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YOJANA MAGAZINE ANALYSIS

(September 2024)

(Part 1/3)

TOPICS TO BE COVERED

PART 1/3

- PUBLIC FINANCE & DEVELOPMENT: EVALUATION OF INDIA'S BUDGETARY PRIORITIES
- INCLUSIVE HUMAN RESOURCE & DEVELOPMENT

PART 2/3

- RESILIENCE IN AGRICULTURE
- MANUFACTURING & SERVICES

PART 3/3

- INNOVATION RESEARCH & DEVELOPMENT
- ENERGY SECURITY

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PUBLIC FINANCE & DEVELOPMENT: EVALUATION OF INDIA'S BUDGETARY PRIORITIES

On **July 23, 2024**, Finance Minister Smt. Nirmala Sitharaman presented her seventh consecutive Union Budget, focusing on **four key groups**:

- “Garib” (poor),
- “Mahilayen” (women),
- “Yuva” (youth), and
- “Annadata” (farmers).



The budget emphasizes employment generation, skills development, and support for Micro, Small, and Medium Enterprises (MSMEs), aiming to foster economic growth and benefit the most vulnerable sections of society.

PART A: ECONOMIC OVERVIEW & KEY INITIATIVES

- **Total receipts other than borrowings:** ₹32.07 lakh crore
- **Total expenditure:** ₹48.21 lakh crore
- **Net tax receipt:** ₹25.83 lakh crore

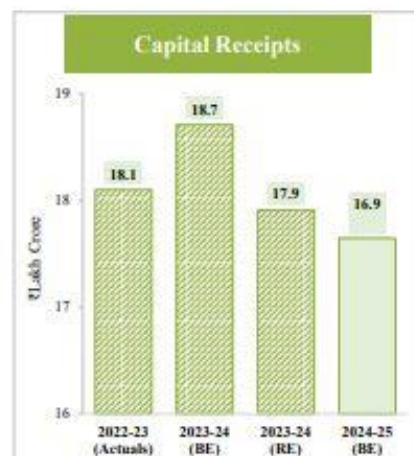
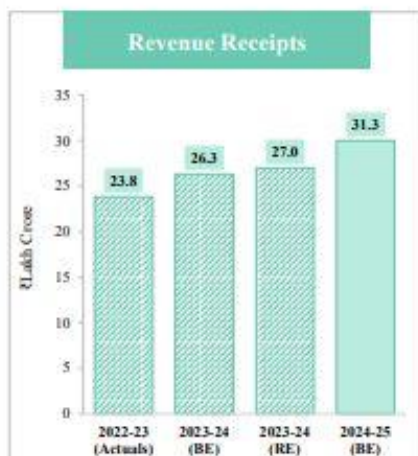
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- **Fiscal deficit:** 4.9% of GDP
- Government aims to reduce deficit below 4.5% next year
- **Inflation:** Continues to be low and stable, moving towards the 4% target
- **Core inflation (non-food, non-fuel):** 3.1%

Receipts



Expenditure

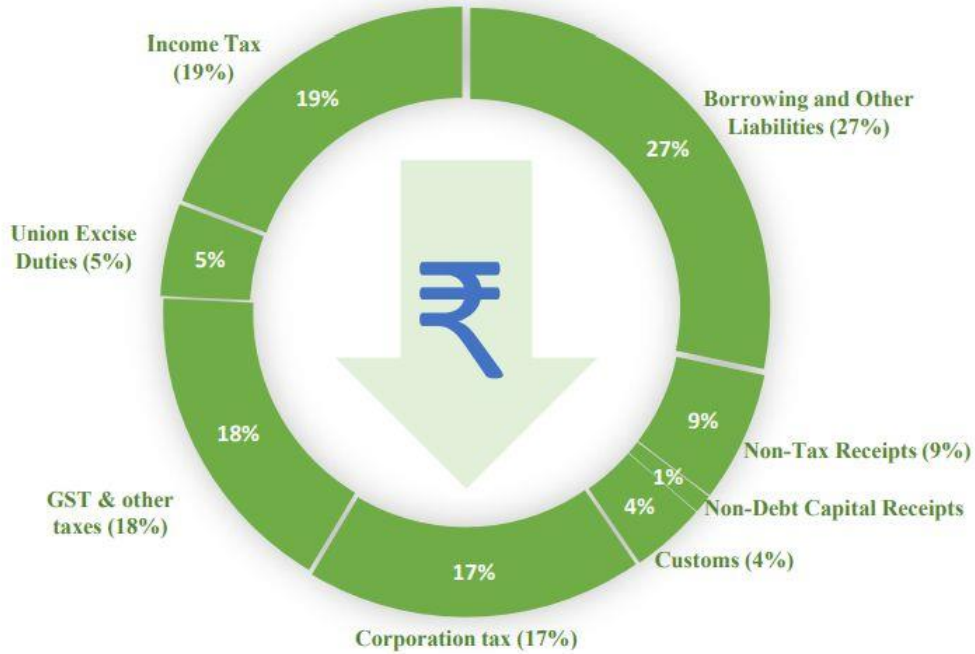


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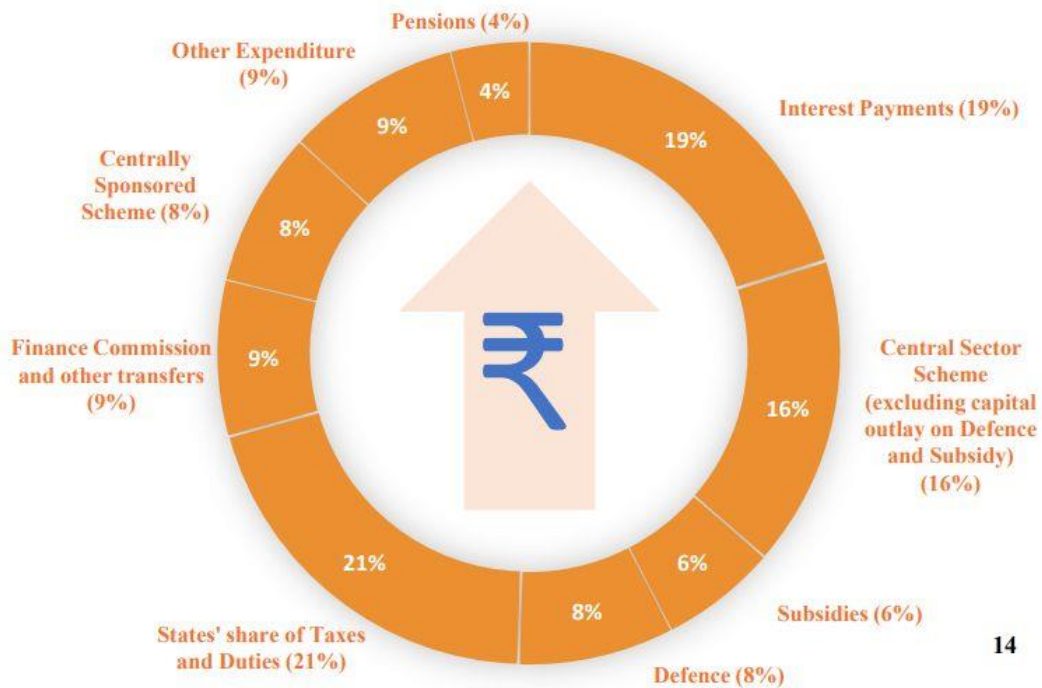
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Rupee Comes From



Rupee Goes To

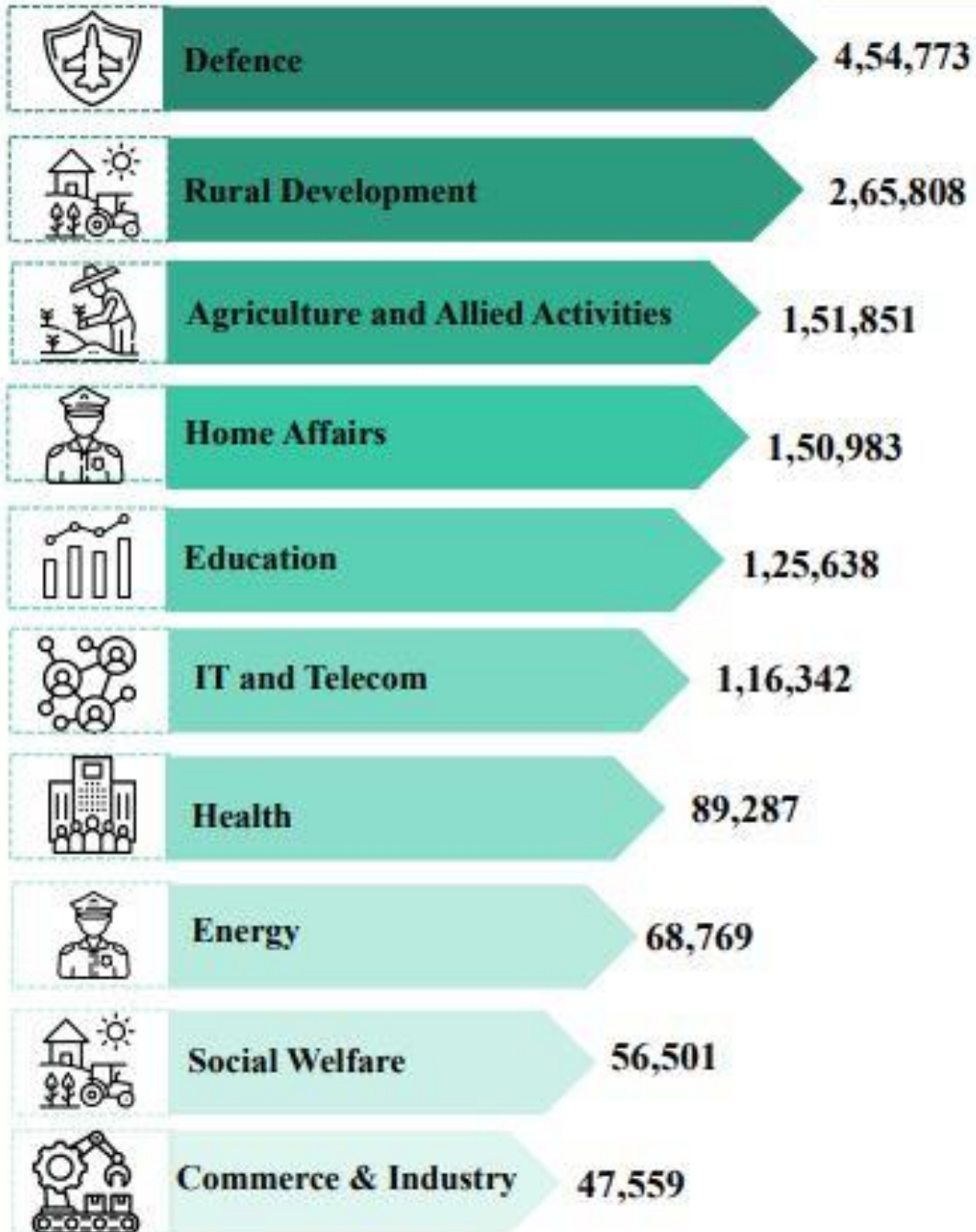


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Expenditure of Major Items

in ₹ Crore





Allocation to Major Schemes (in ₹ crore)



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9 PRIORITY AREAS

- **Priority 1: Productivity and Resilience in Agriculture**
 - **Allocation:** ₹1.52 lakh crore for agriculture and allied sectors
 - 109 new high-yielding and climate-resilient varieties of 32 field and horticulture crops to be released for cultivation.
 - **Natural farming initiative:**
 - 1 crore farmers to be initiated in next 2 years
 - Certification and branding included
 - 10,000 need-based bio-input resource centres for natural farming
 - Digital Public Infrastructure (DPI) for Agriculture:
 - To be implemented for coverage of farmers and their lands in 3 years
- **Priority 2: Employment & Skilling**
 - As part of the Prime Minister's package, 3 schemes for '**Employment Linked Incentive**' to be implemented –
 - Scheme A - First Timers;
 - Scheme B - Job Creation in manufacturing;
 - Scheme C - Support to employers.

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○ **Women-focused initiatives:**

- Working women hostels with industrial collaboration
- Women-specific skilling programmes
- Market access promotion for women SHG enterprises.

○ **Skill Development:**

- New centrally sponsored scheme for 20 lakh youth over 5 years
- Model Skill Loan Scheme revised to facilitate loans up to ₹7.5 lakh
- Financial support for higher education loans up to ₹10 lakh for youth ineligible for government benefits.

● **Priority 3: Inclusive Human Resource Development and Social Justice**

○ **Purvodaya initiative:**

- Industrial node at **Gaya along Amritsar-Kolkata Industrial Corridor**
- Power projects including new 2400 MW plant at **Pirpainti** (₹21,400 crore)

○ **Andhra Pradesh Reorganization Act:**

- Special financial support of ₹15,000 crore through multilateral development agencies

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- **Industrial nodes:**
 - Kopporthy along Visakhapatnam-Chennai Industrial Corridor
 - Orvakal along Hyderabad-Bengaluru Industrial Corridor.
- **Women-led development:**
 - Total allocation of more than ₹3 lakh crore for schemes benefitting women and girls
- **Pradhan Mantri Janjatiya Unnat Gram Abhiyan:**
 - Socio-economic development of tribal families
 - Coverage: 63,000 villages, benefitting 5 crore tribal people
 - Focus on tribal-majority villages and aspirational districts
- **North-Eastern Region:**
 - 100 branches of India Post Payment Bank to be set up
- **Priority 4: Manufacturing & Services**
 - **Credit Guarantee Scheme for MSMEs in Manufacturing Sector:**
 - Without collateral or third-party guarantee for term loans
 - For purchase of machinery and equipment

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- **Credit Support to MSMEs during Stress Period:**
 - New mechanism to facilitate continuation of bank credit
- **Mudra Loans:**
 - Limit under 'Tarun' category enhanced to ₹20 lakh from ₹10 lakh
 - For those who have successfully repaid previous loans
- **Enhanced scope for mandatory onboarding in TReDS:**
 - Turnover threshold of buyers reduced from ₹500 crore to ₹250 crore
- **MSME Units for Food Irradiation, Quality & Safety Testing:**
 - Financial support for 50 multi-product food irradiation units
- **E-Commerce Export Hubs:**
 - To be set up under **public-private-partnership (PPP) mode**
 - For MSMEs and traditional artisans to sell in international markets
- **Critical Mineral Mission:**
 - For domestic production, recycling, and overseas acquisition of critical minerals
- **Offshore mining of minerals:**
 - Auction of first tranche of offshore blocks

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- **Digital Public Infrastructure (DPI) Applications:**
 - **Development in areas:** credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, urban governance
- **Priority 5: Urban Development**
 - **Transit Oriented Development:**
 - Plans and strategies for 14 large cities (**population > 30 lakh**)
 - **Urban Housing:**
 - Investment of ₹10 lakh crore over next 5 years
 - Includes central assistance of ₹2.2 lakh crore
 - Under **PM Awas Yojana Urban 2.0**
 - To address housing needs of 1 crore urban poor and middle-class families
 - **Street Markets:**
 - New scheme to support 100 weekly '**haats**' or street food hubs annually for 5 years
 - In select cities
- **Priority 6: Energy Security**
 - **Energy Transition:**
 - Policy document on '**Energy Transition Pathways**' to be brought out

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- **Pumped Storage Policy:**
 - To promote pumped storage projects for electricity storage
- **Research and development of small and modular nuclear reactors:**
 - Government to partner with **private sector for R&D of Bharat Small Modular Reactor**
 - Focus on newer technologies for nuclear energy
- **Advanced Ultra Super Critical Thermal Power Plants:**
 - Joint venture between NTPC and **BHEL**
 - To set up full-scale 800 MW commercial plant using AUSC technology
- **Roadmap for 'hard to abate' industries:**
 - Transition from '**Perform, Achieve and Trade**' mode to '**Indian Carbon Market**' mode
- **Priority 7: Infrastructure**
 - **Infrastructure investment by Central Government:**
 - ₹11,11,111 crore (3.4% of GDP) for capital expenditure

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- **Infrastructure investment by state governments:**
 - ₹1.5 lakh crore for long-term interest-free loans to support infra investment
- **Pradhan Mantri Gram Sadak Yojana (PMGSY):**
 - **Launch of phase IV**
 - All-weather connectivity to 25,000 rural habitations
- **Irrigation and Flood Mitigation:**
 - Financial support of ₹11,500 crore for projects in Bihar (**including Kosi-Mechi intra-state link**)
 - Assistance for **Assam, Himachal Pradesh, Uttarakhand and Sikkim** for floods, landslides and related projects
- **Tourism:**
 - Comprehensive development of **Vishnupad Temple Corridor, Mahabodhi Temple Corridor and Rajgir**
 - Assistance for development of temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches of Odisha

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- **Priority 8: Innovation, Research & Development**
 - **Anusandhan National Research Fund:**
 - To be **operationalized** for basic research and **prototype development**
 - **Financing pool of ₹1 lakh crore:**
 - For spurring **private sector-driven research** and innovation at commercial scale
 - **Space Economy:**
 - **Venture capital fund of ₹1,000 crore**
 - Aim to expand space economy **by 5 times in next 10 years.**
- **Priority 9: Next Generation Reforms**
 - **Rural Land Related Actions:**
 - Unique Land Parcel Identification Number (**ULPIN**) or **Bhu-Aadhaar for all lands**
 - Digitization of cadastral maps
 - Survey of map **subdivisions** as per current ownership
 - Establishment of **land registry**
 - Linking to farmers registry

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○ **Urban Land Related Actions:**

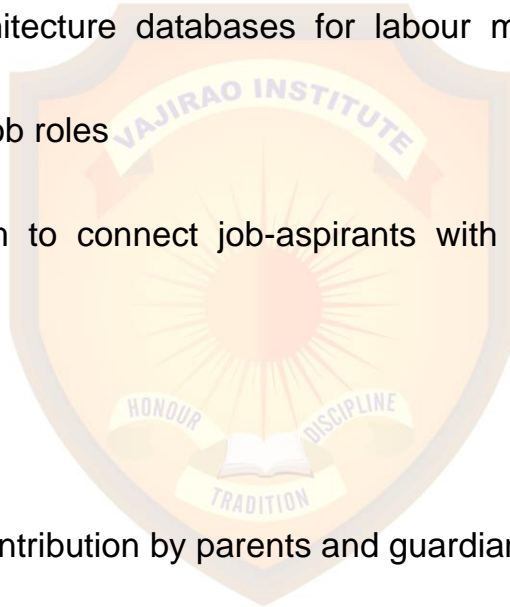
- Land records in **urban areas to be digitized with GIS** mapping

○ **Services to Labour:**

- Integration of **e-shram portal with other portals** for one-stop solution
- Open architecture databases for labour market, skill requirements and available job roles
- Mechanism to connect job-aspirants with potential employers and skill providers

○ **NPS Vatsalya:**

- Plan for contribution by parents and guardians for minors.



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INCLUSIVE HUMAN RESOURCE & DEVELOPMENT

The Economic Survey 2023-24 provides a comprehensive analysis connecting the vision of **Viksit Bharat (Developed India) with Priority 3 of the 2024 Union Budget.**

It underscores the necessity of establishing **robust social infrastructure** to accompany economic growth, emphasizing that genuine progress in areas like **health, education, and digital empowerment** is essential for sustainable development.

KEY HIGHLIGHTS

- **Transforming Employment Landscape:** The survey notes a significant **8.4% compound annual growth rate (CAGR)** in the number of members enrolled in the **Employees' Provident Fund Organization (EPFO)** from FY15 to FY24. This growth reflects a trend toward increased formal employment in the economy. The **Production Linked Incentive (PLI)** scheme is projected **to create millions of jobs in the manufacturing** sector, which is crucial for employment enhancement.
- **Projected GDP Growth:** The Economic Survey forecasts that **India's GDP could grow at an annual rate of 7% or more**, provided that structural reforms are

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implemented continuously. **Such growth could lift millions out of poverty and improve overall living standards** across the nation, emphasizing the importance of inclusive policies and social justice.

INCLUSIVE HUMAN RESOURCE DEVELOPMENT

The **2024 Union Budget** articulates a substantial allocation of **₹1.48 lakh crore** for **education, employment, and skill development**. This funding reflects the government's commitment to ensuring that every citizen, particularly those from **marginalized backgrounds, is equipped with the skills** and opportunities necessary to contribute to and benefit from economic growth.

Education and Skilling Initiatives

- **Upgrading Industrial Training Institutes (ITIs):** A transformative budget announcement includes **₹60,000 crore** over five years to upgrade **1,000 ITIs into modern educational hubs**. This initiative aims to align the curricula with industry demands, ensuring that **20 lakh youth** acquire relevant and employable skills. This modernization addresses the **critical skills gap that has been a significant barrier to India's economic productivity** and competitiveness.

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- **Model Skill Loan Scheme:** The revised scheme allows for loans up to **₹7.5 lakh** with government backing, aimed at supporting **25,000 students annually** in pursuing vocational training without financial hardship. Additionally, education loans of up to **₹10 lakh** will be available with a **3% annual interest subvention**, benefiting **1 lakh students each year**. These financial measures are designed to democratize access to quality education and vocational training, promoting an inclusive growth environment.

EMPLOYMENT LINKED INCENTIVES

The budget introduces **3 key employment-linked incentive schemes**, with a total central outlay of **₹2 lakh crore** over five years, each targeting distinct needs within the labor market:

1. **Scheme A (First Timers):** This initiative offers a wage subsidy of up to **₹15,000** for one month to first-time employees, aiming to support **2.1 crore youth** as they transition into the formal workforce.
2. **Scheme B (Job Creation in Manufacturing):** This scheme incentivizes employers to hire first-time employees specifically in the manufacturing sector by subsidizing a portion of their EPFO contributions, with a goal of employing **30 lakh youth**.
3. **Scheme C (Support to Employers):** This scheme reimburses employers for up to **₹3,000 per month** of EPFO contributions for new hires earning less than **₹1 lakh** monthly, aiming to facilitate the creation of **50 lakh new jobs** across diverse sectors.

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SOCIAL JUSTICE INITIATIVES

Social justice is a **critical component of the human resource development strategy**, ensuring that economic growth benefits all sections of **society, especially the marginalized and disadvantaged groups**.

Saturation Approach:

The budget adopts a saturation approach to ensure that all eligible individuals can access various government schemes, thereby eliminating exclusion errors. An example is the **Pradhan Mantri Garib Kalyan Anna Yojana**, which provides free food grains to over **80 crore** people, **extending its reach for five more years to reinforce** the government's commitment to food security.

Women-Led Development:

Recognizing the **pivotal role of women in economic development**, the budget allocates over **₹3 lakh crore** for schemes benefiting women and girls. Initiatives include:

- Establishing **working women's hostels** and **crèches** to support women's participation in the workforce.
- Implementing **women-specific skilling** programs to enhance employability.

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- Facilitating market access for women-led **Self-Help Groups (SHGs)** to promote **entrepreneurship among women.**

Tribal Welfare:

The **Pradhan Mantri Janjatiya Unnat Gram Abhiyan** focuses on improving the socio-economic conditions of tribal communities, with an ambitious goal to cover **63,000 villages** and benefit **five crore tribal people**. The initiative targets education, healthcare, infrastructure, and economic opportunities, addressing the unique challenges faced by **tribal populations** to ensure their inclusion in the broader development narrative.

POTENTIAL IMPACT

The measures proposed under **Priority 3 of the Union Budget** hold the potential to drive **substantial socio-economic transformation** in India. By investing in education, skill development, and employment creation, the government aims to cultivate a capable and competitive workforce. This investment is anticipated to:

- Enhance productivity.
- Spur innovation.
- Attract investment, contributing to sustained economic growth.

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The emphasis on social justice ensures that the **benefits of growth are equitably distributed**. Initiatives aimed at women, tribal communities, and underserved regions address historical inequalities and foster social cohesion, which are vital for long-term prosperity.

CHALLENGES & CONSIDERATIONS

While the budget's proposals are ambitious, their success hinges on several critical factors:

- **Robust Governance and Coordination:** Effective collaboration between central and state governments is **essential to ensure that allocated funds are efficiently utilized** and reach the intended beneficiaries.
- **Private Sector Engagement:** The active involvement of the private sector in **designing curricula**, providing internships, and creating **job opportunities is crucial for the success of skilling initiatives**. The government must foster an enabling environment for public-private partnerships.
- **Addressing Structural Issues:** Overcoming labor market rigidities and inadequate infrastructure is vital. Structural reforms are necessary to improve labor market flexibility and enhance the ease of doing business, complementing the budget's initiatives.

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