



India Union Budget 2024-2025

Point of view

#UnionBudget2024 #KPMGBudgetLIVE

Agriculture and Allied Sectors

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Key announcements for the sector

- The total budget this year for the Agriculture and Allied Sector is earmarked at INR 1.52 lakh crore.
- Improving productivity and promoting sustainable agriculture
 - Comprehensive review of agriculture research setup shall be undertaken for raising productivity and developing climate resilient varieties.
 - New 109 high yielding and climate resilient varieties of 32 field and cultivation crops will be released for farmers.
 - One crore farmers shall be initiated into natural farming in next two years supported by certification and branding.
 - To support natural farming, 10,000 need-based bio-input resource centres will be established.
- Digital Public Infrastructure (DPI) to modernize agricultural landscape
 - Implementation of DPI in agriculture will be facilitated in coordination with states for coverage of farmers and their lands in three years.
 - Digital crop survey for Kharif crops will be initiated in 400 districts.
 - Details of six crore farmers and their lands will be brought into farmer and land registries.
- Strengthening value chain development from production to marketing
 - To achieve self-sufficiency in pulses and oilseeds, production, storage and marketing will be strengthened.
 - Large-scale clusters for vegetable production will be developed closer to major consumption centers.
 - Farmer-Producer Organisations (FPOs), cooperatives and start-ups will be promoted for vegetable supply chains including for collection, storage, and marketing.
- Strengthening institutional and financial mechanism
 - National Cooperation Policy shall be formulated for systematic and all-round development of cooperative sector.
 - Jan Samarth-based Kisan Credit Cards will be enabled in five states.
 - Financial support to set up 50 multi-product food irradiation units in the MSME sector.

- Boosting allied sectors
 - Financial support for setting up a network of Nucleus Breeding Centers for Shrimp Broodstocks shall be provided.
 - Financing for shrimp farming, processing and export will be facilitated through NABARD.
 - Basic Customs Duty (BCD) on certain broodstock, polychaete worms, shrimp and fish feed shall be reduced to 5 per cent.
 - Customs duty shall be exempted on various inputs for manufacture of shrimp and fish feed.
- Incentives
 - Proposal to introduce an Employment-Linked Incentive (ELI) scheme to boost job creation in labor-intensive sectors, offering incentives like salary subsidy and provident fund reimbursements.

Direct taxes

- Personal and corporate taxes
 - New personal tax regime made more attractive with modified tax slabs, enhanced standard deduction of INR 75,000 and increased Employer NPS deduction.
 - Ease of cash flow and compliance burden for salaried taxpayers with set-off of other TDS/ TCS from payroll taxes
 - Foreign company corporate tax rate reduced from 40% to 35%.
 - STCG on STT paid equity shares, units of equity oriented and unit of business trust to be increased to 20% from current 15%; no changes in other STCGs
 - Rate of LTCG changed to 12.5% for all assets categories. Indexation benefit to be removed.¹ Changes from capital gains are applicable w.e.f. 23 July 2024
 - Buy back tax removed - Sum received by shareholder on Buy back of shares by a domestic company to be taxed as Dividend; Cost of acquisition with respect to the shares bought back to be considered as capital loss in the hands of the shareholder which may be set off against any other capital gains.
 - Gift of shares to be exempt from capital gains tax only where the transfer is by an Individual or a HUF
 - Transfer pricing assessments amended to include powers of TPOs to deal with specified domestic transactions.
- Withholding tax provisions
 - Set-off of TCS Credit against TDS.
- Tax Litigation
 - Various measures to reduce tax disputes have been announced. Thresholds for filing appeal by Income-tax Department raised to INR 1 Crore, INR 2 Crores, and INR 5 Crores for ITAT, HC, and SC appeals, respectively.²
 - Period of initiation of reassessment proceedings reduced to 5 years from the end of the relevant assessment where the income escaping income is in excess of INR 50 lakhs.

1. LTCG – Long Term Capital Gain, STCG, Short Term Capital Gain

2. ITAT- Income tax Appellate Tribunal, HC-High Court, SC-Supreme Court

- New scheme, Vivad se Vishwas Scheme, 2024, to be introduced for settlement of pending appeals (including DRP and writs).
- Other tax simplification measures
 - Equalisation levy @2% abolished w.e.f. 1 August 2024
 - Immunity scheme from penalty and prosecution in certain cases to be introduced.

Indirect Taxes

- The government has introduced a conditional waiver of interest and penalty in respect of demand notices issued for Financial Years 2017-18, 2018-19 and 2019-20 under Goods and Services Tax (GST) except the demand notices in respect of erroneous refund.
- Rationalisation of GST duty rates over a period.
- Rationalisation of custom duties to promote local value addition and manufacturing.
- Provisions for issue of notice for tax demand is standardized for fraud / other than fraud cases - Limited to 3.5 years with additional year to pass the order.
- Regularisation of non-levy / short levy of GST due to general trade practice
- Others
 - Other consumables, duties and related items
 - States urged to moderate stamp duty charges especially for property purchased by women
 - Expand the list of exempted capital goods for use in the manufacture of solar cells and panels to boost solar energy.
 - Exempt solar glass and tinned copper interconnects from custom duties.
- MSMEs
 - Various schemes introduced to promote employment and skilling, support for promotion of MSMEs, particularly labour-intensive manufacturing.
 - Introduced a credit guarantee scheme without collateral or third-party guarantee for term loans to MSMEs for the purchase of machinery and equipment.
 - Implemented a new mechanism to facilitate the continuation of bank credit to MSMEs during their restructuring.
 - New mechanism to facilitate continuation of bank credit to MSMEs during their stress period.
 - Development of DPI applications in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance.
- Skill Development programme
 - Providing internships to 10 million youth over 5 years.
 - Introduce a new centrally sponsored scheme for skilling 2 million youth under the Prime Minister's Package over a 5-year period.
 - Revise the Model Skill Loan Scheme to facilitate loans up to INR 0.75 million.
 - Provide financial support for loans up to INR 1 million for higher education in domestic institutions to youth not eligible for other government benefits.
 - Allocate more than INR 3 trillion for schemes benefitting women and girls.

- Pradhan Mantri Janjatiya Unnat Gram Abhiyan
 - Support socio-economic development of tribal families in 63,000 tribal-majority villages and aspirational districts, benefitting 50 Mn tribal people.
 - Integrate the e-shram portal with other portals for a one-stop solution.
 - Create open architecture databases for the changing labour market, skill requirements, and available job roles.
 - Develop a mechanism to connect job aspirants with potential employers and skill providers.
- ODI / FDI rules reforms to strengthen INR based overseas trade.
 - Simplify rules and regulations for Foreign Direct Investment and Overseas Investments.
 - Facilitate foreign direct investments.
 - Prioritise opportunities for using the Indian Rupee in overseas investments.
 - Angel tax abolished to encourage foreign investors and ease raising of capital.

Implications for the sector

- Focus on R&D to enhance productivity and climate resilience is a welcome step to mitigate the climatic and food security challenges
 - Release of 109 high-yielding and climate resilient varieties for farmers is a significant step, however awareness and easy availability of these varieties will be crucial in attaining high crop yield and enhancing farmer income.
 - R&D should focus on 'lab to land' ecosystem for greater technology adoption.
 - With the Indian organic food market projected to grow, the prospects of natural farming in India are promising. Cost and time effective mechanism for certification of organic products will be imperative in strengthening natural farming prospects among farmers.
- Digital Public Infrastructure (DPI) in agriculture, a step towards agricultural modernisation and effective and inclusive planning
 - It will enable conceptualisation of targeted interventions based on accurate on-ground data.
 - Jan Samarth based Kisan Credit Cards will increase financial access for farmers.
- Focus on entire crop value chain from production to marketing
 - Transitioning from a livelihood approach to value chain approach is a more holistic and sustainable proposition. Crucial aspect would be to build capacities of all the actors in the value chain.
 - Focused on the themes of 'Atmanirbharta', the program for achieving self-sufficiency in pulses and oilseeds can deliver significant impact in reducing their imports.
 - Cluster based approach for vegetable production closer to consumption centres will bring in supply chain efficiencies and ensure remunerative prices.
- Institutional strengthening and partnerships
 - National Cooperation policy would promote the cooperative based economic development model and would help grow the rural economy.

- Inclusion of FPOs, co-operatives and start-ups as a catalyst in the agri ecosystem will strengthen the delivery mechanism.
- Investment in capacity building and bridging the techno-commercial skill gap of these institutions would be important to enabling them to act as change/delivery agents.
- Shrimp production and exports
 - Various financial interventions announced will likely help boost shrimp farming and processing, in addition to increasing its export competitiveness.
- Tax related
 - Ease of doing business by reduced litigation, tax certainty and digitisation of assessment procedures.
 - Simplicity of compliance with introduction of new safe harbor rules- detailed rules are awaited and rationalisation of TDS rates.
 - Incentives in form of lower tax rates to foreign companies to bridge the gap of rate between domestic and foreign companies.
 - No significant changes in tax rates for taxpayers to provide stability.
 - Reduced tax outflow for individuals under new regime leading to increase in disposable income and consequential spending patterns.
- Incentives
 - On the other hand, the proposed ELI scheme is a strategic move to address unemployment and stimulate economic growth by encouraging companies to expand their workforce. This aims to mitigate 'jobless growth' and enhance domestic production and exports.

KPMG in India contacts:

Nilachal Mishra

Partner and Head

Government & Public Services

E: nilachalmishra@kpmg.com

Himanshu Rattan

Partner and Lead – Government

Agriculture & Allied Business

Government & Public Services

E: himanshurattan@kpmg.com

Anshul Aggarwal

Partner

Indirect Tax

E: anshula@kpmg.com

kpmg.com/in/socialmedia



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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

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