

UNION BUDGET SECTORAL IMPACT

2024-25



Agriculture

Budget Proposals

- Finance Minister Nirmala Sitharaman has approved Rs 1.52 lakh crore for agri and allied sectors. New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops to be released for cultivation by farmers.
- 1 crore farmers across the country to be initiated into natural farming, with certification and branding in next 2 years. 10,000 need-based bio-input resource centres to be established for natural farming.
- Digital Public Infrastructure (DPI) for Agriculture to be implemented for coverage of farmers and their lands in 3 years.

Impact

- These announcements by Nirmala Sitharaman will enhance productivity and resilience in Agriculture sector. These will also help to lift farmer income and lift the rural economy.

Defence

Budget Proposals

- India's defence budget for FY25 is set at Rs 6.21 lakh crore, with a focus on capital outlay, domestic procurement, and border infrastructure.

Impact

- This defence budget will help in growth of domestic defence industry. This will also help to reduce imports of defence's products in future.

Education

Budget Proposals

- Finance Minister announced that Financial support for loans upto Rs 10 lakh for higher education in domestic institutions to be provided to youth who have not been eligible for any benefit under government schemes and policies.
- E-vouchers for this purpose will be given directly to 1 lakh students every year for annual interest subvention of 3 per cent of the loan amount.

Impact

- Financial support will help to students for higher education in domestic institutions.

Energy

Budget Proposals

- PM Surya Ghar Muft Bijli Yojana has been launched to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month. A policy for promoting pumped storage projects will be brought out for electricity storage.
- Nuclear energy is expected to form a very significant part of the energy mix for Viksit Bharat. The government will partner with the private sector for (1) setting up Bharat Small Reactors, (2) research & development of Bharat Small Modular Reactor, and (3) research & development of newer technologies for nuclear energy.

Impact

- The private sector collaborations will drive advanced power plants, and a Critical Mineral Mission will secure essential resources. This comprehensive strategy aims to balance growth, employment, and environmental sustainability, ensuring a resilient energy future for Viksit Bharat.

Infrastructure

Budget Proposals

- Support in development of road connectivity projects at a total cost of Rs 26,000 crore.
- Power projects, including setting up of a new 2400 MW power plant at Pirpainti, will be taken up at a cost of Rs 21,400 crore.

Impact

- The government's focus on infra development is expected to be on new projects in build-operate-transfer (BOT) and PPP mode onboarding private sector and attracting investment as it aims to reduce overall logistics cost.

Jewellery

Budget Proposals

- Finance Minister Nirmala Sitharaman announced that Customs duty on gold and silver to be reduced to 6%, platinum to 6.4%.

Impact

- Cut in custom duty on gold and silver is likely to lead to a decline in domestic prices of gold and silver and push the demand for precious metals in the country. Also, the reduction aims to boost retail demand and tackle smuggling in India, the world's second-largest consumer of bullion.

Leather and Footwear

Budget Proposals

- Government proposes to cut customs duty of manufacturing leather and footwear.

Impact

- This will provide a major fillip to the leather and footwear industry as reduction in custom duty will decrease cost of production of leather bags, footwear, jackets and accessories.

Marine Products

Budget Proposals

- Reduce BCD on certain broodstock, polychaete worms, shrimp and fish feed to 5 per cent. Also propose to exempt customs duty on various inputs for manufacture of shrimp and fish feed.

Impact

- Reduction in BCD to 5 per cent will make the certain Marine products cheaper and will ultimately increase consumption. This also will help in overall development of the industry.

Mining

Budget Proposals

- Finance Minister announced that 25 critical minerals fully exempted from customs duties, and BCD on two critical minerals reduced.
- Critical Mineral Mission to be set up for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets.

Impact

- This will provide a major fillip to the processing and refining of such minerals and help secure their availability for these strategic and important sectors.

Mobile Phone and Related Parts

Budget Proposals

- Reduce the Basic Customs Duty (BCD) on mobile phone, mobile PCBA and mobile charger to 15 per cent.

Impact

- Reduction in Basic Customs Duty is expected to reduce the prices of mobile phones and accessories, including imported ones.

MSME

Budget Proposals

- New Credit guarantee scheme will be introduced at facilitating term loans for Micro, Small, and Medium Enterprises (MSMEs). A separately constituted self-financing guarantee fund will provide, to each applicant, guarantee cover up to Rs 100 crore, while the loan amount may be large.

Impact

- The scheme will facilitate term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee.
- The initiative aims to bolster MSMEs by reducing credit risks and enhancing access to financing.

Real Estate

Budget Proposals

- Additional houses under the PM Awas Yojana in rural and urban areas in the country has been announced.
- Under the PM Awas Yojana Urban 2.0, housing needs of 1 crore urban poor and middle-class families will be addressed with an investment of Rs 10 lakh crore. This will include the central assistance of Rs 2.2 lakh crore in the next 5 years.

Impact

- The focus on affordable housing under PM Awas Yojana will give required push to urbanisation in outskirts of tier-2 and tier-3 towns amid home loan interest rates expected to go down in coming months.

Telecom Equipment

Budget Proposals

- The government has proposed to increase import duty on motherboards, technically called printed circuit boards, by 5% in the Union Budget 2024-25.

Impact

- The increase in import duty will boost domestic telecom gear manufacturing.

Tourism

Budget Proposals

- Comprehensive development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor will be supported, modelled on the successful Kashi Vishwanath Temple Corridor, to transform them into world class pilgrim and tourist destinations.
- A comprehensive development initiative for Rajgir will be undertaken.
- The government will support the development of Nalanda as a tourist centre besides reviving Nalanda University to its glorious stature.

Impact

- These developments will boost economic growth and job creation. Also, this Comprehensive development aligns with the broader goal of promoting India as a premier tourist destination.
- Comprehensive development of iconic tourist centres will help to increase tourist and help in generating employment