



100 Days of Modi 3.0 : Empowering India's Middle Class

Government reforms drive middle-class growth with key tax, pension, and housing benefits

(Ministry of Information and Broadcasting)

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Introduction

The first 100 days of Prime Minister Narendra Modi's historic third term have set a remarkable tone for the future of India. Marked by bold decisions and strategic investments worth ₹15 lakh crore, this period has witnessed transformative initiatives that have laid the foundation for *Viksit Bharat@2047*—a vision of a developed India. Among the most notable achievements is the empowerment of India's middle class, which has emerged as a key driver of the country's socio-economic progress.

Over the past decade, more than 25 crore Indians have transitioned out of poverty, joining the rapidly growing *Neo Middle Class*. This transformation signifies not just an economic shift, but a societal evolution, with the middle-class taking centre stage in areas like sports, start-ups, space exploration, and technological advancements. The rise in income, alongside the doubling of Income Tax Return (ITR) filings from 4 crore in 2013-14 to 8.18 crore in 2023-24, illustrates the expanding influence of this empowered segment.

As India moves forward, the growing middle class, coupled with decreasing poverty rates, is shaping a dynamic economic cycle. With an expanding consumption base, this group has become the engine of India's economic growth, poised to play a crucial role in fulfilling the nation's aspirations for the future.



Government Initiatives for the Middle Class

In a series of transformative decisions, the Union Cabinet, led by Prime Minister Narendra Modi, has approved a range of initiatives designed to significantly benefit the middle class. Key measures include expanded tax benefits, enhanced pension schemes, increased support for affordable housing, greater financial backing for entrepreneurs, and initiatives to promote sustainable infrastructure. These steps reflect the government's commitment to empowering the middle class, easing financial pressures, and ensuring their well-being and economic progress.

Tax Benefits

In the Union Budget 2024-2025, the finance minister announced several measures aimed at providing tax relief to India's growing and empowered middle class. These benefits are designed to simplify the tax system and further support the financial well-being of salaried individuals and pensioners, reinforcing the government's commitment to empowering this critical segment of the population.

Income Bracket	Rate
0-3 lakh rupees	Nil
3-7 lakh rupees	5 per cent
7-10 lakh rupees	10 per cent
10-12 lakh rupees	15 per cent
12-15 lakh rupees	20 per cent
Above 15 lakh rupees	30 per cent

- Income tax saving of up to ₹ 17,500/- for salaried employee in new tax regime

Income Tax Relief for around Four Crore Salaried Individuals and Pensioners

- Standard deduction for salaried employees to be increased from ₹ 50,000/- to ₹ 75,000/-
- Deduction on family pension for pensioners to be increased from ₹ 15,000/- to ₹ 25,000/-

Key reforms in the budget include revised tax slabs, increased deductions, and the removal of the angel tax—each targeted at encouraging innovation, reducing tax burdens, and fostering economic growth. For salaried employees, the new tax regime offers up to ₹17,500 in income tax savings, providing significant financial relief. This change is particularly aimed at middle-income earners, promoting greater tax compliance while easing their financial responsibilities.

These reforms not only boost disposable income but also enhance the overall simplicity of the tax system, making it easier for the middle class to navigate and benefit from.

To further reduce tax-related disputes, a more streamlined reassessment process has been introduced. Now, reassessments can only be reopened beyond three years if the escaped income exceeds ₹50 lakh, with a maximum limit of five years from the end of the assessment year. In

search cases, the reassessment window has been reduced to six years before the year of search, down from ten years.

The budget also brought substantial enhancements to deductions for the middle class. The standard deduction for salaried employees under the new tax regime has been increased from ₹50,000 to ₹75,000. Additionally, the deduction on family pensions has been raised from ₹15,000 to ₹25,000, providing further financial relief to pensioners.

These measures reflect the government's ongoing efforts to strengthen the middle class, making the tax system more equitable and aligned with the needs of this vital group, while positioning them as key drivers of India's economic progress.

Healthcare

On September 11, 2024, the Union Cabinet, led by Prime Minister Shri Narendra Modi, approved a significant expansion of the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB PM-JAY) to include all senior citizens aged 70 years and above, irrespective of income. This major policy enhancement is set to benefit approximately 4.5 crore families, covering six crore senior citizens with a health insurance cover of ₹5 lakh per family per year.

For the middle class, this expansion means that senior citizens in this demographic will receive a distinct AB PM-JAY card, granting them access to comprehensive health coverage. Those already covered under AB PM-JAY will receive an additional top-up cover of up to ₹5 lakh per year specifically for themselves, without affecting the family cover for other members below 70 years of age. For those not currently under AB PM-JAY, the scheme will provide a health insurance cover of up to ₹5 lakh per year on a family basis.

Middle-class senior citizens who are already benefiting from other public health schemes, such as the Central Government Health Scheme (CGHS), Ex-Servicemen Contributory Health Scheme (ECHS), or Ayushman Central Armed Police Force (CAPF), can choose to continue with their existing schemes or switch to AB PM-JAY. Furthermore, senior citizens with private health insurance policies or enrolled in the Employees' State Insurance (ESI) scheme are also eligible to avail themselves of the benefits under AB PM-JAY.

AB PM-JAY is the world's largest publicly funded health assurance scheme, offering up to ₹5 lakh per family per year for secondary and tertiary care hospitalization. With coverage extending to 55 crore individuals and 12.34 crore families, the scheme has already facilitated 7.37 crore hospital admissions, benefiting many middle-class families and ensuring that they have access to essential healthcare services. To date, it has provided over ₹1 lakh crore in benefits, reflecting its significant role in enhancing healthcare affordability and accessibility for the middle class.

Pension Schemes

In a significant move to bolster the welfare of government employees and pensioners, the Union Cabinet, chaired by Prime Minister Shri Narendra Modi, approved the Unified Pension Scheme (UPS) on August 24, 2024. This scheme introduces several key features aimed at providing assured financial security to retirees and their families.

The UPS guarantees an assured pension of 50% of the average basic pay drawn over the last 12 months prior to superannuation, for those with a minimum qualifying service of 25 years. For those with lesser service, the pension will be proportionately adjusted, with a minimum qualifying period of 10 years. Additionally, family members of deceased employees will receive an assured family pension amounting to 60% of the employee's pension at the time of their passing. A minimum assured pension of ₹10,000 per month will be provided upon superannuation after at least 10 years of service.

A Secure Retirement

1 Assured 50% pension to 23 lakh Central government employees under the **Unified Pension Scheme (UPS)**.

Revision of **One Rank One Pension (OROP)** scheme to ensure welfare of retired defence personnel and their families.

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PENSION PLAN

Effective from April 1, 2025, the UPS will benefit approximately 23 lakh Central Government employees. The same pension framework has been adopted by various State Governments, extending its reach to over 90 lakh employees currently enrolled under the National Pension System (NPS).

A key feature of the scheme is inflation indexation, which will be applied to the assured pension, family pension, and minimum pension, ensuring that pensioners' benefits keep pace with the rising cost of living. Dearness Relief, based on the All-India Consumer Price Index for Industrial Workers (AICPI-IW), will also be extended to pensioners, similar to what is offered to service employees.

In addition to gratuity, retirees will receive a lump sum payment at superannuation equivalent to 1/10th of their monthly emoluments (basic pay + DA) for every six months of completed service. Importantly, this lump sum payment will not reduce the pension amount.

Furthermore, the government has revised the One Rank One Pension (OROP) scheme to ensure the continued welfare of retired defence personnel and their families, reaffirming its commitment to supporting those who have served the nation. OROP implies that uniform pension be paid to Armed Forces personnel retiring in the same rank with the same length of service, regardless of their date of retirement. This approach bridges the gap between the pension rates of current and past pensioners, ensuring equity.

The key features of the OROP order are as follows:

- ❖ Pension of past pensioners will be re-fixed based on the pension of retirees of the calendar year 2013, with the benefits being effective from July 1, 2014.
- ❖ Pension will be re-fixed for all pensioners based on the average of the minimum and maximum pensions of personnel retired in 2013 in the same rank and with the same length of service.
- ❖ Pension for those drawing above the average will be protected.
- ❖ Arrears will be paid in four equal half-yearly installments. However, family pensioners, including those receiving Special or Liberalized family pensions and Gallantry award winners, will receive arrears in one installment.
- ❖ Pension will be re-fixed every five years to ensure continued parity.

These reforms under the OROP scheme underscore the government's dedication to recognizing the sacrifices and service of defence personnel, ensuring their financial security and dignity in retirement.

[Housing Initiatives](#)

The Union Cabinet, chaired by Hon'ble Prime Minister Shri Narendra Modi, approved Pradhan Mantri Awas Yojana-Urban (PMAY-U) 2.0 on August 9, 2024. This initiative aims to provide financial assistance to 1 crore urban poor and middle-class families, facilitating the construction, purchase, or rental of affordable housing in urban areas over the next five years. The scheme will be supported by a significant government investment of ₹2.30 lakh crore.

PMAY-U is a key flagship programme of the Government of India, designed to ensure that all eligible beneficiaries in urban areas have access to durable, all-weather pucca houses. To date, the programme has sanctioned 1.18 crore houses, with more than 86.55 lakh already constructed and delivered.

Cabinet Decision: 9th August, 2024

Pradhan Mantri Awas Yojana-Urban 2.0 Scheme

Financial assistance will be provided to **One crore urban poor and middle-class families** in 5 years

Investment of **Rs.10 lakh crore** and Government Subsidy of **2.30 lakh crore** under **PMAY-U 2.0**

This new phase of the programme aligns with the Hon'ble Prime Minister's Independence Day speech on August 15, 2023, which promised a new scheme to assist weaker sections and middle-class families in securing home ownership.

In addition, the Union Cabinet had previously resolved on June 10, 2024, to extend assistance to 3 crore additional rural and urban households, addressing increased housing needs. PMAY-U 2.0, with an ambitious investment of ₹10 lakh crore, will work towards meeting the housing needs of 1 crore families, thus significantly improving their

quality of life and ensuring broader access to affordable housing.

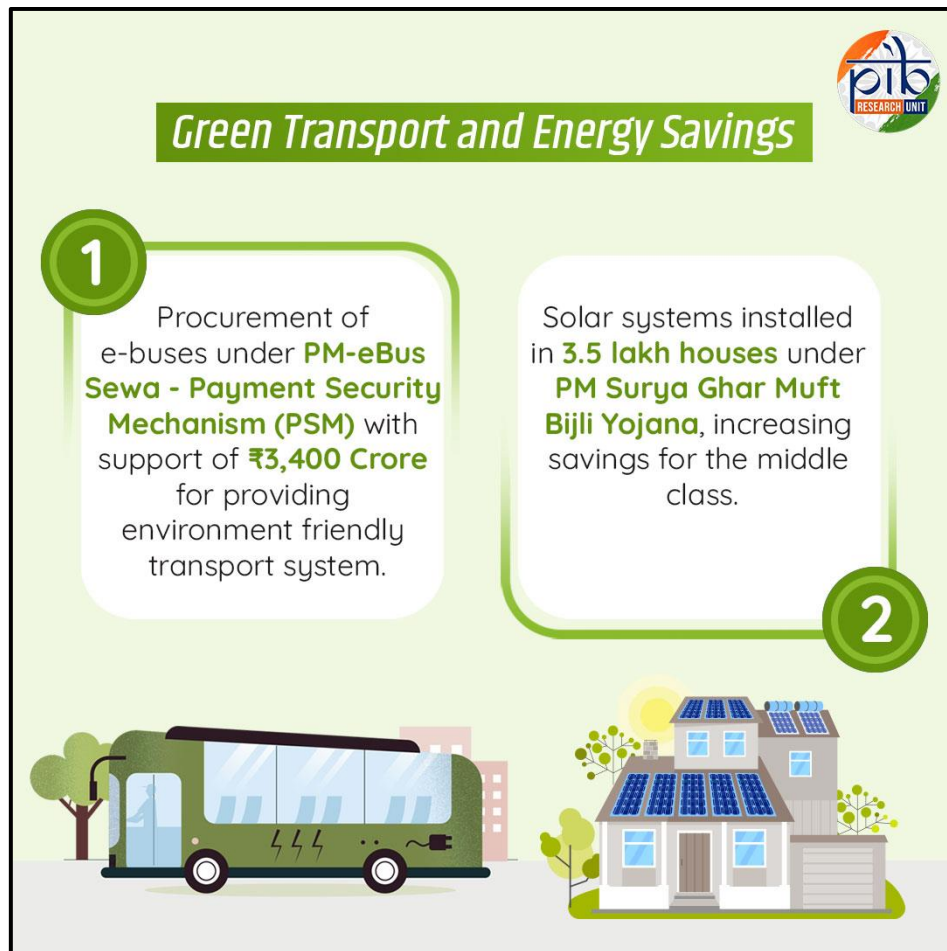
Sustainable Development

The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, approved the "PM-eBus Sewa-Payment Security Mechanism (PSM) scheme," with an outlay of ₹3,435.33 crore. This scheme is designed to support the procurement and operation of over 38,000 electric buses (e-Buses) from FY 2024-25 to FY 2028-29, marking a significant step towards more sustainable urban transportation.

The PM-eBus Sewa scheme will facilitate the deployment of e-buses for up to 12 years from the date of their deployment. This initiative addresses the environmental challenges posed by the current reliance on diesel and CNG buses by promoting the use of e-buses, which are environmentally friendly and have lower operational costs. However, the high upfront cost and lower revenue realization from operations have posed challenges for Public Transport Authorities (PTAs) in adopting e-buses.

To overcome these hurdles, the scheme will encourage the use of the Public-Private Partnership (PPP) model, specifically the Gross Cost Contract (GCC) model. Under this model, PTAs will not need to pay the upfront cost of the e-buses; instead, Original Equipment Manufacturers (OEMs) or operators will procure and operate the buses, receiving monthly payments from the PTAs. The scheme also addresses potential payment defaults by ensuring a secure payment mechanism, thus fostering private sector participation in the adoption of e-buses. This initiative

is expected to lead to significant reductions in greenhouse gas emissions and decreased consumption of fossil fuels.



Additionally, the PM Surya Ghar: Muft Bijli Yojana, launched on February 15, 2024, aims to provide free electricity to households by subsidizing the cost of solar panel installations. Under this scheme, solar systems have been installed in 3.5 lakh houses, benefiting the middle class with increased savings. The scheme provides a subsidy covering up to 40% of the solar panel costs and is expected to benefit 1 crore households across India. It is projected to save the government ₹75,000 crore annually in electricity costs, demonstrating a commitment to both economic and environmental sustainability.

Entrepreneurship and Business Support

The central government announced a significant enhancement to the Mudra loans scheme, increasing the limit for entrepreneurs who have successfully availed and repaid previous loans under the 'Tarun' category from ₹10 lakh to ₹20 lakh. This move aims to provide greater financial support to small and micro entrepreneurs who have demonstrated their ability to manage and repay loans effectively.

The Pradhan Mantri MUDRA Yojana (PMMY), launched on April 8, 2015, by Prime Minister Shri Narendra Modi, is designed to facilitate easy, collateral-free micro credit to non-corporate, non-farm small and micro entrepreneurs for income-generating activities. Loans under PMMY are provided by Member Lending Institutions (MLIs), including banks, non-banking financial companies (NBFCs), microfinance institutions (MFIs), and other financial intermediaries. This initiative has been instrumental in empowering small businesses and fostering entrepreneurship across the country.

In addition, the Union Budget 2024-25 proposes a comprehensive review of the custom duty rate structure to bolster the domestic manufacturing sector and streamline trade. Custom duties on gold and silver have been reduced to 6%, while duties on platinum have been adjusted to 6.4%. These changes are part of a broader effort to rationalize and simplify the tax structure, aiming to support domestic industries and reduce trade disputes.

Infrastructure and Ease of Living

In a major step towards boosting industrial development, the Cabinet Committee on Economic Affairs approved the creation of 12 new industrial nodes and cities under the National Industrial Corridor Development Programme (NICDP) with an estimated investment of ₹28,602 crore. Spanning 10 states and planned along six major corridors, these industrial nodes are expected to significantly enhance India's manufacturing capacity and elevate its global competitiveness by establishing a strong network of industrial hubs across the country.

CABINET DECISION
28TH AUGUST, 2024

Grand necklace of Industrial Smart Cities

- Cabinet approves 12 Industrial cities under National Industrial Corridor Development Programme
- Estimated investment of Rs. 28,602 crore
- Projects to span across 10 states and strategically planned along 6 major corridors

• Khurpia in Uttarakhand	• Gaya in Bihar
• Rajpura-Patiala in Punjab	• Zaheerabad in Telangana
• Dighi in, Maharashtra	• Orvakal and Kopparthi in AP
• Palakkad in Kerela	• Jodhpur-Pali in Rajasthan
• Agra and Prayagraj in UP	

Additionally, the government has launched the Fast Track Immigration – Trusted Traveller Programme (FTI-TTP) at the Indira Gandhi International (IGI) Airport, T-3 Terminal, New Delhi, on June 22, 2024. Designed to streamline international mobility, FTI-TTP ensures faster, smoother, and more secure immigration clearance for Indian nationals and OCI cardholders during its initial phase.

The programme operates via an online portal, <https://ftittp.mha.gov.in>, where applicants can register by providing necessary details and uploading required documents. Registered travellers can complete biometric authentication at Foreigners Regional Registration Offices (FRRO) or during passage through the airport. By scanning their boarding pass and passport at e-gates, passengers undergo biometric verification, and upon successful authentication, e-gates open automatically, granting seamless immigration clearance.

Conclusion

In conclusion, the first 100 days of Prime Minister Narendra Modi's historic third term have underscored a transformative commitment to India's middle class. Through a series of strategic initiatives, including enhanced tax benefits, robust pension schemes, expanded housing support, increased entrepreneurial opportunities, and sustainable infrastructure investments, the government has reinforced its dedication to fostering economic stability and growth. The expansion of healthcare coverage further exemplifies the government's resolve to ensure comprehensive support for all segments of society. As these measures take effect, they are set to empower the middle class, driving socio-economic progress and contributing significantly to the realization of Viksit Bharat@2047—a developed and inclusive India.

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