

Union Budget 2024-25 Focuses on Boosting Startup Ecosystem, Increasing Agricultural Production



In an effort to support and encourage India's rising entrepreneurs, the Centre on Tuesday, July 23rd, 2024 announced the abolition of the 'Angel tax' for all investor, providing a huge relief to companies. The announcement was made by Smt. Nirmala Sitharaman, Union Finance Minister while presenting the Budget for FY 2024-25.

Venture investors have welcomed the proposed abolition of the decade-old tax regime calling it "a big reform."

It is important to mention here that angel tax is basically the income tax that the Centre imposes on funding raised by unlisted firms or startups, if their valuation surpasses the company's fair market value. It falls under Section 56 (II) (viib) of the Income Tax Act. It was first introduced in the year 2012 Union Budget by then finance minister Shri. Pranab Mukherjee to seize the laundering of funds.

Startups in India have long argued that it placed an undue financial & compliance burden on young ventures and prevented the growth of genuine risk capital for the fast-growing industry.

Meanwhile, Union Agriculture Minister Shivraj Chouhan, speaking to the media, announced an allocation of Rs 1.52 lakh crore for agriculture and allied sectors, emphasizing that agricultural productivity remains a top government priority. He mentioned the release of 109 varieties of 32 high-yielding and climate-friendly crops, along with comprehensive agricultural research to develop climate-friendly crops.

The minister also outlined plans to link 1 crore farmers to natural farming over the next two years to increase production and reduce input costs. Additionally, the Union Budget 2024-25 introduced measures including Digital Public Infrastructure, self-reliance in oilseeds, large-scale clusters for vegetable production & financial support for a network of Nucleus Breeding Centres for shrimp broodstocks, aimed at enhancing productivity and resilience in the farm sector.