

Daily News Analysis

THE HINDU

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- Editorial Analysis
- Previous year Question Discussion
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— BY —
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Tax brackets

Budget 2024: A look at various income tax scenarios following the new slabs

— PAGE 2

14%

INFRA. OUTLAY AS % OF BUDGET

Transport, power, telecom spending retained

— INFRASTRUCTURE — PAGE 9, 9

5.5%

SOCIAL SECTOR SHARE IN BUDGET

Health, education, social welfare spending dips from FY24 RE

— SOCIAL SECTOR — PAGE 7

9.43%

DEFENCE SHARE IN BUDGET

Defence outlay in Budget is lowest in nine years

— ECONOMY — PAGE 6

Small servings, MANY PLATES

FM signals shift from previous trickle-down strategy to a package of schemes for jobless youth, MSMEs; announces tax cuts for middle class; tightens fiscal deficit target to 4.9% of the GDP

Vikas Dhoot
NEW DELHI

Presenting her seventh Union Budget and the first after this year's Lok Sabha election, Finance Minister Nirmala Sitharaman on Tuesday unveiled a flurry of measures aimed at fixing the woes of unemployed youth, small businesses, and the middle class, and sought to strengthen the ruling NDA coalition's bonds with support for multiple investment projects in Bihar and Andhra Pradesh.

Ms. Sitharaman proposed income tax rate cuts worth up to ₹1,500 a year, putting an extra ₹1,458 a month in the

end there. While he had released a plan to "Transform India" based on action points around nine pillars, Ms. Sitharaman on Tuesday laid out nine priorities for generating ample opportunities for all. Five of those are, in fact, similar to Jaitley's list that led with the promise to double farmers' incomes in five years. Ms. Sitharaman said that her first priority would be to raise productivity and resilience in agriculture, followed by employment and skilling, inclusive human resource development and social justice.

Infrastructure and next generation reforms also figure in the priorities, with the Minister promising




ILLUSTRATION: SOUTADIP SINHA

Scan the QR code for the complete coverage of the Budget
<https://tlink.in/Budget>

Union Finance Minister Nirmala Sitharaman with the Budget ahead of the presentation in Parliament on Tuesday. SHY KUMAR PUSHPAKAR

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The Hindu Analysis: 24 July 2024

1. **Hamas and Fatah sign declaration in Beijing on ending rift amid Gaza war (Israel- Palestine conflict)**
2. **Budget Highlights:**
 - (a) **Small servings, many plates**
 - (b) **Viksit Bharat Budget**
 - (c) **Package of PM's five schemes for Employment and Skilling**
 - (d) **MSME Measures and MUDRA**
 - (e) **A.P. to get ₹15,000 cr. for capital Amaravati**
 - (f) **Nitish hails Budget as Bihar gets ₹58,900 cr**
 - (g) **Customs Duties on gold and silver + Safe Harbour tax Rate for Diamond Mining Companies**
 - (h) **Angel Tax Abolished**
 - (i) **Simplified Capital Gains Tax Regime**
 - (j) **Next Generation Reforms**
 - (k) **Deficit Trends**
 - (l) **NPS for Minors**

Hamas and Fatah sign declaration in Beijing on ending rift

Hamas and Fatah sign declaration in Beijing on ending rift amid Gaza war

14 Palestinian factions agree in the declaration to 'end division and strengthen' national unity; the groups also expressed commitment to the creation of a Palestinian state on lands Israel captured in the 1967 war, according to a joint statement

Associated Press
RAMALLAH

Palestinian factions of Hamas and Fatah signed a declaration in Beijing on ending a years-long rift, the groups said on Tuesday, taking a step toward resolving a deep divide which has lingered for years despite repeated attempts at unifying the sides.

The two heavyweights of Palestinian politics signed the Beijing Declaration on "ending division and strengthening Palestinian unity," according to Chinese state broadcaster CCTV, pledging to form a unity government for the Palestinian territories.

The declaration comes at a sensitive time, as the war in Gaza rages on into its 10th month and as Israel



Common ground: Wang Yi, centre, with Fatah's Mahmoud al-Aloul, left, and Hamas's Mussa Abu Marzuk in Beijing on Tuesday. AP

and Hamas are weighing an internationally backed cease-fire proposal that would wind down the war and free dozens of Israeli hostages held by Hamas.

Gaza's post-war future remains in doubt. Israel vehemently opposes any Hamas role in governing

Gaza after the war. It has also rejected calls from the U.S. for the Fatah-dominated Palestinian Authority to run Gaza after the fighting ends.

Israel's Foreign Minister Israel Katz swiftly rejected the agreement on Tuesday, stating that no joint govern-

nance between Hamas and Fatah in Gaza will take place "because Hamas's rule will be crushed".

The two rival Palestinian groups, along with 12 other political factions, met with Chinese Foreign Minister Wang Yi, concluding talks that started on Sunday, according to a post on social media platform Weibo from Chinese TV network CGTN.

China's growing role in West Asian diplomacy, with success in the restoration of relations between Saudi Arabia and Iran.

A joint statement issued after the most recent talks in Beijing gave no details on how or when the government would be formed, saying only that it

would be done "by agreement among the factions". According to the joint statement, the two groups are committed to the creation of a Palestinian state on lands Israel captured in the 1967 war with its Arab neighbours.

The agreement signed by the Palestinian factions promised to follow up on previous reconciliation agreements signed in both 2011 and 2022.

"The understanding in China is based on widening the scope of the membership on the PLO (Palestine Liberation Organization) to include other factions who have not joined it" including Hamas, said Jamal Nazzal, a Fatah spokesperson.

"It's a long way ahead, and most of it will be implemented after a possible cease-fire," he added.

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Hamas and Fatah sign declaration in Beijing on ending rift amid Gaza war

Hamas and Fatah sign declaration in Beijing on ending rift amid Gaza war

- Palestinian factions Hamas and Fatah signed a declaration in Beijing on ending a years-long rift.
- Signed the **Beijing Declaration** on “ending division and strengthening Palestinian unity,”.
- According to the **joint statement**, the two groups are committed to the **creation of a Palestinian state** on lands Israel captured in the **1967 war** with its Arab neighbours.
- Gaza's post-war future remains in doubt. Israel vehemently opposes any Hamas role in governing Gaza after the war. It has also rejected calls from the U.S. for the Fatah-dominated Palestinian Authority to run Gaza after the fighting ends.

China’s growing role:

- The agreement underscores **China's growing role in West Asian diplomacy**, with success in the restoration of relations between Saudi Arabia and Iran.

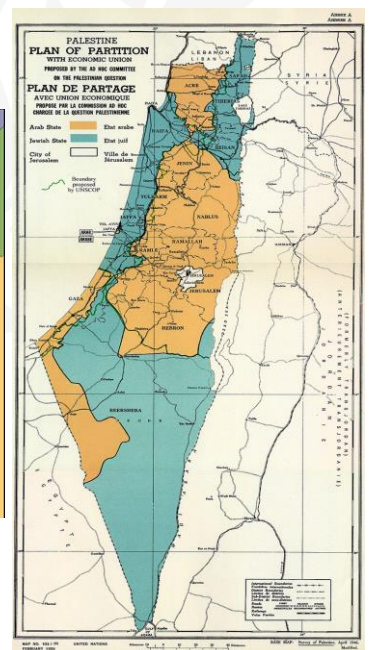
Israel- Palestine Issue

Conflict Story

↓
 WWI - The British promised the same land to two groups

↓
 WWII – The British do it again – then ask the UN for help-
Partition Plan 1947

↓
 British left and **Israel declared independence in 1948**, five Arab states attacked Israel



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Israel- Palestine Issue

- 1967 – Six Day War
↓
1973 – Yom Kippur War
↓
1979 – Israel / Egypt Peace
↓
1987-1990 – First Intifada(Civil Uprising)
↓
1993-1994 – Oslo Accords
↓
2000-2005 – Second Intifada (Israel Leaves Gaza)



Israel- Palestine Issue

- Palestinian side split: **Fatah** (West Bank) and **Hamas** (Gaza Strip)
↓
2012- "State of Palestine"- UN observer state
↓
Since then Israel and Hamas are in conflict
↓
Hamas and Fatah signed a declaration in Beijing on ending a years-long rift.



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Budget: 2024-25

Small servings, **MANY PLATES**

FM signals shift from previous trickle-down strategy to a package of schemes for jobless youth, MSMEs; announces tax cuts for middle class; tightens fiscal deficit target to 4.9% of GDP; unveils projects for Bihar, A.P.

A.P. to get ₹15,000 cr. for capital Amaravati

Nitish hails Budget as Bihar gets ₹58,900 cr.

Budget: 2024-25

Five new schemes to aid job creation

Centre will implement three schemes for 'employment-linked incentive' as part of the Prime Minister's package, says Finance Minister; the upgrade of a thousand Industrial Training Institutes and a scheme for internship opportunities to give focus to skill development

Credit support for MSMEs; Mudra loan limit raised to ₹20 lakh

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Budget: 2024-25

Unlisted bonds, debentures, debt MFs to attract capital gains tax

Stocks wobble on capital gain tax plan

The key benchmark indices recovered most of the lost ground in the second half of trading; the reaction came on the proposal to increase capital gains tax, which has been viewed as negative by investors; 'the increase in LTCG and STCG would amount to ₹15,000 crore'

Customs Duty on gold, silver reduced to 6% Angel tax on foreign investments in start-ups nixed

Budget: 2024-25

₹1,000-cr. venture capital fund for space start-ups

Women-friendly schemes get a push

Minister announces ₹3 lakh crore for schemes benefiting women and girls; a significant portion of the allocation, ₹25,848 cr., is directed towards Central schemes; properties purchased by women to attract lower duties; Vatsalya, a new pension scheme, set to be rolled out

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Budget: 2024-25

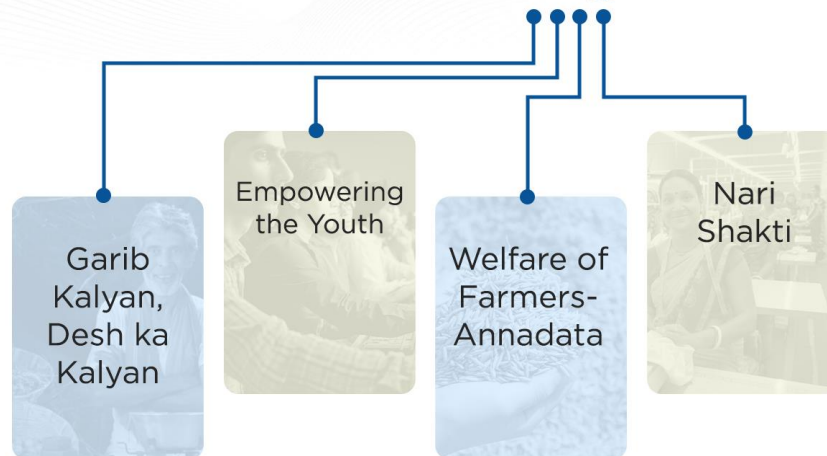
Small servings, many plates

- FM signals **shift from previous trickle-down strategy**
A shift in strategy, from the previous government's preferred reliance on letting trickle-down effects work while avoiding direct handouts to such sections of society
- **We saw package of schemes for jobless youth** called “the Prime Minister’s package”, **MSMEs**; announces **tax cuts** for middle class; tightens **fiscal deficit target to 4.9%** of GDP; unveils projects for **Bihar, A.P.**
- **Themes**— Employment and Education; Micro, Small and Medium Enterprises (MSMEs); Productivity; Land; Opportunities; Youth; Middle Class; Energy Security; New Generation Reforms; and Technology.

Budget: 2024-25



Focus areas of Viksit Bharat Budget



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Budget: 2024-25

Five new schemes to aid job creation

Centre will implement three schemes for 'employment-linked incentive' as part of the Prime Minister's package, says Finance Minister; the upgrade of a thousand Industrial Training Institutes and a scheme for internship opportunities to give focus to skill development

The Hindu Bureau
NEW DELHI

Amid the increasing unemployment rate and job and wage losses, the first Budget of the third Narendra Modi government has proposed taking a prioritised approach in the fields of employment and skilling. The Union Budget has proposed five schemes with an outlay of ₹2 lakh crore to generate jobs for the youth.

Union Finance Minister Nirmala Sitharaman said the Centre will implement three schemes for "employment-linked incentive" as part of the Prime Minister's package. "These will be based on enrolment in the Employees' Provi-



Big push: The Budget has allocated ₹2 lakh crore for schemes addressing employment and skilling. FILE PHOTO

dent Fund Organisation (EPFO), and focus on recognition of first-time employees, and support to employees and employers," she said.

1. The scheme will provide one-month wage to all newly employed workers in all formal sectors. "The

direct benefit transfer of one-month salary in three instalments to first-time employees, as registered in the EPFO, will be up to ₹15,000. The eligibility limit will be a salary of ₹1 lakh per month," she said, adding that it will benefit 210 lakh youth.

In 2016, the Ministry of Textiles announced a special package for the apparel sector to generate one crore jobs in three years. One of the features of the package was the government bearing the entire employer's contribution of 12% under the EPFO for new employees earning less than ₹15,000 a month for the first three years. While some of the large-scale units did invest under the package, it did not benefit the small- and medium-scale manufacturers much. Chairman of the Southern India Mills' Association S.K. Sundararaman said such schemes need consistency and should be implemented for a longer

period to be successful.

2. The second scheme proposed will incentivise additional employment in the manufacturing sector, linked to the employment of first-time employees with respect to their EPFO contribution in the first four years.

"The scheme is expected to benefit 30 lakh youth entering employment, and their employers," she said.

3. The third scheme will cover additional employment in all sectors and the government will reimburse employers up to ₹3,000 per month for two years towards their EPFO contribution for each additional employee.

4. The fourth scheme is to

skill 20 lakh youth over a five-year period. "A thousand Industrial Training Institutes will be upgraded in hub-and-spoke arrangements with outcome orientation," she said.

5. Under the fifth scheme, one crore youth will get internship opportunities for 12 months in 500 top companies in the next five years. The government will provide an internship allowance of ₹5,000 per month and a one-time assistance of ₹6,000.

Trade union leader Amarjeet Kaur said the proposals were for ease of doing business and would help corporate houses. "The focus is on skilling and not on jobs for millions who are already skilled but without jobs."

Budget: 2024-25

Package of PM's five schemes for Employment and Skilling

Prime Minister's Package of 5 Schemes and Initiatives for employment, skilling over a 5-year period.

1. Scheme A - **First Timers**: One-month salary of up to `15,000 to be provided in 3 installments to first-time employees, as registered in the EPFO.
2. Scheme B - **Job Creation in manufacturing**: Incentive to be provided at specified scale directly, both employee and employer, with respect to their EPFO contribution in the first 4 years of employment.
3. Scheme C - **Support to employers**: Government to reimburse up to `3,000 per month for 2 years towards EPFO contribution of employers, for each additional employee.
4. New centrally sponsored scheme for Skilling
 - 20 lakh youth to be skilled over a 5-year period.
 - 1,000 Industrial Training Institutes to be upgraded in hub and spoke arrangements.
5. New Scheme for **Internship in 500 Top Companies** to 1 crore youth in 5 years

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Budget: 2024-25

MSME Measures and MUDRA

- The limit of Mudra loans under 'Tarun' category to be enhanced to `20 lakh from `10 lakh for those who have successfully repaid previous loans.
- A **credit guarantee scheme** without collateral or third-party guarantee in term loans to MSMEs for purchase of machinery and equipment.
- New mechanism to facilitate continuation of bank credit to MSMEs during their stress period.



Budget: 2024-25

A.P. gets ₹15,000 cr. to build Amaravati, aid for Polavaram

Appaji Reddem
VIJAYAWADA

The Union Budget spells a boost to Andhra Pradesh, with a special financial support of ₹15,000 crore for developing its capital Amaravati, besides assistance for the Polavaram irrigation project, grants for backward regions.

"Recognising the State's need for a capital, we will facilitate special financial support through multilateral development agencies. In the current financial year, ₹15,000 crore will be arranged, with additional amounts in future

years," Union Finance Minister Nirmala Sitharaman said in her Budget speech on Tuesday.

She said the government has made concerted efforts to fulfil the commitments in the AP Reorganisation Act.

Ms. Sitharaman said the Centre would come up with a plan named 'Purvodaya' for the overall development of Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh.

A few days ahead of the Budget, Chief Minister and TDP chief N. Chandrababu Naidu, a key NDA ally, had apprised the Centre of the



A.P. Chief Minister N. Chandrababu Naidu in Amaravati. G. N. RAO

"dismal" financial situation in the State.

Blaming the past government of "irregularities", he sought substantial financial support for developing Amaravati,



Polavaram project and other projects in the State.

Ms. Sitharaman said the Centre is also fully committed to financing and early completion of the Polavaram irrigation pro-

ject. This apart, she has also ensured the promotion of industrial development, and funds for essential infrastructure such as roads, water, power and railways.

As part of it, the Koppurthy Industrial Node, the corridor between Visakhapatnam and Chennai, will be developed on a priority basis. Grants for backward regions of Rayalaseema, Prakasam and north coastal Andhra Pradesh will also be provided.

The State is also expected to benefit from the funding plan that will cover 53,000 tribal villages across the country.

Mr. Naidu thanked Prime Minister Narendra Modi on X for the allocations to the State.

"On behalf of the people of Andhra Pradesh, I thank the Hon'ble Prime Minister, @narendramodi Ji and Hon'ble Union Finance Minister, @nsitharaman Ji, for recognising the needs of our State and focusing on a capital... This support from the Centre will go a long way towards rebuilding Andhra Pradesh. I congratulate you on the presentation of this progressive and confidence-boosting Budget," Mr. Naidu said

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Budget: 2024-25

Nitish hails Budget as Bihar gets ₹58,900 cr

- While ₹26,000 crore will be allocated for **road projects**, a 2,400-MW **power plant** will be set up in Pirpainti at a cost of ₹21,400 crore, and ₹11,500 crore will be used for **flood control**.
- Comprehensive development of the **Vishnupad temple corridor** and **Mahabodhi temple corridor**, as well as **Nalanda**, to develop them as **tourist destinations**.

Nitish hails Budget as Bihar gets ₹58,900 cr.

Amit Bhelari
PATNA

Union Finance Minister Nirmala Sitharaman on Tuesday announced development projects worth ₹58,900 crore for Bihar in the Union Budget.

While ₹26,000 crore will be allocated for road projects, a 2,400-MW power plant will be set up in Pirpainti at a cost of ₹21,400 crore, and ₹11,500 crore will be used for flood control.

Bihar Chief Minister and Janata Dal (United) chief Nitish Kumar, a key NDA ally, called the announcements a big gift to the State, which was denied the Special Category Status by the Centre on Monday.

Opposition Rashtriya Janata Dal (RJD) termed



Bihar CM Nitish Kumar with PM Narendra Modi. FILE PHOTO

them an eyewash.

"We had proposed that if special status was not feasible for technical reasons, Bihar should receive special assistance from the Centre in another form, which has been announced today," Mr. Ku-



mar said. He evaded a direct reply to a query as to whether he was giving up the demand for special status. Later, Mr. Kumar welcomed the Budget in a post-

on X.

"Special attention has

been paid to the needs of Bihar and special funds have been provided for road projects, power projects, airports and medical colleges. Special assistance has been announced for the development of tourist places in the State and a big announcement has also been made to protect Bihar from floods," Mr. Kumar posted on X.

Meanwhile Leader of the Opposition in Bihar Assembly Tejashwi Yadav called the Budget disappointing.

Bihar Congress Legislature Party leader Shakiel Ahmad Khan said the Modi government had cheated the people of Bihar and there should not be any compromise on the Special Category Status. (With PTI inputs)

Budget: 2024-25

- **Customs Duties on gold and silver to 6% and on platinum to 6.4%** -would help **reduce smuggling** and **enhance domestic value addition** in gold and precious metal jewelry in the country.
- **Safe Harbour tax Rate for Diamond Mining Companies**
 - **Safe harbor rates** refer to predetermined and fixed tax rates **that provide a level of certainty and stability for businesses**
 - Government **aims to simplify tax compliance for foreign mining companies**
 - Will reduce the risk of tax disputes and creating a more attractive investment environment.

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Budget: 2024-25

- **Angel Tax Abolished**

- Government has scrapped the contentious angel tax for all classes of investors(both domestic and foreign)
- **Angel tax**, officially Section 56(2) (viib) in the Income Tax Act, applies to **unlisted companies when they raise capital by issuing shares to investors at a price exceeding its fair market value**. The excess amount is treated as income and taxed at 30.9 per cent.
- Introduced in 2012, angel tax aimed to prevent tax avoidance and fund misuse.
- It is so called because it significantly affects angel investment in startups.
- It was initially applicable to local resident investors but its ambit was expanded as part of the government's anti-tax avoidance move.

Budget: 2024-25

- **Financial and Non Financial Asset ? Capital Gain ? Holding Period ?**

- **Simplified Capital Gains Tax Regime (simplifying holding period and tax rate)**

- Definition of STCG and LTCG : **Listed financial assets** held for more than a year would be classified as long term, while **unlisted financial assets and all non-financial assets** would have to be held for at least two years to be classified as long term.
- Rate of Tax:
 - **Short-term gains** on certain financial assets will henceforth attract a tax of 20%, while those on all other financial and non-financial assets would continue to attract the 15% tax rate.
 - Long-term gains on all financial and non-financial assets, on the other hand, would attract a tax of 12.5%

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Budget: 2024-25

Budget: 2024-25

Next Generation Reforms



₹ UNION BUDGET 2024-25

विद्युत मंत्रालय
MINISTRY OF FINANCE

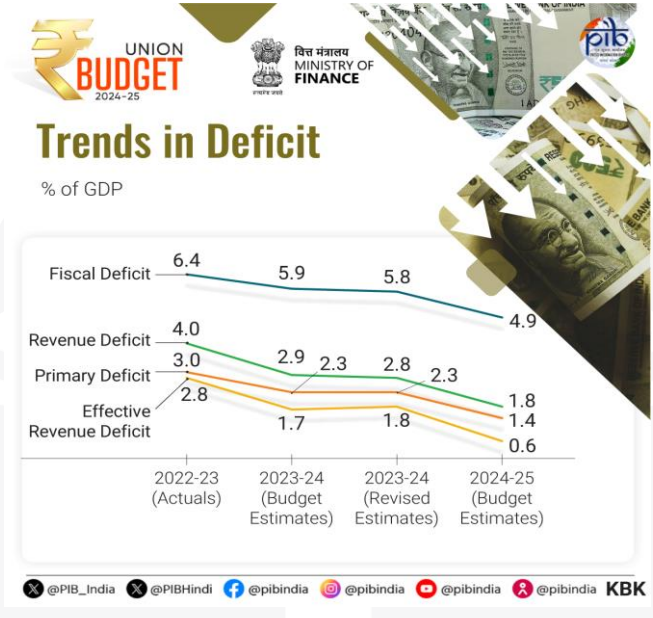
Next-Gen Reforms

- Technology to speed up digitalization of economy
- Jan Vishwas Bill 2.0 to improve Ease of Doing Business
- States to be incentivized to implement Business Reforms Action Plans and digitalization
- Sectoral databases for improving data governance and management
- Committee to review New Pension Scheme to evolve solution which addresses relevant issues while maintaining fiscal prudence

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Budget: Deficit Trends



Budget: 2024-25

वित्त मंत्रालय
MINISTRY OF FINANCE

UNION BUDGET 2024-25

NPS for Minors

NPS-Vatsalya, a plan for contribution by parents and guardians for minors, to be launched

When the minor becomes adult, the plan can be seamlessly converted into a normal NPS account

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