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## Union Budget: Rising Bharat may need to take center stage for India's game-changing plans



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### Article Content:

#### Synopsis

**Budget 2025:** As India prepares for Budget 2025, major focus areas will be rural consumption, infrastructure, and financial access for Bharat. Enhanced rural schemes and investments in agriculture, credit facilities, roads, and broadband are anticipated. Increasing PM-Kisan support and addressing inflation are also expected, aiming to further boost rural income and spending power, driving overall economic growth.

**India Budget:** As India gears up for Budget 2025, one question looms large: Will Finance Minister Nirmala Sitharaman turn her focus to Bharat—the rural India in the upcoming Budget?

Over the past few years, rural consumption has emerged as a significant driver of the Indian economy. From increased spending on consumer goods and automobiles to a greater appetite for financial services and housing, rural India is no longer just an agricultural hub but a thriving consumption market.

“Policy measures such as digital innovations in farming techniques, improving the quality and resilience of seeds, enhancing finance access for cultivators, expanding storage infrastructure, improving distribution mechanisms, or focusing on agriculture research will aid in increasing the productivity and resilience of the farm sector,” said Rumki Majumdar, Economist, Deloitte India.

In full budget last year, Sitharaman had announced Rs 2.66 lakh crore allocation for rural development, including rural infrastructure.

## **Will there be policies for aspiring India in Budget 2025?**

In 2024, rural consumption outpaced urban spending growth for the first time since the pandemic, with sectors like FMCG, e-commerce, and automobiles seeing a surge in demand. This shift underscored the growing purchasing power of rural households.

However, sustaining this momentum requires targeted measures in Budget 2025 that address both immediate challenges and long-term aspirations.

One of the key drivers of rural consumption has been government schemes like PM-KISAN and MGNREGA, which have injected liquidity into rural households.

There are expectations this time around as well for Bharat schemes.

“By centering on inflation and enhancing the affordability of basic necessities, Budget 2025 is expected to offer substantial relief to the middle class, striking a balance between fostering economic growth and supporting the financial health of families,” said Rahul Kakkad, Tax Partner – Consumer Products and Retail, EY India

In interim Budget 2024, allocations for rural development stood at Rs 1.78 lakh crore, 4% higher than the revised estimates of 2023-24, with substantial outlays for agriculture, rural housing, and employment schemes.

These measures provided a safety net for farmers and laborers, enabling them to spend more on essential and discretionary goods.

Earlier last month, in a pre-budget meeting, farmer representatives and agricultural stakeholders urged the central government to provide cheaper long-term credit, implement lower taxes, and double the PM-KISAN income support. One demand that stood out was to increase the annual PM-KISAN instalment from Rs 6,000 to Rs 12,000, amid inflation woes.

## **Inflation a worry as Sitharaman prepares Budget**

Rising inflation, especially in food and fuel, has eroded disposable incomes in rural areas. Input costs for farmers have also risen, squeezing their margins. To address these issues, Budget 2025 could expand the scope of subsidies for fertilisers, seeds, and electricity while also promoting crop diversification and organic farming to reduce dependency on high-cost inputs.

“Food inflation is critical and hence, the government should increase its investments and incentivise private investments in agri supply chain space,” said Nilaya Varma, Co-Founder & CEO, Primus Partners.

“This will also help reduce food inflation as one of the key drivers of price rise,” he further added

## **Infrastructure may grab Sitharaman's eye in Budget**

Improved rural infrastructure will also play a critical role in boosting consumption. In 2024 final budget?, the government allocated Rs 70,125 crore to the Pradhan Mantri Gram Sadak Yojana (PMGSY) till 2028-29, to enhance connectivity in villages.

The PMGSY, a flagship rural road development scheme, received Rs 16,100 crore in the current fiscal, up

from Rs 14,800 crore in FY24. “The government intends to maintain its rural focus. The PMGSY, in particular, will see a hike in outlay, considering its multiplier effect,” ET Bureau had quoted a source.

Continuing investments in roads, broadband, and electrification under schemes like BharatNet could further integrate rural India into the formal economy, facilitating access to markets and services.

Another area ripe for attention is rural credit. While schemes like the Kisan Credit Card (KCC) have made formal credit more accessible, many rural households still rely on informal lenders at high interest rates. Expanding the reach of financial institutions and promoting digital banking in villages could empower rural consumers to spend more and invest in better livelihoods.

“We are looking for the government to increase the Kisan Credit Card loan limit from Rs 3 lakh currently. The limit has not been revised for several years even as costs of farming have increased substantially,” said Vishal Sharma, cofounder and CEO of AdvaRisk, which provides collateral management services to banks and financial institutions.

### **Rise in rural consumption amid Budget buzz**

The rise in rural consumption has also spurred demand for consumer durables, two-wheelers, and even SUVs in smaller towns and villages. The auto industry, for instance, reported an uptick in rural sales in 2024, driven by improved incomes and aspirations.

Budget 2025 could incentivise manufacturers to produce affordable, energy-efficient vehicles suited for rural markets. Similarly, tax benefits for small businesses and local entrepreneurs could encourage rural job creation, further boosting income levels.

“By modifying the slabs especially under the new scheme, the government can both help provide the middle class with disposable income and move more tax payers to this new scheme. It will also have to present a coherent roadmap to help manage the fiscal deficit which will help maintain stable interest rates and attract investments.”

Agriculture, the backbone of rural India, will undoubtedly remain a priority. While previous budgets have focused on Minimum Support Prices (MSP) and procurement, Budget 2025 could shift towards modernising agriculture through technology. Increased allocations for irrigation, precision farming, and storage facilities would not only improve productivity but also reduce post-harvest losses, enabling farmers to realise better returns.

Rural India’s growing consumption power is no longer a mere trend—it is a structural shift that could reshape the economy. By addressing key pain points like inflation, infrastructure gaps, and credit accessibility, Budget 2025 can ensure that Bharat continues to drive India’s growth story.