



India Union Budget 2024-2025

Point of view

#UnionBudget2024 #KPMGBudgetLIVE

ESG

KPMG. Make the Difference.



The urgency to tackle climate change has never been greater and the Union Budget 2024 seeks to address some of the multifaceted challenges India faces. In line with India's ambitious "Viksit Bharat" Program (or Developed India), the Economic Survey of India also set out a roadmap for inclusive growth with sustainability.

India has already declared a decarbonization roadmap to 2070, and significant changes to the energy ecosystem are underway. For any economy, the transition towards a green future needs a deeper management of policy, people and underlying technologies. The economy, society, business and environment don't exist in isolation -they are part of a system that interacts and influences one another. In light of India's growth trajectory in recent years, these systems could become fragile in the face of crises and will need continual redesign for greater resilience.

To meet the Paris Agreement goals and avoid catastrophic climate impacts, we need to accelerate our efforts significantly. For India's ambition to be a USD10 trillion economy, the next 10 years need to focus on equity, jobs and the transition to a green future. Growth and sustainability are the twin wheels on which the Indian economy needs to travel. The shift towards net zero needs new forms of energy, green products, new technology and therefore new skills - all covered in the budget.

Key announcements for Environment, Social and Governance (ESG)

Environmental

- Comprehensive review of agriculture research setup to raise productivity and develop climate resilient production varieties.
- 109 new types of high-yielding and climate-resilient varieties of 32 field and horticulture crops to be facilitated for cultivation by farmers.
- Development of a taxonomy for climate finance to enhance availability of capital for climate adaptation and mitigation to achieve India's climate commitments.
- Sewage treatment and solid waste management projects and services to be initiated alongside State Governments and Multilateral Development Banks water supply.
- Import of capital goods used in the manufacture of solar cells and panels to be exempted from levy of customs duty.

Social

- Various measures aiming towards an all-round development of people – mainly farmers, youth, women and poor.
- Three (3) employment linked incentive schemes for - first time employees; support to employees; and employers.
- Collaborative efforts with Industries to set up working women hostels and establishing creches to promote higher participation of women in the workforce.
- Grants for development of certain underdeveloped regions of Andhra Pradesh (*Rayalaseema, Prakasam and North Coastal Andhra*), will be provided.
- Pradhan Mantri Awas Yojana (Prime Minister Housing Scheme) – that aims to address housing shortage in India – introduces 30 million additional houses in rural and urban area.
- Introduction of various women-led development schemes for improving their position in national economic development.
- Schemes for internship opportunities in 500 top companies to 10 million youth in five (5) years with a practical business environment, varied professionals, and employment opportunities.
- Change in stamp duty rate from high to moderate / lower for women property purchasers.
- Pradhan Mantri Surya Ghar Muft Bijli Yojana (Prime Minister Solar Energy Scheme) has been launched to install rooftop solar plants to enable 10 million households obtain free electricity up to 300 units every month.
- A comprehensive one-stop e-portal will be created for labour with information of skill requirements, available job roles, and a mechanism to connect job-aspirants with potential employers and skill providers etc.
- Full exemption from payment of customs duties on import of three (3) additional cancer medicines.

Governance

- Previous stringent penalties under the Black Money Act, 2015, imposed for failure to disclose foreign income and assets (other than immovable property) deleted for individuals up to aggregate value of INR2 million as per Income tax returns.

Key observations

The top trends that companies need to examine from this budget for ESG are:

- **Climate Resilient Development:** The budget speaks of integrating measures to adapt to climate change within the agricultural sector. This can drive on-ground action and policy shifts in how we grow food and how supply chains are managed to reduce greenhouse gas emissions. Further, broader benefits have been announced that include access to clean energy, low-carbon electrification, and promoting zero and low-carbon products and associated services.
- **Scaling Up Finance:** A significant increase in climate finance is essential. Government can play a crucial role by reducing barriers to lowering emissions through public funding and clearing pathways for investors. At the same time, private banks, PE and VC's need to help scale green finance portfolios; a Climate finance taxonomy will also give this a boost.

- **Triggering Positive Tipping Points:** Identifying and leveraging positive tipping points in agriculture, energy policy, and social behavior can create rapid and widespread changes. For example, the rapid adoption of natural farming accelerated by supportive policies and market incentives will be a big transformation. However, circular economy practices and waste management show glaring gaps in the current system. The budget seeks to address some of these via State Governments and Multilateral Development Banks that could potentially fund water supply, sewage treatment and solid waste management projects and services. The focus on skills and jobs is another such positive development. When aligned with the environmental and social impact measures, green skills in the workforce could see a major uptick, further accelerating the green transition.
- **Green corporate strategies:** Companies in every sector in India are at the center of efforts to reduce emissions. They look to reach bold net-zero commitments and still must meet growth targets. To succeed in these twin efforts, they will need to deploy new technologies that can increase efficiency and reduce waste across the value chain while transitioning away from carbon intensive practices. These transformative signals in the budget will lead to two fundamental shifts. First, they will reshape the economy, opening up new markets and signal to others that changes are afoot. Additionally, these changes will have significant impacts on corporate strategy that would increasingly get aligned to green products, services and solutions.

KPMG in India contacts:

Namrata Rana

National Head

ESG

E: namratarana@kpmg.com

Rajeev Dimri

National Head

Tax

E: rajeevdimri@kpmg.com

kpmg.com/in/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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.

© 2024 KPMG Assurance and Consulting Services LLP, an Indian Limited Liability Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

This document is for e-communication only.



[Access
Budget microsite](#)