CBIL

SPECIAL EDITION

INTERIM BUDGET

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Contents

03 Introduction

06 Macroeconomic Indicators

10 Banking

13 Taxation

15 DBT & Interest Free Loans

18 Other Highlights

Introduction

Article 112 of the Indian Constitution requires the Finance Minister to present the Union Budget or the **Annual Financial Statement** in Parliament. It outlines the government's estimated receipts and expenditures for the year.
The Union Budget spans from April 1st to March 31st and consists of the **Revenue Budget** and **Capital Budget**. The Revenue Budget encompasses revenue receipts and day-to-day expenses, including tax and non-tax revenue while, the Capital Budget includes capital receipts and government payments, notably loans from the public, foreign governments, and the Reserve Bank of India (RBI).

Constitutional Provisions Related to Budget:
The Constitution of India sets forth various requirements for the Budget. They are as follows:
1) Article 112 requires the President of India to cause the Annual Financial Statement (i.e. the budget) to be laid before the Parliament. It requires the statement to show the expenditure charged on the Consolidated Fund of India and the sums required to meet other expenditures.
2) Article 113 mentions the Procedure in Parliament with respect to estimates. It states that the expenses charged on the Consolidated Fund of India are not subject to vote but the other demand for grants are to be assented by the House of the People.
3) Article 114 mentions about the Appropriation Bill which gives power to the government to withdraw funds from the Consolidated Fund of India for meeting the expenditure during the financial year.
4) Article 116 deals with the Votes on account. It is a grant in advance for the central government to meet short-term expenditure needs from the Consolidated Fund of India, generally lasting for a few months till the new financial year kicks in.

History of Union Budget

The first Indian Budget was presented by James Wilson on February 18, 1869 as he was designated as the Finance Member of the India Council that advised the Indian Viceroy. The first budget of Independent India was presented by R.K. Shanmukham Chetty, India's first Finance Minister on 26th November 1947.

Transition from the Brown/Red Briefcase to Paperless:

Until 2019, Finance Ministers used to carry the budget document in a brown or red briefcase when presenting it in the Parliament. However, in 2019, the Union Budget was presented in a traditional 'Bahi-khata' rather than a leather briefcase, signifying the rich culture the country holds.

In 2021, amidst the Covid-19 pandemic, the government in order to maintain the security and safety of everyone converted it into a paperless budget. The finance minister Nirmala Sitharaman moved ahead with the first paperless Budget using a digital tablet encased in a red-coloured cover adorned with the national emblem.

Evolution of Budget Date and Time:

Until 1999, the Budget was presented at 5 PM in the evening on the last day of February. The timing was shifted to 11 am in 1999 by Finance Minister Yashwant Sinha to allow sufficient time for thorough analysis, leading to more informed debates and discussions.

In 2017, Arun Jaitley, the then Finance Minister, also changed the date of the budget presentation to the 1st of February because when the budget was presented at the end of February, the government had very little time to prepare for the new policies and changes that would take effect from April 1.

Consolidation of Railway Budget and Union Budget:

Since 1924, the railway budget and union budget were presented separately. However, these two budgets were merged in 2017 by Finance Minister Arun Jaitley to present a holistic picture of the financial position of the central government, aiming to facilitate multimodal transport planning across highways, railways and inland waterways.

Interim Budget

In election years, the incumbent Government cannot present a full Budget due to potential changes in the executive after the polls. Therefore, interim budget is necessary. As there is no constitutional provision for an interim budget, the Centre can choose to seek the Lower House's approval for the funds required for the transition period (April-July) till the new government presents a full budget via the votes on account provision.

The Interim Budget for this year will act as a temporary measure without significant announcements until the 2024 Lok Sabha elections. In adherence to the Election Commission of India's code of conduct, the outgoing government is restricted from implementing major tax and economy-related measures to prevent influencing voters.

Halwa Ceremony

Every year, five days before the Union Budget is presented at the Parliament, the finance ministry holds a ritual where "Halwa" is prepared and served to officials and staff members involved in the Budget preparation.

The Halwa ceremony is considered a way of showing appreciation for the people who worked on the budget, signifies the official initiation of the printing process of various documents related to the budget. It initiates the "lock-in" period during which the top officials involved with preparation of the budget isolate themselves within the ministry premises, cutting off from their families to preserve the confidentiality until the Finance Minister's Budget speech.

The Fiscal Responsibility and Budget Management Act, 2003:

The Fiscal Responsibility and Budget Management Act (FRBM Act), enacted in 2003, establishes financial discipline with the aim of reducing fiscal deficit. It enhances transparency in India's fiscal management, fostering fiscal stability and grants the RBI, flexibility to address inflation.

It mandates the government to annually present the following documents in Parliament alongside the Union Budget:

1) Medium-Term Fiscal Policy Statement

2) Macroeconomic Framework Statement

3) Fiscal Policy Strategy Statement

4) Projections of revenue deficit, fiscal deficit, tax revenue, and total outstanding liabilities as a percentage of GDP in the medium-term fiscal policy statement.

Exemptions under the FRBM Act allow for deviations from fiscal deficit and revenue targets on grounds of national security, calamity, etc.

Macroeconomic Indicators

The Indian financial landscape has exhibited resilience, which can be attributed to robust macro-economic fundamentals derived from structural reforms, despite the global financial crisis. Now that the dust has settled on the 2024 Interim Budget, we shall now delve into its intricacies, piece by piece.

Fiscal Overview of India

Revenue and Capital Receipts

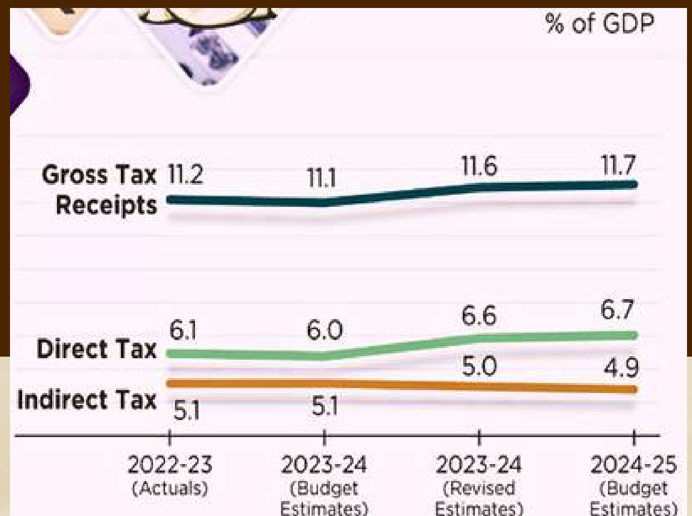
- Revenue Receipts: They are projected to be Rs. 26.02 trillion, and tax revenues, expected at Rs. 30.80 trillion, form a significant portion of the total estimated receipts. The revenue receipts include Rs. 3.78 trillion from the disinvestment of PSUs, which is only a one-time source of income. This reflects the government's reliance on tax revenues for its financial sustenance.
- Capital Receipts: With reduced government borrowings, there is a significant decline in gross and net market borrowings, indicating a positive trend towards fiscal consolidation. The 50-year interest-free loan scheme for capital expenditure to states is to be continued, thereby emphasizing the government's commitment to long-term investments.

Expenditures

- Revenue and Capital Expenditure: The estimated total expenditure for the fiscal year is Rs. 47.66 trillion. Revenue expenditure covers various government schemes and subsidies, including the interest-free loan scheme for capital expenditure to states. Capital expenditure is also substantial, aligning with the government's commitment to fiscal consolidation.

The increased revenue receipts and the reduction in borrowings are positive signs that indicate a cautious approach towards expenditure. The government's commitment to its goal of fiscal consolidation and strategic allocation of funds are positive indicators of economic stability and growth. The 2024 Budget presents a keen focus on balancing revenue and expenditure.

	2022-23 (Actuals)	2023-24 (Budget Estimates)	2023-24 (Revised Estimates)	2024-25 (Budget Estimates)
Revenue Receipts	23,83,206	26,32,281	26,99,713	**30,01,275**
Capital Receipts	18,09,951	18,70,816	17,90,773	**17,64,494**
Total Receipts	41,93,157	45,03,097	44,90,486	**47,65,768**
Total Expenditure	41,93,157	45,03,097	44,90,486	**47,65,768**
Effective Capital Expenditure	10,46,289	13,70,949	12,71,436	**14,96,693**
Revenue Deficit	10,69,926	8,69,855	8,40,527	**6,53,383**
Effective Revenue Deficit	7,63,662	4,99,867	5,19,337	**2,67,801**
Fiscal Deficit	17,37,755	17,86,816	17,34,773	**16,85,494**
Primary Deficit	8,09,238	7,06,845	6,79,346	**4,95,054**



Fiscal Deficit and Targets

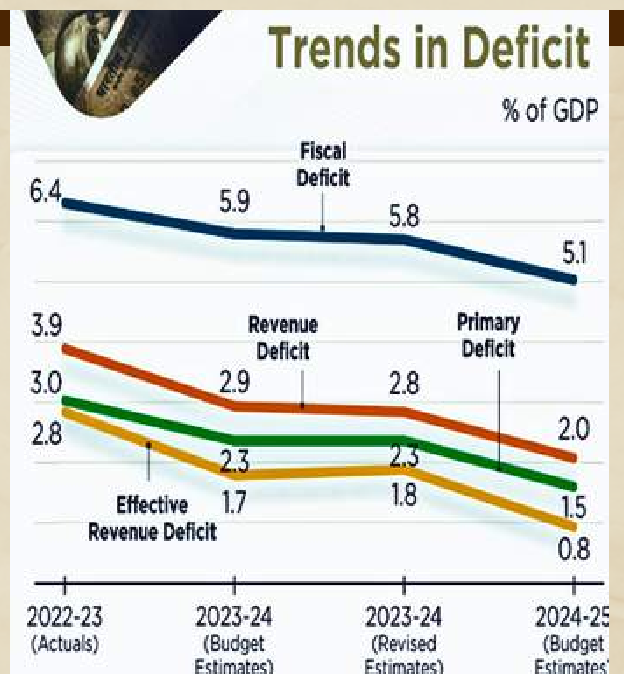
A revised fiscal deficit of 5.8% of GDP over the 5.9% target was set. The deficit is narrowing after rising in FY21 due to Covid-19 to 9.2 %. It had previously shrunk to 6.4% in FY23. The government aims to reduce the deficit to less than 4.5% by 2025-26, projecting a deficit of 5.1% in 2024-25. Government expenditure is projected to grow at a rate of 6.1% year over year in FY25 over FY24 revised estimates (RE). Revenue projections for next year also indicate a mere 12% increase.

A reason for the deficit compression is the rise in non-tax revenue, which was Rs. 74, 000 crores higher than budgeted last FY, indicating a growth of 25% from the dividends from the RBI and other public sector banks. RE for the current year is 118% higher than the budget estimate of Rs. 48,000 crores as the RBI transferred an unexpectedly large dividend of Rs. 87,416 crores in May 2023. This dividend could have been as high as Rs. 1.2 lakh crore if the RBI had not decided to increase the contingency risk buffer from 5.5% to 6%.

The focus on reducing the fiscal deficit is a positive indicator. However, the modest increase in revenue projections and the rationalization of subsidies on petroleum, food and fertilisers, despite increased allocation under MNREGA and the Product linked Incentive Scheme (PLI), suggest a cautious approach towards expenditure. Management of it is a critical aspect of GDP growth, as it influences the overall economic stability.

GDP Projections

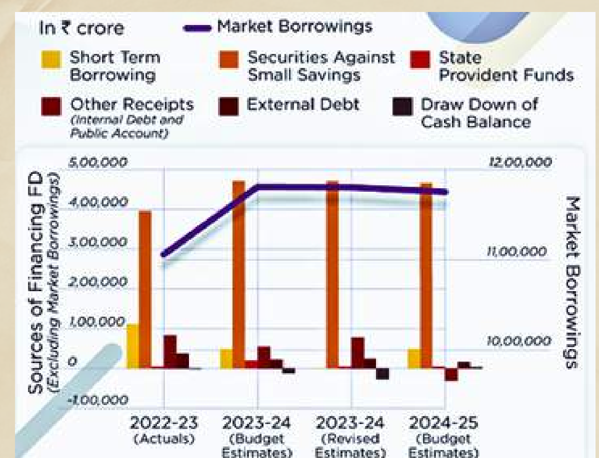
India's real GDP is estimated to grow at 7.3% for FY 23-24, resulting in India positioning itself as the 5th largest economy in the world with a GDP of US$ 3.7 trillion. The interim budget emphasizes a trajectory of sustained growth, with an 11.1% increase to Rs. 11,11,111 crores in capital expenditure for the next year estimated at Rs. 47.66 trillion (including the allocation of borrowing), which is 3.4% of the total GDP. This move is welcomed as it is expected to positively impact economic growth and employment.



Market Borrowings

The expected gross and net market borrowings through dated securities in 2024-25 are Rs. 14.13 trillion and Rs. 11.75 trillion, lower than the previous year, signalling a decrease. The government planned to bring down its gross borrowings from Rs. 15.43 trillion, which is 8% higher than the estimate for FY 24-25. The allocation of borrowings to various government schemes reflects a strategic approach to fiscal management.

This move is expected to boost private sector credit availability, fostering significant private and foreign direct investments, alleviate the burden on debt servicing, free up resources for developmental activities, signal fiscal responsibility, fostering economic growth and job creation. The path to this consolidation is paved with the government's borrowings projected to shrink in the upcoming years.



Current Account Deficit

The current account deficit (CAD) is a measure of a country's trade where the value of products exported is lower than the value of goods and services imported. The current account of a country encompasses the foreign transactions occurring and is a component of a country's balance of payments (BOP).

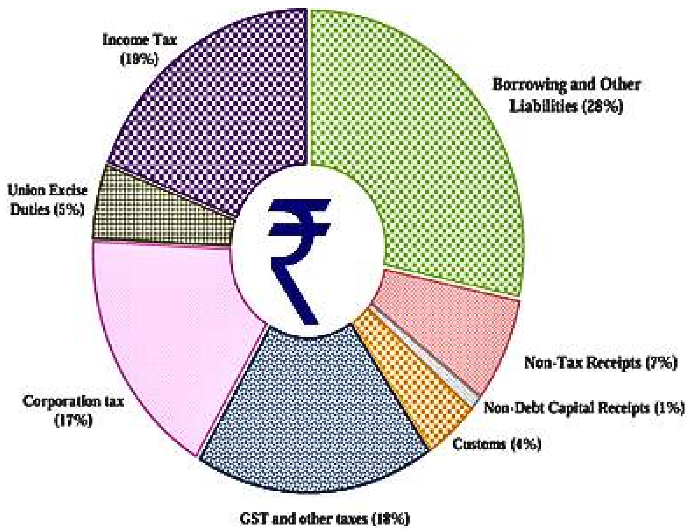
As of the first half of FY 23-24, India's current account deficit (CAD) is moderated to 1.0% of GDP, down from 2.9% in the same period of 2022-23. The reduction can be attributed to lower merchandise trade deficits. The fiscal deficit's impact on the CAD is highlighted, with a projected reduction in the former expected to positively influence the latter. Strategic fund allocation and reduced borrowings contribute to this outlook. A reduction in borrowings can lead to a lower CAD.

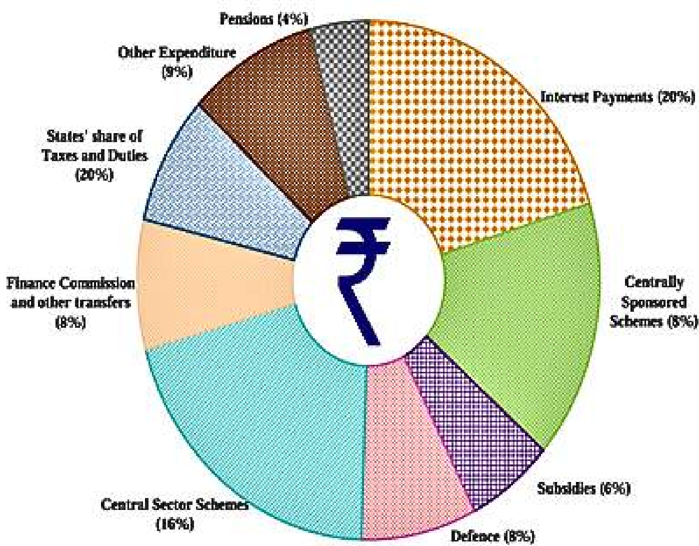
Bond Market

The government's borrowings, inflation, and fiscal deficit's influence on the bond market were evident during the first half of FY 23-24, with a projected reduction leading to positive a investment climate. The 10-year benchmark yield fell to 7.0511% on the stock market due to softening of the 10 year government yields.[AJ3] The trajectory is expected to positively impact the bond market with government borrowings and the fiscal deficit projected at 5.1% in 2024-25. An increase in demand and a decrease in supply makes 2024 a good year for bonds. The RBI is expected to sell bonds to buffer the sharp fall in yields, and may encourage greater retail participation, further softly influencing bond yields. However, even then, the fall in yields should be significant.

India's inclusion in the JP Morgan Emerging Market Bond Index will strengthen the demand for bonds and ease the burden on the banking system. This will result in a two-fold impact, i.e., the banks will be able to free up money to support credit growth, and the bond yield will drop further. Of course, the first rate cut by the RBI at the end of the current cycle will also help the government reduce its borrowing costs.

Indian Rupee Dynamics





The Interim Budget of 2024 provides a comprehensive outline for the Indian Rupee, outlining its sources and allocation. The primary source of the Rupee in the budget is tax revenue, projected to reach Rs. 26.02 trillion. Another significant source of revenue is non-tax revenue, which includes dividends from the RBI and other public-sector banks. The value of the Rupee is influenced by various factors, including the fiscal deficit, government borrowings, and revenue receipts. This reduction in borrowings is a positive indicator for the value of the Rupee. The future of the Rupee is tied to the government's revenue receipts and expenditures. Cautious expenditure planning is evident in the budget. However, like previously mentioned, the modest increase in revenue projections and the rationalization of subsidies suggest a cautious approach towards expenditure.

Credit Growth

The credit flow in H1 2023-24 is at Rs. 22.8 trillion, which reflects a strong domestic demand and credit push, as evident from the fact that during the same period in the previous FY 23-24 it was Rs. 14.1 trillion. The credit growth trajectory, too, is linked to the fiscal deficit and government borrowings. The reduction in borrowings is anticipated to improve credit availability for the private sector, fostering economic growth.

As India navigates the post-pandemic financial landscape, the management of these economic aspects in the Interim Budget 2024 plays a crucial role in shaping the country's fiscal future.

Banking

Mandatory Registration for Input Service Distributors - Understanding the New Rules and Requirements

The Budget proposed amendments to the Central Goods and Services Act, 2017 ('CGST Act') in order to make Input Service Distributor ('ISD') registration mandatory for a branch of a bank/company to claim Input Tax Credit ('ITC').

As per the CGST Act, ISD is an office of the supplier of goods or services or both who receives tax invoices for the input services used or intended to be used commonly by the branches or the units of the company/bank. The ITC for which the invoices are raised, refers to the Goods and Services Tax ('GST') amount paid by a registered business to purchase goods or avail services for business operations.

The ISD mechanism allows the head office to distribute the ITC for those input services to the units that actually consume them. In other words, the head office may purchase input services that are used company-wide by all units. The vendors bill the head office for these input services.

Previously, the registration of the head office as an ISD for the distribution of input tax was not required. As per the recent proposal, it is a pre-requisite for such an office that receives invoices subject to taxation to distribute ITC only after registration.

Ramifications

For banks, this would mean an additional compliance burden as without ISD registration, the head office of a bank will not be permitted to distribute ITC to branches even if credit is available. Apart from this, periodic settlement of ITC between branches and head office will be required through invoice matching mechanisms.

Furthermore, banks will be put through higher documentation needs to maintain records of ITC. Establishing audit trails will be necessary to monitor the transfer ITC from the head office ISD to different branches of the bank.

Albeit, if the attention is shifted towards the positive aspect, this would lead to better tracking of ITC available to a bank and how it is utilised. Centralized ISD registration can prevent duplication and redundancy in ITC claims.

The proposal for mandatory ISD registration will pose some procedural and compliance challenges for banks in the short term. However, in the long run it is expected to bring greater transparency, accountability and efficiency to the input tax credit distribution mechanism. Overall, the measure should help improve ITC utilization for India's banking sector.

Decoding the Fine Print: The Increased TCS on Foreign Remittances and What it Means for Banks

The FY24 interim budget in continuation of the past year's budget has proposed the induction of Tax Collected at Source ('TCS') for foreign remittances in the Income Tax Act, 1961 ('IT Act') through an amendment in section 206-C (1-G).

The proposed amendment attempts to increase the TCS rate on foreign remittances which is governed under the Liberalised Remittance Scheme ('LRS') issued by Reserve Bank of India ('RBI') in 2016. The amendment increased the TCS rate from 5% to 20% and this change has been incorporated with a retrospective effect from 1st July, 2023.

TCS refers to the additional tax collected by the seller from the buyer at the time of sale or provision of specified goods and services. In case of remittance, an Authorised Dealer ('AD') that receives such amount from the buyer deducts the required TCS. However, the exception to this provision is that the AD shall not deduct any TCS if the total amount is less than Rs. 7 lakhs and is for educational purposes or medical treatment.

Ramifications

To comprehend the impact of this on banks, it is significant to understand the concept of AD. An AD is any person specifically authorized by the Reserve Bank of India (RBI) under Section 10(1) of Foreign Exchange Management Act, 1999 ('FEMA'), to deal in foreign exchange or foreign securities that normallyincludes banks.

For the purposes of foreign exchange and remittances, RBI has designated AD Category-I and AD Category-II banks as authorised persons. Particularly, AD Category-I banks carry out all permissible current and capital account transactions as per FEMA whereas AD Category-II banks carry out specific non-trade related current account transactions.

Due to the changes proposed, the banks will have to update their systems and processes to account for the higher TCS rates while processing overseas remittances. Besides, this amendment might also impact the volumes of foreign outward remittances through banking channels leading to lower fee incomes for the banks. However, on the other side such hike in TCS could also modestly boost short term liquidity for banks. Ultimately, effective communication and adaptation will be key for banks to smoothly implement the revised TCS regime.

Budget 2024: Mixed Results for Banking Shares Amidst Caution

It is important to analyse the securities market on the budget day as it creates apprehension among market participants who anticipate proposals that could impact industries and the overall economy. Stocks react sharply if budget measures fall short of expectations. Unexpected tax adjustments especially on capital gains, higher fiscal deficit targets, etc., influence investor sentiment.

The overall performance of the banking sector on the budget day can be evaluated by looking at the performance of 'Nifty Bank'. It is a stock market index comprising of 12 bank stocks (public and private) that represents the performance of leading banking and financial services companies listed on the National Stock Exchange (NSE) in India. Its performance has remained positive since the past 4 years starting from 2021 till 2024.

However, this year the graph suggests that some banks from the Nifty Bank index outperformed while others lagged behind. The main difference which can be flagged out is between the performance of public and private sector banks. The private sector banks overwhelmed the public sector banks. For instance, ICICI bank closed at -0.3% while State Bank of India (SBI) closed at +1.1%.

Below mentioned is the comparison between the closing values of shares of private sector and public sector banks.

Fig 1: ICICI BANK (Private sector bank) opened at 1033.20 and closed at 1024.88 which shows a -0.8% downfall

Fig 2: SBI (Public sector bank) opened at 642.75 and closed at 648.56 which shows a +0.9% upward trend

Fig 3: Bandhan Bank (Private sector bank) opened at 229.09 and closed at 225.83 which shows a -1.7% downfall

Fig 4: Bank of India (Public sector bank) opened at 139.79 and closed at 145.64 which shows a +4.3% upward trend.

The reason behind the jump in the share values of the public sector banks was the optimism of the budget towards direct benefit transfer schemes, capital expenditure and other loan disbursal activities. Since these initiatives involve public sector banks, their shares exhibited a bullish trend.

Taxation

Direct taxes:

- The Finance Minister Nirmala Sitharaman proposed no change in the tax rates for direct and indirect taxes, including import tax.
- The government announced that it will withdraw certain petty and disputed direct tax demands, which are expected to benefit about one crore taxpayers.
- The tax break for start-ups has been extended to March 31, 2025. The government also announced a corpus of Rs 1 lakh crore for providing fifty-year interest free loan for youth.
- The direct taxes, including corporate and individual income tax, will contribute 36 paise of every rupee in government revenue, while indirect taxes such as GST, excise duty, and customs levy will account for 26 paise.
- The government will lay a white paper on Indian economy now and then, which will provide a comprehensive analysis of the economic situation and the challenges faced by the country.

IFSC tax break

The International Financial Services Centre (IFSC) is a special economic zone that aims to provide world-class financial services to domestic and foreign investors.

- The finance minister Nirmala Sitharaman proposed to extend the tax exemption on certain income of IFSC units by a year to March 31, 2025, from March 31, 2024. This will provide continuity in taxation and encourage more businesses to establish units at IFSC.

- The services that qualify for a hundred percent exemption in direct tax for the next consecutive 10 years include banking, fund management, brokers, insurance and fintech. This will make IFSC more competitive and attractive for global financial players.
- The IFSC tax break is expected to boost the development of GIFT City, India's first IFSC located in Gujarat, which has already attracted investments worth Rs 15,000 crore and generated over 13,000 jobs.
- The IFSC tax break is part of the government's vision to make India a global financial hub and enhance its role in the international financial system.
- The IFSC tax break will enable Indian and foreign banks to offer a range of financial services such as lending, deposit-taking, foreign exchange, derivatives, wealth management and advisory to their clients at lower costs and with greater efficiency.

(The Interim Budget 2024-25 reflects the government's vision for making India a developed country by 2047, with a focus on upliftment of the poor, women, youth, and farmers. The budget also aims to maintain fiscal prudence, boost capital expenditure, and promote tourism, infrastructure, and innovation.)

Indirect taxes

- The finance minister Nirmala Sitharaman proposed no change in the tax rates for indirect taxes and import duties.
- The GST unified the highly fragmented indirect tax regime in India. The average monthly gross GST collection doubled to Rs 1.66 lakh crore this year. The GST tax base has also doubled. The state SGST revenue buoyancy increased to 1.22 in the post-GST period from 0.72 in the pre-GST period.
- The indirect taxes, such as GST, excise duty, and customs levy, will contribute 26 paise of every rupee in government revenue.
- The states have experienced higher SGST revenue and compensation in the post-GST period.
- The consumers have benefited from lower prices due to lower logistics cost and taxes.
- The customs have taken steps to facilitate international trade by reducing import release time at various ports.

Tax -GDP Ratio

- The tax-GDP ratio shows the tax burden and the government's resource mobilization. It is estimated at 11.7% for FY24, the highest since 2008-09, and projected to increase to 12.1% in FY25.
- The tax buoyancy shows the responsiveness of tax revenue to GDP changes. It reflects the tax system's efficiency and elasticity. It is estimated at 1.9 for FY24, higher than the revised estimate of 1.4 for FY23.
- The interim Budget 2024-25 estimated the personal income tax collection at Rs 7.49 lakh crore, which is the highest ever and a 49% increase over the previous year. This reflects the impact of the new simplified tax regime with lower rates and no exemptions, as well as the expansion of the tax base and the use of technology and artificial intelligence to improve compliance.
- The market borrowings are the funds raised by the government from the market. The government will rely less on them and facilitate more credit for the private sector. The gross and net market borrowings are estimated at Rs 14.13 lakh crore and Rs 11.75 lakh crore for FY24, lower than the revised estimates for FY23.
- The fiscal deficit is the difference between the government's expenditure and revenue. It shows the government's borrowing and its impact on public debt and stability. It is estimated at 5.1% of GDP for FY24, down from 5.8% for FY23. The government has a target of 4.5% by FY26. The government will enhance its revenue and improve its expenditure to achieve a pro-growth fiscal consolidation.

DBT & Interest Free Loans

Strategic Savings: Leveraging Direct Benefit Transfer for Efficient Spending

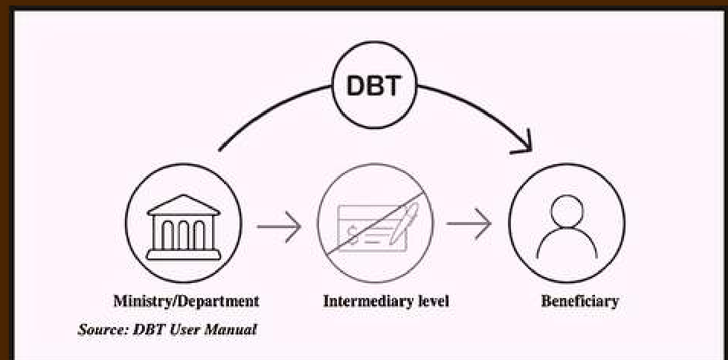
The Government of India (GOI) has relied on the principle of 'Garib Kalyan' and has showcased it in one of its most prominent initiatives, Direct Benefit Transfer (DBT) Schemes. Nirmala Sitharaman in her budget speech mentioned how the DBT scheme, PM-Jan Dhan has helped the government in saving funds. Cumulatively, the government has spent roughly 34 lakh crores using Jan Dhan accounts which has resulted in almost 2.7 lakh crores of savings for the government. The Finance Minister cited avoidance of leakages prevalent earlier as the reason for the success of the schemes.

The PM-SVANidhi initiative has extended credit support [S1] to 78 lakh street vendors, with 2.3 lakh vendors benefiting from credit assistance for the third time. Under the PM-JANMAN Yojana, efforts are directed towards reaching the particularly vulnerable tribal groups who have been historically marginalized. Similarly, the PM-Vishwakarma Yojana offers comprehensive assistance to artisans and craftsperson engaged in 18 different trades. Furthermore, schemes aimed at the empowerment of Divyangs and Transgender individuals underscore the government's steadfast commitment to inclusivity and ensuring that no segment of society is left behind in the journey towards development.

The GOI introduced Direct Benefit Transfer, a significant reform initiative, on January 1, 2013, with the goal of utilising contemporary Information and Communication Technology (ICT) to re-engineer the previous, tedious delivery methods. The goal of this programme is to immediately deposit payments into the bank or postal accounts of specifically targeted beneficiaries—ideally Aadhaar-seeded accounts.

Understanding DBT

DBT is an attempt to guarantee more equitable and beer-like benefit delivery to the populace. This represents a paradigm shift in the way government benefits—such as wage payments, fuel subsidies, food grain subsidies, etc.—are delivered to the recipients directly, accelerating payments, eliminating leakages, and improving financial inclusion.



Source: DBT User Manual

DBT schemes are of two kinds, Cash Transfer to Individual Beneficiary and In-kind Transfer from Government to Individual Beneficiary.[S1] Cash transfer schemes encompass programs where monetary benefits are disbursed by the government directly to individual recipients. PAHAL, MGNREGA, NSAP, among others, serve as notable examples of such schemes.

The disbursement of cash benefits from government entities to designated beneficiaries occurs through various channels, including direct transfer to recipients, transfer via State Treasury Accounts to beneficiaries, and transfer through appointed Implementing Agencies as designated by either the Central or State Governments to the intended recipients. These diverse routes facilitate the efficient distribution of financial assistance to those in need across different regions and sectors of the country.

In-kind transfers include programs or segments of initiatives in which the government provides goods or services directly to individuals via an intermediary organization. Usually, the government or its representative internally bears the cost to acquire goods for public distribution and to render services accessible to specific recipients. These goods or services are then received by individual beneficiaries either free of charge or at reduced rates.

Type of Benefit	Individual Beneficiary
Cash	MGNREGA, PAHAL, NSAP, Scholarships
Kind	SSA, Mid Day Meals, PDS, Assistance to State for Control of Animal Disease

Presently, according to the latest statistics provided by the GOI, the nation operates a substantial network of 314 DBT schemes, that is administered across 54 different ministries. These DBT schemes represent a diverse array of social welfare initiatives aimed at improving the lives of citizens across various sectors. In the ongoing fiscal year of 2023-24, the cumulative disbursement of direct benefits through these schemes has reached an impressive total of 4,22,676 crores.

A fundamental risk that DBT schemes carry is that of inflationary pressures. Direct cash transfers increase spending by consumers in the markets and in the absence of a supply to match that demand, the scheme may impact the economy if the mismatch happens at a large scale. However, the government has relied on DBT schemes for supporting the marginalized population time and again. The schemes have also proven to be more efficient for the government given that it ultimately has led to net savings on total spending in these sectors.

Interest Free Loans : Government's Mantra for Productivity & Inclusivity

Nirmala Sitharaman announced the establishment of a corpus of one lakh crore having a fifty-year interest free loan for the youth of the nation. The corpus aims to offer extended financing or refinancing options characterized by lengthy repayment periods at minimal or no interest rates. Such provisions are poised to incentivize substantial expansion in research and innovation within emerging sectors, thereby fostering greater involvement from the private sector. The government believes that it is imperative to establish initiatives that match the potential of the youth with cutting-edge technology, harnessing their collective capabilities for sustained progress and advancement in various domains.

States have also been encouraged to develop iconic tourist centres and the government has decided to provide interest free loans to states for achieving this purpose. The finance minister also added that several reforms that support growth and development are essential in states to achieve the vision of a 'Viksit Bharat. To aid in these efforts, a provision of seventy-five thousand crore rupees is proposed this year. This amount will be provided as a fifty-year interest-free loan to assist state governments in implementing significant reforms tied to specific milestones. This financial support aims to facilitate and encourage states in their journey towards achieving key developmental objectives.

Interest-free financing by the government is essential to promoting greater financial inclusion and a fair economic system. The government makes it possible for people and enterprises, particularly those from underprivileged population, to obtain the necessary funds without having to bear the burden of additional expenses by providing interest-free loans. Access to interest-free financing provides a level playing field and makes it possible for more individuals to engage in the economy and pursue entrepreneurial endeavours. Interest-free loans also relieve borrowers' financial burdens, enabling them to make investments in productive assets, healthcare, and education—all of which help to reduce poverty and improve socioeconomic conditions. In general, government programmes offering interest-free financing encourage inclusion and fair resource distribution, which builds a more harmonious and prosperous community.

The establishment of a substantial corpus for interest-free loans to the youth as well as the states underscores the government's commitment to empowering citizens and ensuring progress across various sectors. By providing access to affordable financing, particularly to underprivileged populations and state governments, these measures aim to spur entrepreneurship, infrastructure development, and tourism.

Other Highlights of the Interim Budget 2024

- The interim budget has increased central CapEx allocation by 11.11% to 11.11 trillion. Despite an increase in expenditures for FY25, the growth rate is less rapid than in prior years. Over the Budget Estimates of the prior year, CapEx increased by 37% in FY24, 24% in FY23, and 40% in FY22.
- The National Green Hydrogen Mission garnered ₹600 crore in the Interim Budget for 2024–25, up from ₹297 crore in the previous year's budget.
- The Interim Budget announcements have prioritised solar energy, receiving ₹10,000 crore, a significant increase over the ₹4,970 million allotted for the previous FY.
- The "*muft bijli*" initiative and rooftop solarization would make free power up to 300 units per month available to one crore homes.
- For girls between the ages of 9 and 14, the Finance Minister launched a free cervical cancer vaccination programme.
- The ambit of Ayushman Bharat has been extended to include ASHA workers and Anganwadi workers.
- The Ministry of Railways received ₹2.52 lakh crore in capital allocation from the interim budget, which was somewhat more than the ₹2.40 lakh crore that was anticipated to be used (according to a revised estimate) in 2023–2024.
- Additionally, the Finance Minister declared that 40,000 rakes will be modernised to meet Vande Bharat specifications.
- Merely ₹3 crore has been allocated to the tourism ministry to promote India abroad as part of its 'Incredible India' campaign. This year, the ministry's ₹100 crore funding for the long-running, award-winning campaign—which fell under the subheads of international marketing and publicity and market development assistance—was reduced by 97%.
- In order to support private sector research in "sunrise domains" such as biotechnology, artificial intelligence, and renewable energy, the Union finance minister allocated a corpus of Rs 1 lakh crore.

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