



Shaping India's Future: A Deep Dive Into The Key Highlights Of The Modi 3.0 Budget

Upasana Gohain

Department of Commerce, Gauhati University, Guwahati, Assam, India

Abstract: The Modi 3.0 government has unveiled a budget that carries significant implications for India's trajectory. This budget, presented amidst evolving global economic conditions and domestic challenges, offers insights into the government's approach to managing fiscal responsibilities, stimulating economic growth, and addressing socio-economic issues. The Union Budget 2024-25 was presented by the finance minister of India, Nirmala Sitharaman, in parliament on July 23, 2024. The nine priorities listed in the budget are productivity and resilience in agriculture, inclusive human resource development and social justice, urban development, infrastructure, employment and skilling, manufacturing and services, innovation, research and development, energy security, and next generation reforms (Money Control, 2024). The budget, however, also poses difficulties that will call for close observation and calculated modifications. The budget of the Modi 3.0 government demonstrates a proactive approach to economic management, marked by large expenditures in important industries and an emphasis on growth spurred by innovation.

Index Terms: Infrastructure, Employment, Tax Reforms, Union Budget.

I. INTRODUCTION

The Indian union council of ministers led by Prime Minister Narendra Modi, known as the Third Modi ministry or Modi 3.0, was established following the seven-phased general election of 2024 that took place in India in April and June of 2024 (The Hindu, 2024). The 18th Lok Sabha was formed after the election results were declared on June 4, 2024 (Wikipedia, 2024). On June 9, 2024, the Prime Minister and the Union Council of Ministers were sworn in (Wikipedia, 2024). Following the general election to the 18th Lok Sabha in 2024, in which the National Democratic Alliance, led by the Bharatiya Janata Party, emerged triumphant and won 293 of the 543 seats, the Third Modi cabinet was established (Wikipedia, 2024).

The Modi 3.0 government has unveiled a budget that carries significant implications for India's trajectory. This budget, presented amidst evolving global economic conditions and domestic challenges, offers insights into the government's approach to managing fiscal responsibilities, stimulating economic growth, and addressing socio-economic issues. The budget for Viksit Bharat, according to Prime Minister Narendra Modi, guarantees inclusive growth that benefits all facets of society and paves the path for a developed India (Business Today, 2024). The Union Budget 2024-25 was presented by the finance minister of India, Nirmala Sitharaman, in parliament on July 23, 2024. It is Nirmala Sitharaman's 7th budget (The Economic Times, 2024).

II. PRIORITIES HIGHLIGHTED IN THE MODI 3.0 GOVERNMENT'S BUDGET

The priorities set forward by the Modi administration to make India a developed nation by 2047 were emphasized in the Union Budget 2024-25 (The Economic Times, 2024). The nine priorities listed in the budget are productivity and resilience in agriculture, inclusive human resource development and social justice, urban development, infrastructure, employment and skilling, manufacturing and services, innovation, research and development, energy security, and next generation reforms (Money Control, 2024). The priorities are as follows:

- i. **Promoting natural farming, increasing productivity, and climate-resilient types:** Two crore farmers will receive certificates of support in the next two years; Atma Nirbharta in oil seeds; large-scale clusters for vegetable production; and DPI in agri-infrastructure, covering farmers and their land in three years (The Economic Times, 2024). A survey of digital crops will be conducted in 400 districts. Certificates will be awarded based on Jan Samarth (The Economic Times, 2024).
- ii. **The First Timers Scheme:** The government will pay newly hired employees in all formal sectors a remuneration equivalent to one month's wages in three instalments (The Economic Times, 2024). Employees would receive direct benefit transfers of up to ₹15,000 (The Economic Times, 2024). This shall be applied to anyone receiving a monthly salary of up to ₹1 lakh (The Economic Times, 2024). Employees beginning jobs in manufacturing will receive incentives of a certain amount given directly to employers and employees throughout the first four years of employment (The Economic Times, 2024).
- iii. **Assistance to employers:** For a period of two years, additional employment in all industries at a pay of up to ₹1 lakh per month will be given ₹3,000 on a monthly basis to meet EPFO expenses (The Economic Times, 2024). Financial assistance will be provided for higher education in domestic educational institutions of up to ₹10 lakhs (The Economic Times, 2024). A subsidy of three percent on annual interest will be provided.
- iv. Purvodaya is a comprehensive development plan for the eastern region of India, encompassing Odisha, Bihar, Andhra Pradesh, and Jharkhand (The Economic Times, 2024). The plan will cover the development of human resources. The budget also includes schemes such as NRLM, PM Vishwakarma, and Swanidhi. The Amritsar-Kolkata Corridor, which will spur industrial growth in the eastern region, especially in Gaya, Purniya, Bhagalpur, Patna, and Buxar, is also included (The Economic Times, 2024).

The Bodhygaya-Rajgir-Dharbhnaga Expressways will be constructed, and the bridge over Ganga in Buxar will be built at a cost of ₹2,600 crore (The Economic Times, 2024). Bihar will also see the construction of new medical colleges and sports facilities (The Economic Times, 2024).

- v. The finance minister also disclosed in the budget that the PM Awas Yojana would see the construction of 3 crore more houses in both rural and urban regions of the nation (The Economic Times, 2024).

III. HIGHLIGHTS OF THE MODI 3.0 GOVERNMENT'S FIRST UNION BUDGET

- i. For rural development, the budget allocated ₹2.66 lakh crore (The Hindu, 2024).
- ii. The budget kept funding for long-term infrastructure projects at ₹11.11 lakh crore in order to support economic growth (The Hindu, 2024).
- iii. Customs duties on gold and mobile phones were lowered, the capital gains tax was made simpler, and the angel tax for all categories of investors in businesses was abolished (The Hindu, 2024).
- iv. The securities transaction tax (STT) on securities futures and options was increased under the budget (The Hindu, 2024).
- v. ₹1.48 lakh crore has been set aside in the budget for skill development, employment, and education (The Hindu, 2024).
- vi. The budget increased the standard deduction for middle-class taxpayers by 50% to ₹75,000 and adjusted tax slabs for taxpayers choosing the new income tax regime (The Hindu, 2024). As a result, taxpayers will be able to save up to ₹17,500 in tax annually under the new tax regime, which offers lower tax rates but allows for fewer deductions and exemptions (The Hindu, 2024).
- vii. In order to promote employment, the budget offered companies incentives such as covering the first month's salary for new hires, offering incentives at a certain scale to employers and employees for retirement fund contributions made during the first four years of employment, and compensating employers for up to ₹3,000 per month for two years for their contribution towards the Employees' Provident Fund Organisation of each additional employee (The Hindu, 2024).
- viii. The family pension deduction was raised from ₹15,000 to ₹25,000 (Business Today, 2024).
- ix. The finance minister unveiled a new tax system in the Union Budget 2024 that exempts people with incomes up to ₹7.75 lakh from paying any taxes, which is a huge relief for taxpayers. Compared to the old regime, which provided tax benefits but had a more complicated structure, this is a considerable change (Business Today, 2024).
- x. The government will analyse all of the research done to create seeds that are climate-resilient.

- xi. The TDS rate for online e-commerce operators dropped from 1% to 0.1% (News18, 2024).
- xii. Increase in the short-term capital gains tax rate from 15% to 20% (News18, 2024).
- xiii. The long-term capital gains tax is raised from 10% to 12.5%. This also implies that the indexation benefits will be eliminated and the long-term capital gains tax rate on property sales will drop from 20% to 12.5% (News18, 2024).
- xiv. Listed financial assets will be long-term if held for more than a year (News18, 2024).
- xv. The long-term capital gains exemption limit was raised from ₹1 lakh to ₹1.25 lakh (News18, 2024).
- xvi. Reduced corporate tax to 35% from 40% for foreign companies (News18, 2024).
- xvii. The lowest slab under the new tax regime has been raised from ₹2.5 lakh to ₹3 lakh (News18, 2024).
- xviii. As part of a phased manufacturing programme, the finance minister announced modifications to the BCD for X-ray tubes and flat panel detectors used in X-ray medications (News18, 2024).
- xix. There is a 6% reduction in the customs duty on gold and silver. On platinum, the BCD is now only 6.4% (News18, 2024).
- xx. The finance minister also suggested lowering the customs taxes on goods made of leather and shoes (News18, 2024). The 15% customs duty on cell phones, mobile PCBAs, and chargers has also been reduced (News18, 2024).
- xxi. A package of ₹11,500 crore for flood mitigation has also been granted to Bihar (News18, 2024).
- xxii. A comprehensive development plan for the Vishnupath and Mahabodhi corridors, modelled after the Kashi-Vishwanath corridor, was also unveiled by the finance minister (News18, 2024).
- xxiii. In addition to being marketed as an educational institution, Nalanda University will also be promoted as a tourist destination (News18, 2024). Rajgir is religiously significant to Jains, Buddhists, and Hindus; hence, a comprehensive development project will also be implemented for this area (News18, 2024).
- xxiv. The finance minister declared plans to develop Andhra Pradesh's capital at a cost of ₹15 crore. She also announced incentives under the AP Reorganisation Act for Andhra Pradesh's backward regions (News18, 2024).
- xxv. In order to guarantee the country's food security, the finance minister proposed finishing the Polavaram Irrigation Project (News18, 2024).
- xxvi. In the Kopparthi node on the Vishakhapatnam-Chennai Industrial Corridor and the Orvakal node on the Hyderabad-Bengaluru Industrial Corridor, the finance minister also announced the installation of vital infrastructure, including roads, water, railways, and power (News18, 2024).
- xxvii. The establishment of a new 2400 MW power plant in Pirpainti is one of the power projects that will be undertaken, with an estimated cost of ₹21,400 crores (Money Control, 2024).
- xxviii. In five years, Sitharaman plans to give one crore young people access to internships at 500 top companies (News18, 2024). In addition to the one-time support of ₹6,000 from CSR funds, a monthly allowance of ₹5,000 would be given (News18, 2024).
- xxix. For the Prime Minister's urban housing plan, the finance minister also announced an expenditure of ₹10 lakh crore (News18, 2024).
- xxx. The Prime Minister Suryaghar Muft Bijli Yojana for one crore dwellings was announced by the finance minister (News18, 2024).
- xxxi. According to the finance minister, states would be urged to lower stamp duties (News18, 2024).
- xxxii. The finance minister also declared that Himachal Pradesh, Assam, and Uttarakhand would receive flood relief aid (News18, 2024).
- xxxiii. A new MSME guarantee scheme will allow loans of up to ₹100 crore (News18, 2024).
- xxxiv. The government will launch an MSME credit guarantee programme for loans without collateral (News18, 2024).
- xxxv. PSU banks will create an internal evaluation model for MSME credit (News18, 2024).
- xxxvi. The limit on mudra loans will be increased from ₹10 lakh to ₹20 lakh (News18, 2024).
- xxxvii. Export centres will be established under a regulatory body (News18, 2024).
- xxxviii. India Post Payments Bank will open 100 branches in the Northeast (Money Control, 2024).
- xxxix. Hostels for working women will be established. Hostels and creches will encourage more women to enter the workforce (Money Control, 2024).

- xl. An equalisation levy of 2% on the supply of products and services through e-commerce will be eliminated on or after August 1, 2024 (Business Standard, 2024).
- xli. The burden of the buy-back tax has now been transferred from companies to shareholders, and it will be subject to dividend taxation (Business Standard, 2024). Additionally, the cost of the acquisition of the shares will be considered a capital loss for the investor and will be adjusted against any other capital gains. As a consequence, the entire tax burden would rise from 20% to 30% (Business Standard, 2024).

IV. CONCLUSION

The Modi 3.0 government's budget, which reflects both continuity and a shift in policy orientation, represents a turning point in India's economic history. With a focus on digital innovation, social welfare programs, and infrastructure development, the budget aims to solve both short-term economic issues and long-term growth aspirations. The deliberate distribution of funds across priority areas, including education, healthcare, and rural development, highlights the government's intention to promote equitable growth and raise the standard of living for all residents. This budget, with its revolutionary tax reforms, clears the path for a more vibrant and just economic environment (Business Standard, 2024).

The budget, however, also poses difficulties that will call for close observation and calculated modifications. As the government navigates the intricacies of a global economic landscape driven by geopolitical risks and technological changes, striking a balance between short-term relief and long-term sustainability remains a key responsibility.

The budget of the Modi 3.0 government demonstrates a proactive approach to economic management, marked by large expenditures in important industries and an emphasis on growth spurred by innovation. Although it lays the groundwork for future economic growth and resilience, its success will depend on how well its policies are carried out and how well it can adjust to changing market conditions.

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