



## Interim Budget 2024-2025

**For Prelims:** [Capital expenditure](#), [Fiscal deficit](#), [Direct & Indirect taxes](#), [Lakshmi Didis](#), [NaMo Bharat](#), Nano-DAP, Cervical Cancer Vaccination, [Rooftop solarization](#), [PM-SVANidhi](#), [Mudra Yojana](#), [Fasal Bima Yojana](#), [Coal gasification](#), [Ayushman Bharat](#), [Oilseeds](#), [Multidimensional poverty](#), Order of Distribution of Government Investment Across Various Sectors.

**For Mains:** Major Development Plans in Interim Budget 2024-2025

[Source: PIB](#)

### Why in News?

Recently, the **Interim Budget 2024-25** was tabled in the parliament. It envisions '**Viksit Bharat**' by **2047**, with all-round, all-pervasive, and all-inclusive development.

### What is an Interim Budget?

- An Interim Budget is presented by a government that is going through a transition period or is in its **last year in office ahead of general elections**.
- The purpose of the interim budget is to **ensure the continuity of government expenditure and essential services** until the new government can present a [full-fledged budget](#) after taking office.

### What is the Difference Between Interim Budget and Vote on Account?

Feature	Interim Budget	Vote on Account
<b>Constitutional Provision</b>	Article 112	Article 116
<b>Purpose</b>	Financial Statement presented by the government ahead of general elections.	To meet essential government expenditures for a limited period until the budget is approved.
<b>Duration of Expenditure</b>	Covers a specific period, usually a few months until a new government is formed and a full budget is presented.	It is generally granted for two months for an amount equivalent to one-sixth of the total estimation.
<b>Policy changes</b>	Can propose changes in the tax regime	Cannot change the tax regime under any circumstances
<b>Impact on Governance</b>	Provides continuity in governance during the transition period between two	Ensures the smooth functioning of the government and public services until the regular budget is approved.

# UNION BUDGET

A statement of the estimated receipts and expenditure of the Govt in an FY

## ARTICLE 112 (PART V)

- President of India to present the Annual Financial Statement for each FY before both Houses of Parliament

The term 'Budget' is not mentioned anywhere in the Constitution of India

## NODAL BODY FOR PREPARING BUDGET

- Budget Division (Dept of Economic Affairs, Ministry of Finance) in consultation with NITI Aayog and concerned Ministries

The first Budget of Independent India was presented in 1947

## MAJOR COMPONENTS OF BUDGET

- Estimates of revenue and capital receipts
- Ways and means to raise the revenue
- Estimates of expenditure
- Actual receipts/expenditures of closing FY (+ deficit/surplus)
- Economic/financial policy of upcoming FY

Till 2017, the Govt of India had 2 budgets - Railway Budget and General Budget

## STAGES OF BUDGET ENACTMENT

- Presentation
- General discussion
- Scrutiny by Dept Committees
- Voting on Demands for Grants
- Passing an Appropriation Bill
- Passing of Finance Bill

What else does the Constitution of India provide for the Budget?

- Without the recommendation of the President:
  - No demand for a grant can be made
  - No money bill imposing tax can be introduced
- No money can be withdrawn from the Consolidated Fund of India except under appropriation made by law
- Role of Parliament:
  - Money/Finance Bill (involving taxation) - introduced only in LS
  - Vote on the demand for grants - RS has no such power
  - Money/Finance Bill - to be returned to LS by RS in 14 days
  - LS may/may not accept the recommendations made by RS

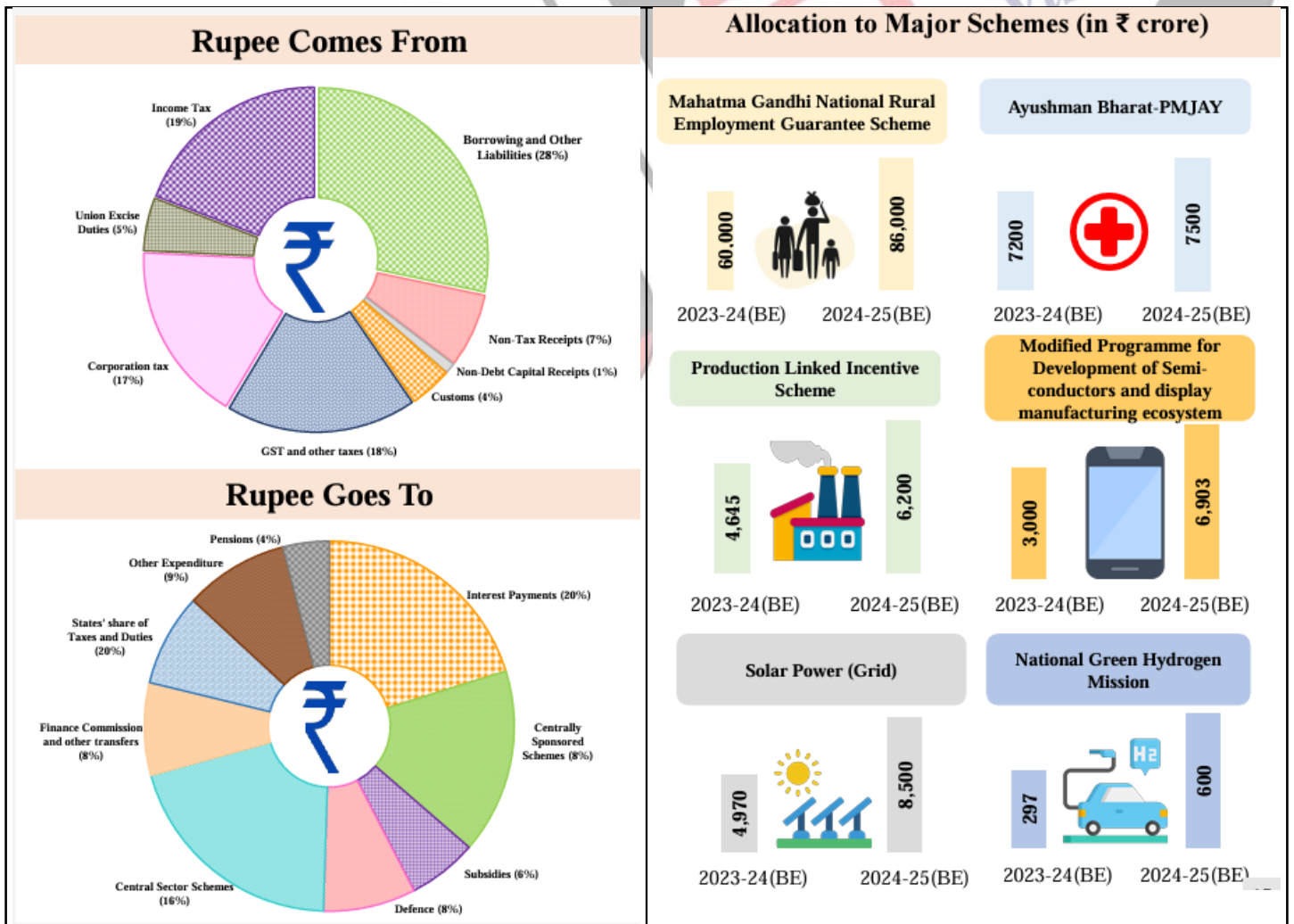
## What are the Major Highlights of the Interim Budget 2024-25?

- Capital Expenditure:** An 11.1% increase in the **capital expenditure** outlay for 2024-2025 was announced.
  - The capital expenditure is set at **Rs 11,11,111 crore**, constituting **3.4% of the GDP**.
- Economic Growth Projections:** The GDP growth for **FY 2023-24 real GDP growth is projected at 7.3%**, aligning with the RBI's revised growth projection.
  - The **International Monetary Fund** upgraded India's growth projection to **6.3% for FY 2023-24**. It also anticipates India becoming the **third-largest economy in 2027**.
- Revenue and Expenditure Estimates (2024-25):**
  - Total Receipts:** Estimated at Rs 30.80 lakh crore, excluding borrowings.
  - Total Expenditure:** Projected at Rs 47.66 lakh crore.

- **Tax Receipts:** Estimated at Rs 26.02 lakh crore.
- **GST Collections:** Reached **₹1.65 lakh crore** in December 2023, crossing the ₹1.6 lakh crore benchmark for the seventh time.
- **Fiscal Deficit and Market Borrowing:** **Fiscal deficit** is estimated at **5.1% of GDP in 2024-25**, aligning with the **goal of reducing it below 4.5% by 2025-26** (announced in budget 2021-22).
  - Gross and net market borrowings through dated securities in **2024-25** are estimated at **Rs 14.13 and 11.75 lakh crore**, respectively.
- **Taxation:** The Interim Budget **maintains the existing rates for [direct](#) and [indirect taxes](#)**, including import duties.
  - **For Corporate Taxes:** 22% for existing domestic companies, 15% for certain new manufacturing companies.
  - No tax liability for taxpayers with income up to **₹7 lakh** under the new tax regime.
  - Certain tax benefits for **[Start-Ups](#) and investments** extended by one year up to March 31, 2025.
- **Priorities:** Emphasizing the focus on the **Poor, Women, Youth and Farmer**.
  - **Poor:** Successful movement of **25 crore people out of [multidimensional poverty](#)**.
    - Credit assistance was provided to **78 lakh street vendors under [PM-SVANidhi](#)**.
  - **Women:** Disbursement of 30 crore **[Mudra Yojana](#)** loans to women entrepreneurs.
    - 43% of female enrolment in **STEM courses**.
    - Assistance to 1 crore women through 83 lakh SHGs, fostering '**[Lakhpati Didis](#)**.'
    - **28% increase in female enrolment** in higher education over a decade.
  - **Youth:** Training of 1.4 crore youth under the **[Skill India Mission](#)**.
    - Fostering entrepreneurial aspirations with 43 crore loans sanctioned under **PM Mudra Yojana**.
  - **Farmers:** Direct financial assistance was provided to 11.8 crore farmers under **[PM-KISAN](#)**.
    - Crop insurance extended to 4 crore farmers through **[Fasal Bima Yojana](#)**.
    - Integration of 1,361 mandis under **[eNAM](#)** for streamlined agricultural trade.
- **Major Development Plans:**
  - **Infrastructure:**
    - **Railways:** Three major economic railway corridor programmes will be implemented- **energy, mineral & cement corridors, port connectivity corridors, and high traffic density corridors**.
      - **Forty thousand normal rail bogies will be converted to [Vande Bharat standards](#)** for enhanced safety, convenience, and passenger comfort.
    - **Aviation:** Expansion of existing airports and comprehensive development of new airports under **the [UDAN scheme](#)**.
    - **Urban Transport:** Promotion of urban transformation via Metro rail and **[NaMo Bharat](#)**.
  - **Clean Energy Sector:**
    - Viability gap funding for wind energy
      - It will help in **harnessing offshore wind energy potential**, aiming for an initial capacity of **1 gigawatt**.
    - Establishment of **[coal gasification](#)** and liquefaction **capacity of 100 million tonnes by 2030**.
    - **Phased mandatory blending** of CNG, PNG and **[compressed biogas](#)**
    - Financial assistance for procurement of **biomass aggregation machinery**
    - **[Rooftop solarization](#): 1 crore households** will be enabled to obtain up to **300 units of free electricity per month**
    - Strengthening **[e-vehicle ecosystem](#)** by supporting manufacturing and charging
    - New scheme of **biomanufacturing and bio-foundry** to be launched to support environment friendly alternatives
  - **Housing Sector:** Government plans to subsidize the construction of **30 million affordable houses in rural areas**.
    - **Housing for Middle Class scheme** to be launched to promote middle class to buy/built their own houses
  - **Healthcare Sector:** Encouraging **[Cervical Cancer Vaccination](#)** for girls (9-14 years).
    - **[U-WIN platform](#)** for immunization efforts of **[Mission Indradhanush](#)** to be rolled out.
    - Expanding the **[Ayushman Bharat scheme](#)** to **include all [ASHA workers](#)**,

[Anganwadi workers](#), and helpers.

- **Agricultural Sector:** Encouraging the use of 'Nano DAP' for various crops across all agro-climatic zones.
  - Formulating policies to support dairy farmers and combat **Foot and Mouth Disease**.
  - Strategizing for AtmaNirbharta (self-reliance) in [oilseeds](#), covering research, procurement, value addition, and crop insurance.
    - **Nano-DAP (Di-ammonium Phosphate)** is a nanotechnology-based agri-input developed by the Indian Farmers Fertilizer Cooperative Limited (**IFFCO**). It helps in correcting the **Nitrogen & Phosphorus deficiencies** in standing crops.
- **Fishery Sector:** Establishing a new department, '**Matsya Sampada**,' to address the needs of fishermen.
- **For States Capex:** The continuation of the **fifty-year interest-free loan scheme** for capital expenditure to states was announced.
  - A total outlay of **Rs 1.3 lakh crore**, with a provision of Rs 75,000 crore for fifty-year interest-free loans to support state-led reforms.
  - Special attention will be paid to the eastern region to make it a powerful driver of India's growth.
- **Others:**
  - Establishment of a corpus of **Rs 1 lakh crore** with a fifty-year interest-free loan to encourage research and innovation in **sunrise domains**.
    - Also, aiming to boost private sector participation in research and innovation.
  - To address [rapid population growth](#) and demographic shifts, the government will form a **high-powered committee**.
    - The committee will provide comprehensive recommendations aligned with the **goal of 'Viksit Bharat.'**



## What are the Funds Related to the Budget in India?

- **Consolidated Fund of India:** **Article 266 (1)** of the Constitution consolidates all **revenues, loans, and loan repayments received by the Union Government** into a single fund known as the Consolidated Fund of India.
  - Withdrawal needs parliament permission (except for Charged Expenditure like Judges' salaries).
- **Public Account of India:** Under **Article 266 (2)**, it includes incoming money from provident fund, small savings, postal deposit etc.
  - Government acts similar to a banker transferring funds from here to there so parliament permission is not necessary.
- **Contingency Fund of India:** It is established under the **Contingency Fund of India Act, 1950** and operates as an imprest in accordance with **Article 267(1)**.
  - It serves the purpose of **offering advances to the government for unforeseen expenditures during the fiscal year**, pending authorization by Parliament.
  - Funds withdrawn from the Contingency Fund are replenished upon parliamentary approval through **Supplementary Demands for Grants**.

### UPSC Civil Services Examination, Previous Year Question:

#### Prelims:

#### Q. What is the difference between “vote-on-account” and “Interim Budget”? (2011)

1. The provision of a “vote-on-account” is used by a regular Government while an “interim budget” is a provision used by a caretaker Government.
2. A “vote-on-account” only deals with the expenditure in Government’s budget, while an “interim budget” includes both expenditures and receipts.

#### Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)

#### Q. When the annual Union Budget is not passed by the Lok Sabha, (2011)

- (a) the Budget is modified and presented again
- (b) the Budget is referred to the Rajya Sabha for suggestions
- (c) the Union Finance Minister is asked to resign
- (d) the Prime Minister submits the resignation of Council of Ministers

Ans: (d)

#### Q. In the Union Budget 2011-12, a full exemption from the basic customs duty was extended to the bio-based asphalt (bioasphalt). What is the importance of this material? (2011)

1. Unlike traditional asphalt, bio-asphalt is not based on fossil fuels.
2. Bioasphalt can be made from non-renewable resources.
3. Bioasphalt can be made from organic waste materials.

4. It is eco-friendly to use bioasphalt for surfacing of the roads.

**Which of the statements given above are correct?**

- (a) 1, 2 and 3 only
- (b) 1, 3 and 4 only
- (c) 2 and 4 only
- (d) 1, 2, 3 and 4

**Ans: (b)**

**Q. Along with the Budget, the Finance Minister also places other documents before the Parliament which include 'The Macro Economic Framework Statement'. The aforesaid document is presented because this is mandated by (2020)**

- (a) Long standing parliamentary convention
- (b) Article 112 and Article 110(1) of the Constitution of India
- (c) Article 113 of the Constitution of India
- (d) Provisions of the Fiscal Responsibility and Budget Management Act, 2003

**Ans: (d)**

**Q. With reference to the Union Government, consider the following statements: (2015)**

1. The Department of Revenue is responsible for the preparation of the Union Budget that is presented to the Parliament.
2. No amount can be withdrawn from the Consolidated Fund of India without the authorization from the Parliament of India.
3. All the disbursements made from Public Account also need the authorization from the Parliament of India.

**Which of the statements given above is/are correct?**

- (a) 1 and 2 only
- (b) 2 and 3 only
- (c) 2 only
- (d) 1, 2 and 3

**Ans: (c)**

**Q. Which of the following are the methods of Parliamentary control over public finance in India? (2012)**

1. Placing Annual Financial Statement before the Parliament
2. Withdrawal of moneys from Consolidated Fund of India only after passing the Appropriation Bill
3. Provisions of supplementary grants and vote-on account
4. A periodic or at least a mid-year review of programme of the Government against macroeconomic forecasts and expenditure by a Parliamentary Budget Office
5. Introducing Finance Bill in the Parliament

**Select the correct answer using the codes given below:**

- (a) 1, 2, 3 and 5 only
- (b) 1, 2 and 4 only
- (c) 3, 4 and 5 only
- (d) 1, 2, 3, 4 and 5

**Ans: (a)**

**Q. Which one of the following is responsible for the preparation and presentation of Union Budget to the Parliament? (2010)**

- (a) Department of Revenue
- (b) Department of Economic Affairs
- (c) Department of Financial Services
- (d) Department of Expenditure

**Ans: (b)**

**Q. There has been a persistent deficit budget year after year. Which action/actions of the following can be taken by the Government to reduce the deficit? (2016)**

1. Reducing revenue expenditure
2. Introducing new welfare schemes
3. Rationalizing subsidies
4. Reducing import duty

**Select the correct answer using the code given below:**

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2, 3 and 4

**Ans: (c)**

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**Mains:**

**Q. Distinguish between Capital Budget and Revenue Budget. Explain the components of both these Budgets. (2021)**

**Q. The public expenditure management is a challenge to the Government of India in the context of budget-making during the post-liberalization period. (2019)**

**Q. How have the recommendations of the 14th Finance Commission of India enabled the States to improve their fiscal position? (2021)**

**Q. What were the reasons for the introduction of Fiscal Responsibility and Budget Management (FRBM) Act, 2003? Discuss critically its salient features and their effectiveness. (2013)**