers have proactively placed orders for over 1,000 new aircraft.
- Projects for port connectivity, tourism infrastructure, and amenities will be taken up across islands, including Lakshadweep.
- States will be encouraged to undertake development of iconic tourist centres to attract business and promote opportunities for local entrepreneurship.
- The Government has reaffirmed its commitment to the India-Middle East-Europe Economic Corridor (IMEC) to encourage economic development through enhanced connectivity and integration between Asia, West Asia, the Middle East, and Europe.



# TECHNOLOGY & INNOVATION



- INR 1 trillion (USD 12.03 billion) interest-free corpus to be established for a fifty-year period for providing long-term financing or refinancing to boost private investment in sunrise technologies.
- A new scheme to be launched for strengthening deep-tech technologies for defence purposes.

# SOCIAL DEVELOPMENT



- Allocation of INR 1.7 trillion (USD 20.5 billion) for Ministry of Rural Development.
- Budget allocation for the MNREGA scheme increased to INR 860 billion (USD 10.3 billion) from INR 600 billion (USD 7.2 billion).
- Allocation for AB-PMJAY scheme increased to INR 75 billion (USD 902 million) and the cover under the scheme will be extended to all ASHA workers, Anganwadi workers, and helpers.
- Budget allocation for PMAY has been increased to INR 806.71 billion (USD 9.7 billion). Further, 20 million more houses to be built in the next five years in rural areas under the scheme.
- A scheme on 'Housing for Middle Class' to be launched for supporting middle class to buy or build their own houses.
- Allocation to Saksham Anganwadi and POSHAN 2.0 schemes has increased to INR 212 billion (USD 2.5 billion). However, there is a decrease of INR 3 billion when compared to revised FY 23-24 estimates. The programmes will aim to upgrade Anganwadi centres to promote nutrition, early childhood care, and development.
- Budgetary allocation to the PM Schools for Rising India (PM SHRI) scheme increased to INR 60.5 billion (USD 728 million).
- A scheme will also be launched to encourage cervical cancer vaccination for girls in the age group of 9-14 years.
- A newly designed U-Win portal to be launched to intensify Mission Indradhanush.
- New Medical Colleges will be set up by utilising the existing hospital infrastructure under various departments.
- The targets under 'Lakshpati Didi Scheme' has been enhanced from 20 million women to 30 million women.

# AGRICULTURE AND FOOD PROCESSING



- Increased focus and coverage of farmer welfare schemes through key initiatives and programmes.
  - Under Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) scheme, direct financial assistance was provided to 118 million farmers.
  - PM Fasal Bima Yojana (crop insurance scheme) reached 40 million farmers.
  - National Agriculture Market or eNAM (an online trading platform for agricultural commodities) reached trading volume of INR 3 trillion (USD 36 billion) and integrated 1,361 mandis (market yards).
- Key strategic areas to be developed and promoted across various aspects such as:
  - Private and public investment in post-harvest activities.
  - Application of Nano-Di Ammonia Phosphate to be expanded in all agro-climatic zones.
  - Formulation of comprehensive programme for dairy development.
  - Formulation of Atmanirbhar Oilseeds Abhiyaan-Strategy to achieve self-sufficiency in oilseeds.
- Enhancing aquaculture productivity, doubling exports, and increasing employment opportunities through expedited implementation of Pradhan Mantri Matsya Sampada Yojana. The programme will develop five integrated aqua parks.
- Increased allocation for PM-Formalisation of Micro Food Processing Enterprises scheme from INR 6.39 billion (USD 77 million) to INR 8.80 billion (USD 106 million).

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