

# **Nirmala Sitharaman's Budget 2024: A Comprehensive Analysis**

Posted on

**Words** Anuj Malhotra.



Nirmala Sitharaman, Indian Finance Minister.



Prime Minister Narendra Modi and other Members of Parliament during the presentation of the Union Budget for 2024

Finance Minister Nirmala Sitharaman presented the Union Budget for 2024 with a vision to propel India towards sustained economic growth while addressing key sectors such as agriculture, personal finance, infrastructure, tourism, social security, and international cooperation. This detailed article delves into the major highlights of the budget, its implications, and the strategic steps taken to ensure a resilient and prosperous future for India and its neighboring countries, including Sri Lanka.

### **Personal Finance and Tax Reforms**

One of the most significant aspects of the 2024 budget was the overhaul of personal income tax to provide relief to the middle class and stimulate consumer spending. The standard deduction was increased from INR 50,000 to 75,000. Moreover, the income threshold for the five percent tax rate was raised from INR five lakhs to seven lakhs, benefiting millions of taxpayers .

These changes are expected to enhance disposable income, thereby boosting

overall consumption and economic activity. The government's strategy is clear: by increasing the spending power of the middle class, it aims to drive demand across various sectors, from retail to real estate.

The budget also introduced a revamp of the capital gains tax regime. This restructuring aims to simplify tax calculations and make the tax system more equitable, which is crucial for fostering a favorable investment climate. The focus on easing tax burdens is part of a broader effort to create a more financially secure environment for individuals and families.

## **Agriculture and Rural Development**

Agriculture remains the backbone of the Indian economy, and the 2024 budget underscored this by allocating INR 1.52 lakh crore to the sector. The budget emphasized the introduction of high-yielding and climate-resilient crop varieties, the promotion of natural farming, and the enhancement of digital infrastructure for agriculture .

The government's plan includes the widespread adoption of natural farming practices, with an ambitious goal of initiating one crore farmers into natural farming. This shift aims to boost productivity, ensure sustainability, and reduce dependence on chemical inputs. The promotion of high-yield and climate-resilient crops is a forward-thinking approach to tackling the challenges posed by climate change.

Additionally, the budget highlighted the creation of digital public infrastructure for agriculture. This includes the introduction of the Jan Samarth-based Kisan Credit Card and the establishment of bio-input resource centers. These initiatives aim to provide farmers with better access to credit and essential resources, addressing long-standing issues like fragmented supply chains and limited credit access.

The budget also focused on enhancing the production and marketing of pulses and oil seeds to improve self-reliance and boost farmers' incomes. This is in line with the government's vision to make Indian agriculture more robust and resilient, ensuring food security and economic stability.



Indian farmers working in the fields, symbolizing the budget's focus on agriculture.

## **Tourism and Cultural Heritage**

Recognizing the immense potential of tourism as an economic driver, the 2024 budget announced significant investments in developing new religious tourism circuits. The plan is to replicate the success of the Kashi Vishwanath corridor in other significant sites, including Gaya's Vishnupad Temple and the Mahabodhi Temple in Bodhgaya.

These initiatives aim to transform these culturally important sites into world-class tourist destinations, attracting visitors from around the globe. The comprehensive development plans for Rajgir and Nalanda, along with support for Odisha's diverse attractions, reflect a visionary approach to tourism. By promoting these regions, the government hopes to enhance India's cultural heritage while driving substantial

economic growth.

The expected increase in tourism will create numerous jobs and stimulate growth in the hospitality, infrastructure, technology, and local craft sectors. This holistic strategy positions India as a leading global destination, highlighting its rich cultural legacy while promoting sustainable economic development.

The major highlights of the budget, its implications, and the strategic steps taken to ensure a resilient and prosperous future for India and its neighboring countries, including Sri Lanka.



The Mahabodhi Temple Complex, Bodh Gaya.

### **Import Duties and Trade Reforms**

A bold and commendable move in the budget was the reduction of import duties on

gold from 15 percent to six percent and similar reductions for silver and platinum. This decision was long-awaited by traders in the gold sector, who have been grappling with high import duties that incentivize smuggling.

The reduction in import duties is expected to curb gold smuggling significantly, which has been a major concern for India's economy. By making the import of gold more affordable and less susceptible to illegal trade, the government aims to dismantle the mafia chain involved in smuggling. This move will also benefit the organized jewelry sector, increasing government revenue through GST and income tax.

For consumers, the reduction in import duties will lead to lower gold jewelry prices, further stimulating the jewelry business. The budget's allocation of substantial funds for employment and skill development, agriculture, and rural sector development underscores the government's commitment to fostering economic growth and stability.

## **Infrastructure and Digital Economy**

The 2024 budget placed a strong emphasis on capital expenditure, with significant investments in infrastructure and digital initiatives. These investments are seen as crucial for driving India's growth and competitiveness on the global stage. The budget highlighted the need for robust digital public infrastructure across various sectors to improve efficiency and innovation. This includes enhancing digital infrastructure for agriculture, healthcare, education, and other critical areas. By building a strong digital backbone, the government aims to facilitate smoother operations, better service delivery, and increased access to resources.

In addition to digital initiatives, the budget allocated substantial funds for the development of physical infrastructure. This includes the construction of roads, bridges, and public transportation systems, which are essential for economic development and connectivity. The focus on infrastructure is expected to create jobs, stimulate economic activity, and improve the quality of life for citizens.

## **Social Security and Employment**

Improving social security and employment was another key focus of the 2024 budget. The proposal to increase the deduction for employer contributions to the National Pension System (NPS) from 10 percent to 14 percent of an employee's

salary is a significant step towards enhancing retirement benefits and financial security.

The budget also allocated substantial funds for employment and skill development. This reflects the government's commitment to job creation and economic growth. By investing in skill development programs, the government aims to equip the workforce with the necessary skills to thrive in a rapidly changing economy.

The emphasis on social security and employment is part of a broader effort to ensure inclusive growth and economic stability. By providing better social security benefits and creating job opportunities, the government aims to improve the quality of life for all citizens.



Digital infrastructure projects in India.



Vocational training centers for individuals

### **International Cooperation and Support for Neighboring Countries**

A noteworthy aspect of the 2024 budget was its emphasis on international cooperation and support for neighboring countries. Recognizing the importance of regional stability and economic integration, Sitharaman announced several initiatives aimed at strengthening ties with neighboring nations.

The budget allocated funds for developmental aid and infrastructure projects in neighboring countries, with a focus on enhancing trade and connectivity. These projects include the construction of roads, bridges, and ports, which are expected to facilitate smoother trade flows and boost economic growth in the region.

Furthermore, the budget highlighted the importance of collaborative efforts in areas such as healthcare, education, and technology. By sharing knowledge and resources, India aims to build stronger partnerships with its neighbors, fostering a sense of mutual growth and development.

The emphasis on regional cooperation is part of India's broader strategy to play a leading role in South Asia's economic development. By supporting its neighbors, India aims to create a stable and prosperous region, which is crucial for its own economic growth and security.

### **Support to Sri Lanka**

In a significant move, the 2024 budget allocated a substantial financial package to support Sri Lanka's economic recovery. Sri Lanka has been grappling with a severe economic crisis, and India's assistance is aimed at stabilizing the country's economy and promoting regional stability. The support includes loans, grants, and investments in key sectors such as healthcare, education, and infrastructure development.

Nirmala Sitharaman's Union Budget 2024 is a strategic blueprint designed to navigate the complexities of a rapidly changing global economy and ensure sustainable growth and development for India and its neighboring countries.



President Ranil Wickremesinghe with S. Jaishankar, Minister of External Affairs of the Government of India (left) and Ali Sabry, Minister of Foreign Affairs of Sri Lanka (right).



President Ranil Wickremesinghe with Prime Minister Narendra Modi.



S. Jaishankar, Minister of External Affairs of the Government of India with Wang Yi, Foreign Minister of China.

The budget also outlined plans for joint infrastructure projects that would enhance connectivity between India and Sri Lanka. This includes the development of ports, roads, and railways, which will facilitate trade and boost economic growth in both countries. By investing in Sri Lanka's infrastructure, India aims to create a more integrated and prosperous region.

In addition to financial aid, the budget emphasized the importance of cultural and educational exchanges between India and Sri Lanka. These initiatives are designed to strengthen bilateral relations and promote mutual understanding. By fostering closer ties with Sri Lanka, India aims to build a strong and stable partnership that benefits both nations.

### **Conclusion: A Vision for the Future**

Nirmala Sitharaman's Union Budget 2024 is a strategic blueprint designed to navigate the complexities of a rapidly changing global economy and ensure sustainable growth and development for India and its neighboring countries. The budget's focus on personal finance, agriculture, tourism, trade reforms,

infrastructure, social security, and international cooperation reflects a holistic approach to economic development.

The significant changes in personal finance are expected to boost consumer spending and drive economic activity. The emphasis on agriculture and rural development aims to make Indian agriculture more robust and resilient, ensuring food security and economic stability. The investments in tourism and cultural heritage are expected to attract visitors from around the globe, creating jobs and stimulating economic growth.

The reduction in import duties and trade reforms aim to curb illegal trade and support the organized jewelry sector, benefiting consumers and increasing government revenue. The focus on infrastructure and digital initiatives is expected to drive India's growth and competitiveness on the global stage. The emphasis on social security and employment reflects the government's commitment to inclusive growth and economic stability.

By supporting neighboring countries through developmental aid and collaborative efforts, India aims to create a stable and prosperous region, which is crucial for its own economic growth and security. The support extended to Sri Lanka is a testament to India's commitment to regional stability and economic integration.

In summary, the Union Budget 2024 is a testament to the government's proactive approach to addressing economic challenges and leveraging opportunities. It aims to create a more equitable and prosperous India, with a focus on financial stability, agricultural resilience, cultural enrichment, technological advancement, social security, and regional cooperation.

The budget is not just a collection of numbers and policies; it is a vision for a brighter future for all citizens and a roadmap to a stronger, more integrated South Asia.