Interim Budget 2024-2025

Macroeconomic environment

The Indian economy has witnessed profound positive transformation in the last ten years. The Government strengthened its *'mantra'* to *'Sabka Saath, Sabka Vikas, and Sabka Vishwas' by embracing the* development philosophy covering all elements of inclusivity, namely,

- social inclusivity through coverage of all strata of the society, and
- geographical inclusivity through development of all regions of the country.

Amrit Kaal: Inclusive Development and Growth

The government's development programmes have targeted each and every household and individual, through 'housing for all', *'har ghar jal'*, electricity for all, cooking gas for all, bank accounts and financial services for all, in record time.

Free ration for 80 crore people ensured food security. Minimum support prices for the produce of *'Annadata'* (farmers) are periodically increased appropriately. In addition to this, the provision of basic necessities has enhanced real income in the rural areas.

Social Justice

The government's development approach is all-round, all-pervasive and all-inclusive by covering all castes and people at all levels focusing to make India a *'Viksit Bharat'* by 2047.

For the all-round development, the government has to focus on four major castes: the *'Garib'* (Poor), *'Mahilayen'* (Women), *'Yuva'* (Youth) and *'Annadata'* (Farmer).

Empowering the poor: Garib Kalyan, Desh ka Kalyan

Poverty reduction: During the last 10 years, with the pursuit of *'Sabka ka Saath'*, nearly 25 crore people were freed from multi-dimensional poverty.

Financial Inclusion: 'Direct Benefit Transfer' of Rs 34 lakh crore from the Government using PM-Jan Dhan accounts has led to savings of Rs 2.7 lakh crore for the Government. This has been realized through avoidance of leakages prevalent earlier.

Assistance to street vendors: PM-SVANidhi has provided credit assistance to 78 lakh street vendors. From that total, 2.3 lakh have received credit for the third time.

Tribals and artisans groups: PM-JANMAN Yojana (for Particularly Vulnerable Tribal Groups -PVTGs) reaches out to the particularly vulnerable tribal groups, who have remained outside the realm of development so far. The PM-JNMAN focuses on 11 critical interventions through nine ministries and is aimed at improving socio-economic conditions of PVTGs by saturating PVTG households and habitations with basic facilities such as safe housing, clean drinking water and sanitation, improved access to education, health and nutrition, electricity, road and telecom connectivity, and sustainable livelihood opportunities.

PM-Vishwakarma Yojana provides end-to-end support to artisans and craftspeople engaged in 18 trades. The schemes for empowerment of Divyangs (Divyangjan Swavalamban Yojana Scheme) and Transgender persons ensures that no one is left behind.

Farmer's (Annadata) welfare

Every year, under PM-KISAN SAMMAN Yojana, direct financial assistance is provided to 11.8 crore farmers, including marginal and small farmers. Crop insurance is given to 4 crore farmers under PM Fasal Bima Yojana.

Electronic National Agriculture Market has integrated 1361 mandis, and is providing services to 1.8 crore farmers with trading volume of Rs 3 lakh crore.

The agriculture sector is poised for inclusive, balanced, higher growth and productivity. These are facilitated from farmer-centric policies, income support, coverage of risks through price and insurance support, promotion of technologies and innovations through start-ups.

Youth Power (Amrit Peedhi): Empowering the Youth

The nation's prosperity depends on adequately equipping and empowering the youth. The National Education Policy 2020 is ushering in transformational reforms. PM Schools for Rising India (PM SHRI) are delivering quality teaching and nurturing holistic and well-rounded individuals.

The Skill India Mission has trained 1.4 crore youth, upskilled and reskilled 54 lakh youth, and established 3000 new ITIs. A large number of new institutions of higher learning, namely 7 IITs, 16 IIITs, 7 IIMs, 15 AIIMS and 390 universities have been set up.

PM Mudra Yojana has sanctioned 43 crore loans aggregating to Rs 22.5 lakh crore for entrepreneurial aspirations of our youth. Besides that, Fund of Funds, Start Up India, and Start Up Credit Guarantee schemes are assisting our youth. The youth are now becoming *'rozgardata'.*

Women empowerment: Momentum for Nari Shakti

The empowerment of women through entrepreneurship, ease of living. Nearly thirty crore Mudra Yojana loans have been given to women entrepreneurs. Female enrolment in higher education has gone up by twenty-eight per cent in ten years. In STEM courses, girls and women constitute forty-three per cent of enrolment - one of the highest in the world. All these measures are getting reflected in the increasing participation of women in workforce.

Reservation of one-third seats for women in the Lok Sabha and State legislative assemblies, banning of Triple talaq and giving over seventy per cent houses under PM Awas Yojana in rural areas to women as sole or joint owners have enhanced their dignity.

Exemplary Track Record of Governance, Development and Performance (GDP)

Besides delivering on high growth in terms of Gross Domestic Product, the Government is equally focused on a more comprehensive *'GDP'*, i.e., *'Governance, Development and Performance'*.

Economic Management

The multipronged economic management over the past ten years has complemented people-centric inclusive development reflected in the following outcomes.

(1) All forms of infrastructure, physical, digital or social, are being built in record time.

(2) All parts of the country are becoming active participants in economic growth.

(3) Digital Public Infrastructure, a new 'factor of production' in the 21st century, is instrumental in formalization of the economy.

(4) Goods and Services Tax has enabled *'One Nation, One Market, One Tax'*. Tax reforms have led to deepening and widening of tax base.

(5) Strengthening of the financial sector has helped in making savings, credit and investments more efficient.

(6) GIFT IFSC and the unified regulatory authority, IFSCA are creating a robust gateway for global capital and financial services for the economy.

(7) Proactive inflation management has helped keep inflation within the policy band.

Global Context

Geopolitically, global affairs are becoming more complex and challenging with wars and conflicts. Globalization is being redefined with reshoring and friend-shoring, disruption and fragmentation of supply chains, and competition for critical minerals and technologies. A new world order is emerging after the Covid pandemic.

The global economy was going through high inflation, high interest rates, low growth, very high public debt, low trade growth, and climate challenges. The pandemic had led to a crisis of food, fertilizer, fuel and finances for the world, while India successfully navigated its way. The country showed the way forward and built consensus on solutions for those global problems.

The recently announced India-Middle East-Europe Economic Corridor is a strategic and economic game changer for India and others.

Vision for *'Viksit Bharat'*

The government's vision for *'Viksit Bharat' is that of* "Prosperous Bharat in harmony with nature, with modern infrastructure, and providing opportunities for all citizens and all regions to reach their potential".

Strategy for *'Amrit Kaal'*

The Government will adopt economic policies that foster and sustain growth, facilitate inclusive and sustainable development, improve productivity, create opportunities for all, help them enhance their capabilities, and contribute to generation of resources to power investments and fulfil aspirations.

Guided by the principle 'Reform, Perform, and Transform', the Government will take up next generation reforms, and build consensus with the states and stakeholders for effective implementation.

For the MSMES, timely and adequate finances, relevant technologies and appropriate training will be provided to grow and also compete globally. Setting the right regulatory environment to facilitate their growth will be an important element of this policy mix.

Aligning with the *'Panchamrit'* goals, the Government will facilitate sustaining high and more resource-efficient economic growth. This will work towards energy security in terms of availability, accessibility and affordability.

Panchamrit Goals

The five nectar elements presented by the Indian government included:

(1) Increasing non-fossil fuel capacity by 500GW by 2030.

(2) 50 per cent of its energy requirements to come from renewable energy by 2030.

(3) Reduction of total projected carbon emissions by one billion tonnes from now to 2030.

(4) Reduction of the carbon intensity of the economy by 45 per cent by 2030, over 2005 levels.

(5) Achieving the target of net zero emissions by 2070.

For meeting the investment needs the Government will prepare the financial sector in terms of size, capacity, skills and regulatory framework.

Aspirational Districts Programme: The centre continues to assist the states in faster development of aspirational districts and blocks, including generation of ample economic opportunities.

Development of the East: The Government will pay utmost attention to make the eastern region and its people a powerful driver of India's growth.

PM Awas Yojana (Grameen): Despite the challenges caused by COVID, the PM Awas Yojana (Grameen) continued and is near to the achievement of the target of constructing three crore houses. In the next five years, two crore more houses will be taken up.

Rooftop solarization and muft (free) Bijli

Solar rooftop for households: One crore household will be enabled to obtain up to 300 units free electricity every month through rooftop solarization (announced by the PM). Following benefits of the scheme.

a. Savings up to fifteen to eighteen thousand rupees annually for households from free solar electricity and selling the surplus to the distribution companies;

b. Charging of electric vehicles;

c. Entrepreneurship opportunities for a large number of vendors for supply and installation;

d. Employment opportunities for the youth with technical skills in manufacturing, installation and maintenance;

Housing for middle class: The government will launch a scheme for the deserving middle class living in rented houses, or slums, or chawls and unauthorized colonies to buy or build their own houses.

Medical Colleges: a Committee will be set up: The government plans to set up more medical colleges by utilizing the existing hospital infrastructure under various departments. A committee for this purpose will be set-up to examine the issues and make relevant recommendations.

Cervical Cancer Vaccination: The government will encourage vaccination for girls in age group of 9 to 14 years for prevention of cervical cancer.

Maternal and child health care: Various schemes for maternal and childcare will be brought under one comprehensive programme for synergy in implementation.

Upgradation of anganwadi centres under "**Saksham Anganwadi and Poshan 2.0**" will be accelerated for improved nutrition delivery, early childhood care and development.

U-WIN (an electronic registry of routine immunisations): The newly designed U-WIN platform for managing immunization and intensified efforts of Mission Indradhanush (a programme conducted in the areas of low immunization coverage to vaccinate all the children and pregnant women left out or dropped out from Routine Immunization) will be rolled out quickly throughout the country.

Ayushman Bharat: Healthcare cover under Ayushman Bharat scheme will be extended to all ASHA workers, Anganwadi Workers and Helpers.

Agriculture and food processing

Pradhan Mantri Kisan Sampada Yojana (SAMPADA -Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters) has benefitted 38 lakh farmers and generated 10 lakh employment. The Pradhan Mantri Kisan Sampada Yojana is an umbrella scheme incorporating ongoing schemes of the Ministry like Mega Food Parks, Integrated Cold Chain and Value Addition Infrastructure, Food Safety and Quality Assurance Infrastructure, etc. and also new schemes like Infrastructure for Agro-processing Clusters, Creation of Backward and Forward Linkages, Creation / Expansion of Food Processing & Preservation Capacities.

Pradhan Mantri Formalisation of Micro Food Processing Enterprises Yojana: has assisted 2.4 lakh SHGs and sixty thousand individuals with credit linkages. Other schemes are complementing the efforts for reducing post-harvest losses and improving productivity and incomes.

For ensuring faster growth of the sector, the Government will further promote private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing and marketing and branding.

Nano DAP: After the successful adoption of Nano Urea, application of Nano DAP on various crops will be expanded in all agro-climatic zones. DAP, or di-ammonium phosphate, is the second most commonly used fertiliser in India after urea. It is high in phosphorus (P) that stimulates root establishment and development — without which plants cannot grow to their normal size, or will take too long to mature. It is thus applied just before, or at the time of sowing. Indian Farmers Fertiliser Cooperative's (IFFCO's) Nano DAP, containing 8% Nitrogen and 16% Phosphorus by volume. Unlike conventional DAP, which comes in granular form, IFFCO's Nano DAP is in liquid form. This tiny particle size makes Nano DAP more efficient than its conventional counterpart, enabling the fertiliser "to enter easily inside the seed surface or through stomata and other plant openings". Another advantage is that it is more pocket-friendly than its conventional counterpart. A 500 ml bottle of Nano DAP, equivalent to a 50-kg bag of conventional DAP, is priced at only Rs 600 (compared to Rs 1,350 for the bag). Since the government provides significant subsidies on DAP, the adoption of a more inexpensive fertiliser will likely be a significant relief to the government's subsidy burden.

Besides, for farmers, Nano DAP is also significantly more convenient. Here, a 500 ml bottles are easier to transport, store, and use than 50kg bags. Another positive factor is that the domestically-produced Nano DAP — produced in Kalol, Gujarat — is set to significantly reduce the import burden of fertilisers.

Atmanirbhar Oil Seeds Abhiyan: Building on the initiative announced in 2022, a strategy will be formulated to achieve *'atmanirbharta'* for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower. This will cover research for high-yielding varieties, widespread adoption of modern farming techniques, market linkages, procurement, value addition, and crop insurance.

Dairy Development: A comprehensive programme for supporting dairy farmers will be formulated. India is the world's largest milk producer but with low productivity of milch-animals. The programme will be built on the success of existing schemes such Rashtriya Gokul Mission, National Livestock Mission, and Infrastructure Development Funds for dairy processing and animal husbandry.

Matsya Sampada: The creation of a separate Department for Fisheries resulted in doubling of both inland and aquaculture production. Seafood export since 2013-14 has also doubled. Implementation of Pradhan Mantri Matsya Sampada Yojana (PMMSY) will be stepped up to:

(1) enhance aquaculture productivity from existing 3 to 5 tons per hectare,

(2) double exports to Rs 1 lakh crore and

(3) generate 55 lakh employment opportunities in near future.

For enhancing fisheries output, five integrated aquaparks will be setup.

Lakhpati Didi: Now, there are nearly eighty-three lakh SHGs with nine crore women. These SHGs are transforming rural socio-economic landscape with empowerment and self-reliance. Their success has assisted nearly one crore women to become Lakhpati Didi already. They are an inspiration to others. Their achievements will be recognized through honouring them. Buoyed by the success, it has been decided to enhance the target for Lakhpati Didi from 2 crore to 3 crore.

Technological Changes: New age technologies and data are changing the lives of people and businesses. They are also enabling new economic opportunities and facilitating provision of high-quality services at affordable prices for all, including those at 'bottom of the pyramid'. Opportunities for India at the global level are expanding. India is showing solutions through innovation and entrepreneurship of its people.

Research and Innovation for catalyzing growth, employment and development.

Fund for financing tech innovation: For supporting the tech savvy youth, an amount of rupees one lakh crore will be established with fifty-year interest free loan. The fund will provide long-term financing or refinancing with long tenors and low or nil interest rates. This will encourage the private sector to scale up research and innovation significantly in sunrise domains.

Atmanirbharta: A new scheme will be launched for strengthening deep-tech technologies for defence purposes and expediting *'atmanirbharta'*.

Infrastructure Development

Expansion of capex: Building on the massive tripling of the capital expenditure outlay in the past 4 years resulting in huge multiplier impact on economic growth and employment creation, the outlay for the next year is being increased by 11.1 per cent to Rs 11,11,111 crore. This would be 3.4 per cent of the GDP.

Railways

Three major economic railway corridor programmes will be implemented. These are:

(1) energy, mineral and cement corridors,

(2) port connectivity corridors, and

(3) high traffic density corridors.

The projects have been identified under the PM Gati Shakti for enabling multi-modal connectivity. They will improve logistics efficiency and reduce cost.

The resultant decongestion of the high-traffic corridors will also help in improving operations of passenger trains, resulting in safety and higher travel speed for passengers. Together with dedicated freight corridors, these three economic corridor programmes will accelerate GDP growth and reduce logistic costs.

Forty thousand normal rail bogies will be converted to the Vande Bharat standards to enhance safety, convenience and comfort of passengers.

Aviation Sector: The aviation sector has been galvanized in the past ten years. Number of airports have doubled to 149. Roll out of air connectivity to tier-two and tier-three cities under UDAN scheme has been widespread. Five hundred and seventeen new routes are carrying 1.3 crore passengers. Indian carriers have pro-actively placed orders for over 1000 new aircrafts. Expansion of existing airports and development of new airports will continue.

Metro and NaMo Bharat

The Indian economy has a fast-expanding middle class and rapid urbanization is taking place. Metro Rail and NaMo Bharat can be the catalyst for the required urban transformation. Expansion of these systems will be supported in large cities focusing on transit-oriented development.

Green Energy

Towards meeting the country's commitment for 'net-zero' by 2070, the following measures will be taken.

a. Viability gap funding will be provided for harnessing offshore wind energy potential for initial capacity of one giga-watt.

b. Coal gasification and liquefaction capacity of 100 MT will be set up by 2030. This will also help in reducing imports of natural gas, methanol, and ammonia.

c. Phased mandatory blending of compressed biogas (CBG) in compressed natural gas (CNG) for transport and piped natural gas (PNG) for domestic purposes will be mandated.

d. Financial assistance will be provided for procurement of biomass aggregation machinery to support collection.

Electric Vehicle Ecosystem: The government will expand and strengthen the e-vehicle ecosystem by supporting manufacturing and charging infrastructure. Greater adoption of e-buses for public transport networks will be encouraged through payment security mechanism.

Bio-manufacturing and Bio-foundry: For promoting green growth, a new scheme of bio-manufacturing and bio-foundry will be launched. This will provide environment friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs. This scheme will also help in transforming today's consumptive manufacturing paradigm to the one based on regenerative principles.

Blue Economy 2.0: For promoting climate resilient activities for blue economy 2.0, a scheme for restoration and adaptation measures, and coastal aquaculture and mariculture with integrated and multi-sectoral approach will be launched.

Comprehensive development of tourist centres:

States will be encouraged to take up comprehensive development of iconic tourist centres, branding and marketing them at global scale. A framework for rating of the centres based on quality of facilities and services will be established. Long-term interest free loans will be provided to States for financing such development on matching basis.

To address the emerging fervour for domestic tourism, projects for port connectivity, tourism infrastructure, and amenities will be taken up on the country's islands, including Lakshadweep.

Renegotiation on BITs: For encouraging sustained foreign investment, the government is negotiating bilateral investment treaties with the foreign partners, in the spirit of 'first develop India'.

Reforms in the States for '*Viksit Bharat*'

Interest free loans to states for fastening reforms: A provision of seventy-five thousand crore rupees as fifty-year interest free loan is proposed this year to support the milestone-linked reforms by the State Governments.

Demographic challenges and Societal Changes: The Government will form a high-powered committee for an extensive consideration of the challenges arising from fast population growth and demographic changes. The committee will be mandated to make recommendations for addressing these challenges comprehensively in relation to the goal of *'Viksit Bharat'.*

1. Budget at a Glance: 2024-25

Budgetary items	2022-2023 Actuals	2023-2024 Budget Estimates	2023-2024 Revised Estimates	2024-2025 Budget Estimates
1. Revenue Receipts	**2383206**	**2632281**	**2699713**	**3001275**
2. Tax Revenue (Net to the centre)	2097786	2330631	2323918	2601574
3. Non Tax Revenue	285421	301650	375795	399701
4. Capital Receipts	**1809951**	**1870816**	**1790773**	**1764494**
5. Recovery of Loans	26161	23000	26000	29000
6. Other Receipts	46035	61000	30000	50000
7. Borrowings and Other Liabilities	1737755	1786816	1734773	1685494
8. Total Receipts (1+4)	**4193157**	**4503097**	**4490486**	**4765768**
9. Total Expenditure (10+13)	**4193157**	**4503097**	**4490486**	**4765768**
10. On Revenue Account	3453132	3502136	3540239	3654657
of which				
11. Interest Payments	928517	1079971	1055427	1190440
12. Grants in Aid for creation of capital assets	306264	369988	321190	385582
of capital assets				
13. On Capital Account²	740025	1000961	950246	1111111
14. Effective Capital Expenditure (12+13)	**1046289**	**1370949**	**1271436**	**1496693**
15. Revenue Deficit (10-1)	**1069926**	**869855**	**840527**	**653383**
	(3.9)	**(2.9)**	**(2.8)**	**(2.0)**
16. Effective Revenue Deficit (15-12)	**763662**	**499867**	**519337**	**267801**
	(2.8)	**(1.7)**	**(1.8)**	**(0.8)**
17. Fiscal Deficit [9-(1+5+6)]	**1737755**	**1786816**	**1734773**	**1685494**
	(6.4)	**(5.9)**	**(5.8)**	**(5.1)**
18. Primary Deficit (17-11)	**809238**	**706845**	**679346**	**495054**
	(3.0)	**(2.3)**	**(2.3)**	**(1.5)**

Budget Estimates 2024-25

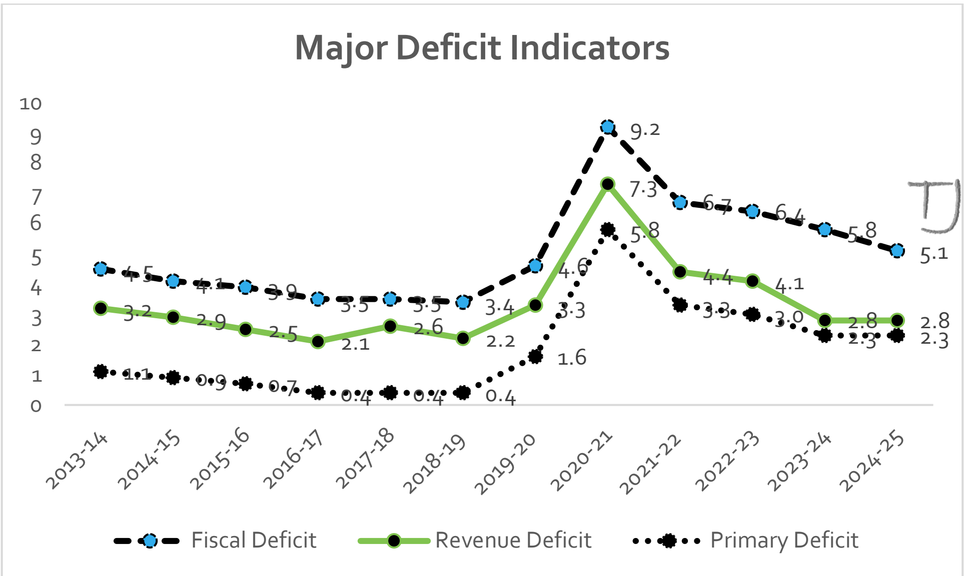
Budget Size: For budget 2024-25, the total receipts other than borrowings and the total expenditure are estimated at Rs 30.80 and Rs 47.66 lakh crore respectively. The tax receipts are estimated at Rs 26.02 lakh crore.

The scheme of fifty-year interest free loan for capital expenditure to states will be continued this year with total outlay of Rs 1.3 lakh crore.

Fiscal Consolidation: the government's target is to reduce fiscal deficit below 4.5 per cent by 2025-26. The fiscal deficit in 2024-25 is estimated to be 5.1 per cent of GDP, adhering to that path.

Borrowings: The gross and net market borrowings through dated securities during 2024-25 are estimated at Rs 14.13 and Rs 11.75 lakh crore respectively. Both will be less than that in 2023-24. Now that the private investments are happening at scale, the lower borrowings by the Central Government will facilitate larger availability of credit for the private sector.

2. Figure: Major Deficit Indicators



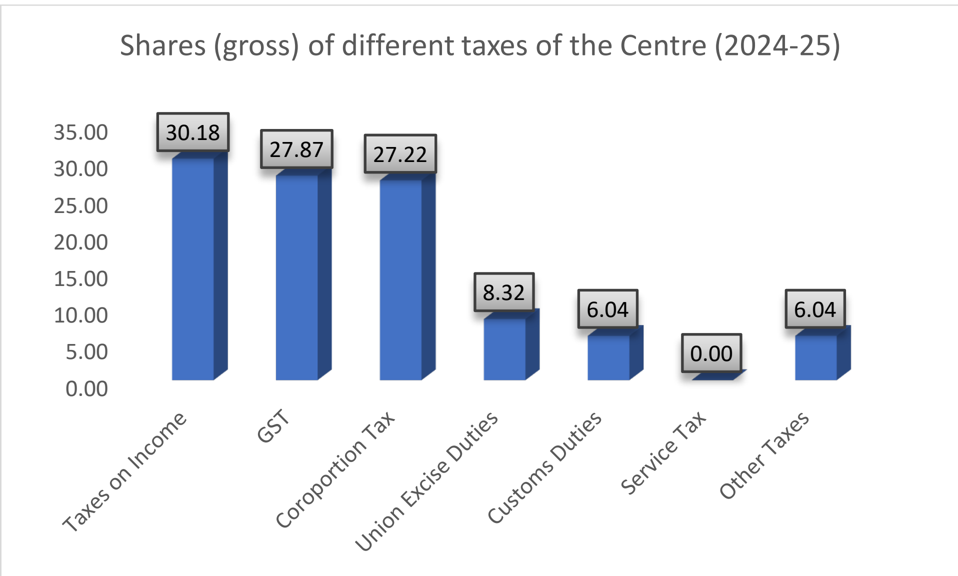
3. Table: Financing of the fiscal deficit in the budget

Table: Debt receipts or financing of the fiscal deficit (2024-25)	
Debt receipts (Net)	**1681944**
Market borrowings (G-sec + T Bills)	1175182
Short term borrowing (T-Bill etc.)	50000
Securities against small savings	466201
State PF	5200
Other Receipts (internal debts etc.)	(-)30591
External Debt	15952
Drawn down of cash balance	3549
Grand total	**1685494**

4. Major tax revenues of the central government 2023-24 (BE).

Gross Tax Revenue of the Centre 2024-25 (BE) and 2023-24 (BE)			
Tax	**2024-25 (BE)**	**2023-24 (BE)**	**Tax share (2024-25)**
Taxes on Income	1156000	900575	30.18%
GST	1067650	956600	27.87%
Corporation Tax	1042830	922675	27.22%
Union Excise Duties	318780	339000	8.32%
Customs Duties	231310	233100	6.04%
Service Tax	100	500	0.00%
Other Taxes	231410	8408	6.04%
Gross Tax revenue of the centre*	**3830796**	**3360858**	
Gross Tax Revenue means before giving the state's share			

Figure: Share of major taxes in the central government's gross tax revenue (2024-25)



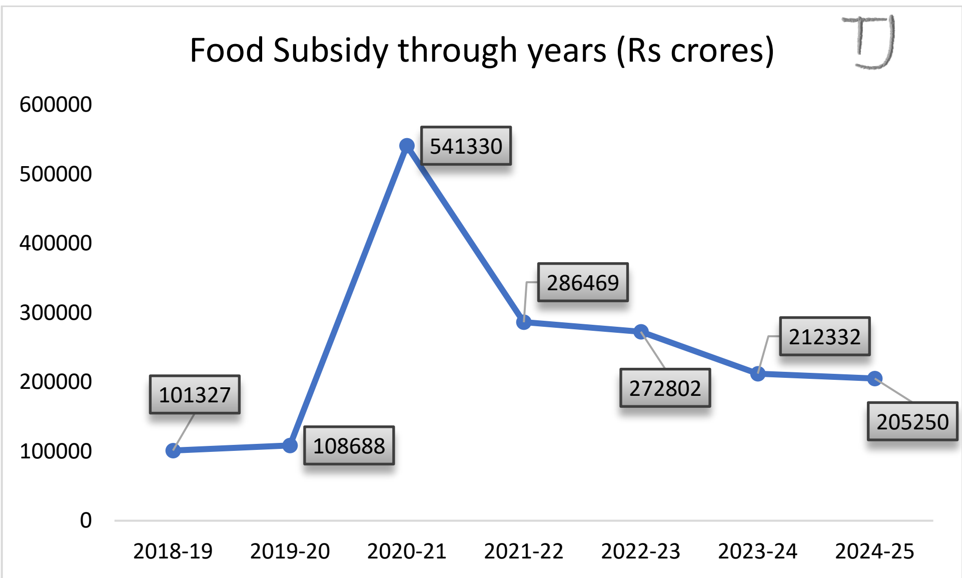
5. Major non-tax revenues of the centre 2024-25 (BE)

Non- tax revenues –Budget 2024-25		
Sl No.	**Non-tax revenue item**	**2024-25 (BE) (Rs crores)**
1	Interest Receipts	33107
2	Dividends and profits	150000
3	External Grants	1044
4	Other Non-Tax Revenues	212640
5	Non-tax revenue from UTs	2910
	Total	**399701**

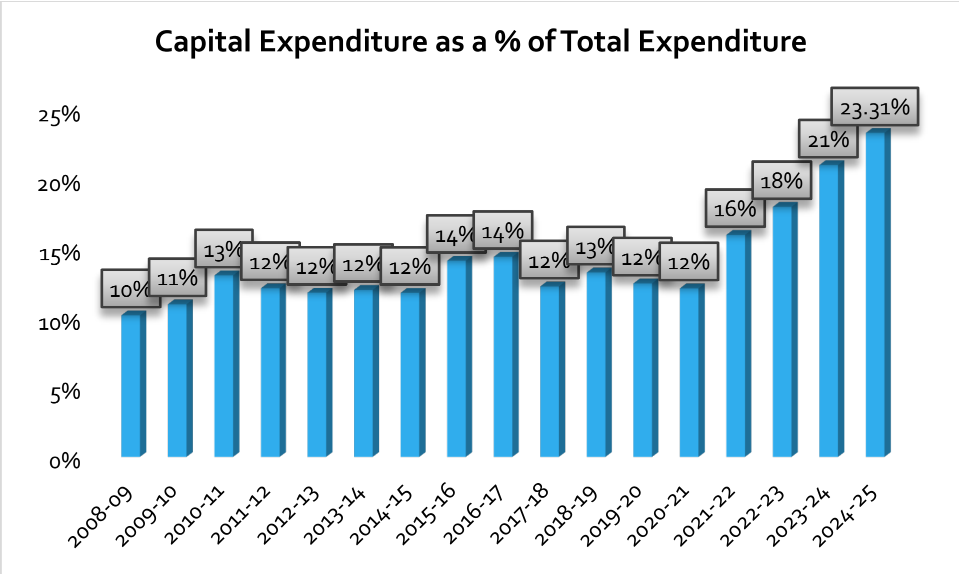
6. Major subsidies of the government

Subsidy Scheme Name	2024-25 (BE)	2023-24(RE)
1. Food	**205250.01**	**212332**
2. Fertiliser	**163999.8**	**188893.8**
a. Urea Subsidy	45000	60300
b. Nutrient Based Subsidy	118999.8	128593.8
3. Petroleum	**11925.01**	**12240**
a. LPG Subsidy	11925.01	12240
4. Interest Subsidies	**25550.34**	**23979.99**
5. Other subsidies	**2997.53**	**3090.48**
Total Subsidies	**409722.69**	**440536.27**

7. Figure: Food Subsidy through years



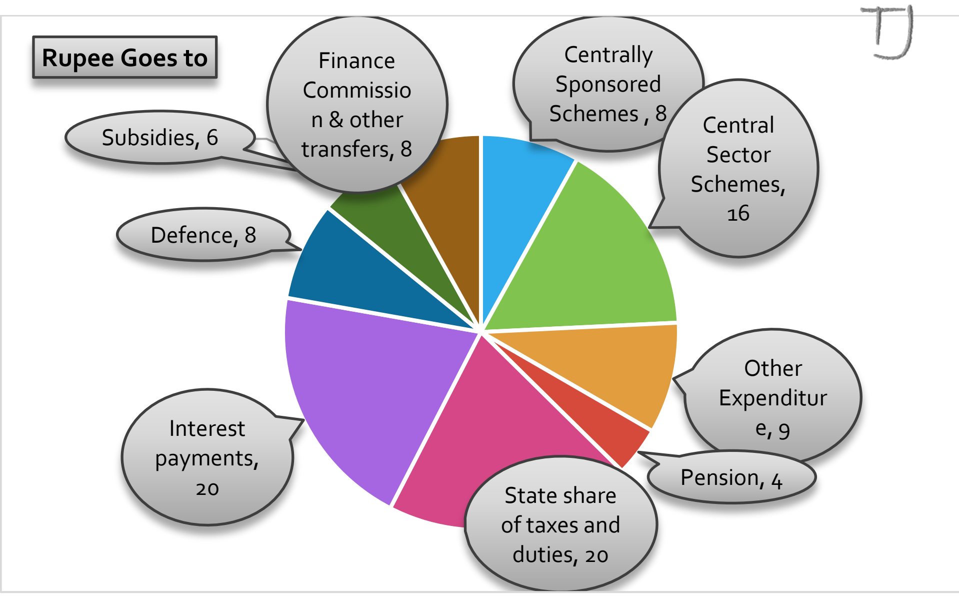
8. Figure: Trends in capital expenditure



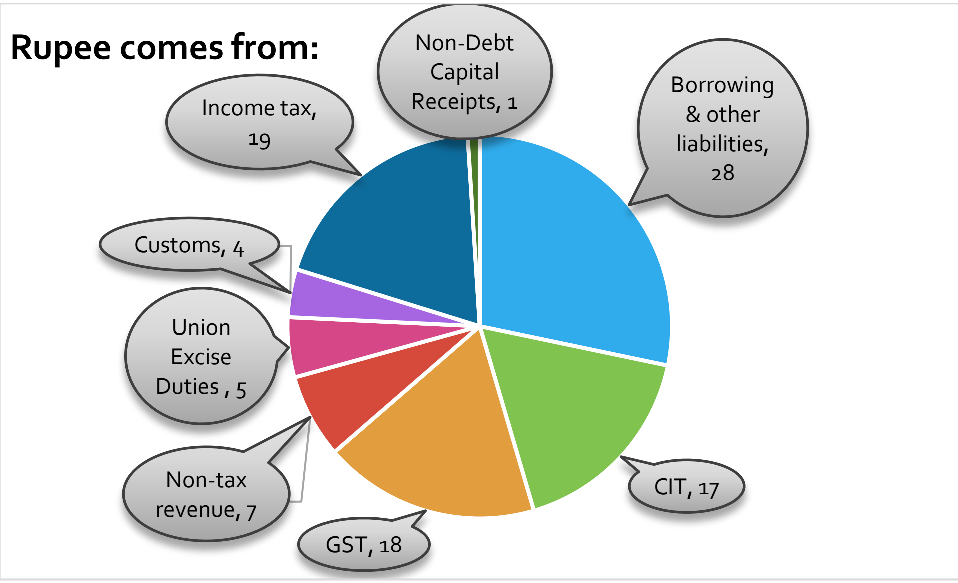
9. Major Revenue Expenditure items of the government

Major revenue expenditure items of the government 2024-25		
Revenue Expenditure items	**Rs crores**	**As a % of the Total Expenditure**
Interest Payments	1190440	24.98
Defence	454773	9.54
Subsidies	440536.27	9.24
Pension	239612	5.03
Total Revenue Expenditure	**3654657**	**76.69**

10. Rupee goes to



11. Rupee Comes from



12. Capital Receipts 2024-25

Capital Receipts 2024-25	
Capital receipt item	**Rs crores**
1. Recovery of Loans	29000
2. Other Receipts (Disinvestment)	50000
3. Borrowings and Other Liabilities	1685494
Total Capital Receipts	**1764494**

Part B: Tax proposals

Direct taxes

The happy development is that over the last ten years, the direct tax collections have more than trebled and the return filers swelled to 2.4 times. The direct tax revenue has shown significant buoyancy as well. In this budget estimate, personal income tax revenue became the largest tax revenue of the centre surpassing the other two tax revenues- GST and Corporation Tax.

Rationalization of PIT:

The Government has reduced and rationalized tax rates. Under the new tax scheme, there is now no tax liability for tax payers with income up to ₹ 7 lakh, up from ₹ 2.2 lakh in the financial year 2013-14.

Existing Personal Income Tax Slabs and Rates

Following is the existing tax structure in personal income taxation as introduced under budget 2023 (This rate is applicable as no change was made in the budget 2024).

Personal Income Tax

(1) Tax Rebate of Rs 7 lakh for new tax regime: At present, those with income up to Rs 5 lakh do not pay any income tax in both old and new tax regimes. The budget propose to increase the rebate limit to Rs 7 lakh in the new tax regime. Thus, persons in the new tax regime, with income up to Rs 7 lakh will not have to pay any tax.

PIT structure: The previous budget proposes changed the tax structure by reducing the number of slabs to five and increasing the tax exemption limit to Rs 3 lakh. The new tax slab and rates under the new scheme is: TJ

Tax slab	Tax rate
Rs 0-3 lakh	Nil
Rs 3-6 lakh	5 per cent
Rs 6-9 lakh	10 per cent
Rs 9-12 lakh	15 per cent
Rs 12-15 lakh	20 per cent
Above Rs 15 lakh	30 per cent

The implication of the new structure is that an individual with Rs 9 lakh will be required to pay only Rs 45,000/-. Similarly, an individual with an income of Rs 15 lakh would be required to pay only Rs 1.5 lakh or 10 per cent of his or her income.

Standard reduction: For the salaried class and the pensioners including family pensioners, the benefit of standard deduction will be extended to the new tax regime. Each salaried person with an income of Rs 15.5 lakh or more will thus stand to benefit by Rs 52,500.

Reduction of the highest tax rate for PIT:

Surcharges and the taxable rate under the new budget	
Income	Surcharge (%)
above Rs 50 lakh up to Rs 1 crore	10
Rs 1 crore but up to Rs 2 crore	15
Income above Rs 2 crore	25
No change in surcharge is proposed for the old regime.	

At present, the highest tax rate for PIT is 42.74 per cent. This is among the highest in the world. The budget propose to reduce the highest surcharge rate from 37 per cent to 25 per cent in the new tax regime. Highest surcharge shall be 25 per cent for income above Rs 2 crore. This would reduce the maximum rate from about 42.7 per cent to about 39 per cent. In the 2022 budget, the government made the new income tax regime as the default tax regime. However, citizens will continue to have the option to avail the benefit of the old tax regime.

The threshold for presumptive taxation for retail businesses was increased from ₹ 2 crore to ₹ 3 crore. Similarly, the threshold for professionals eligible for presumptive taxation was increased from ₹ 50 lakh to ₹ 75 Lakh. Also, corporate tax rate was decreased from 30 per cent to 22 per cent for existing domestic companies and to 15 per cent for certain new manufacturing companies.

Presumptive taxation: Presumptive taxation involves the use of indirect methods to calculate tax liability, which differ from the usual rules based on the taxpayer's accounts. Here, the business entity is required to declare a given percentage of his business turnover as his income and has to pay at fixed percentage of it as tax. The principle of presumptive taxation is usually imposed on those whose income is low or those who are not covered under usual tax coverage and at the same time have taxable capacity. The presumptive taxation scheme under section 44AD of the Income Tax Act available for small and medium enterprises (i.e. non corporate businesses) sets a limit for presumptive taxation. The limit for such tax has increased to Rs 3 crore of turnover or gross receipts from the existing one crore rupees. The step will help a large number of MSMEs.

Jurisdiction free faceless assessment: In the last five years, the government's focus has been to improve tax-payer services. The age-old jurisdiction-based assessment system was transformed with the introduction of Faceless Assessment and Appeal, thereby imparting greater efficiency, transparency and accountability. Average processing time of returns has been reduced from 93 days in the year 2013-14 to a mere ten days this year, thereby making refunds faster.

Indirect Taxes

GST: By unifying the highly fragmented indirect tax regime in India, GST has reduced the compliance burden on trade and industry. The tax base of GST more than doubled and the average monthly gross GST collection has almost doubled to ₹ 1.66 lakh crore, this year. States too have benefited. States' SGST revenue, including compensation released to states (GST Compensation cess extended to March 2026), in the post-GST period of 2017-18 to 2022-23, has achieved a buoyancy of 1.22. In contrast, the tax buoyancy of State revenues from subsumed taxes in the pre-GST four-year period of 2012-13 to 2015-16 was a mere 0.72. The biggest beneficiaries are the consumers, as reduction in logistics costs and taxes have brought down prices of most goods and services.

Customs duties: Regarding customs duties, several steps were taken to facilitate international trade. As a result, the import release time declined by 47 per cent to 71 hours at Inland Container Depots, by 28 per cent to 44 hours at air cargo complexes and by 27 per cent to 85 hours at sea ports, over the last four years since 2019.

Tax proposals

The budget 2024-25 doesn't propose to make any changes relating to taxation and propose to retain the same tax rates for direct taxes and indirect taxes including import duties. However, certain tax benefits to start-ups and investments made by sovereign wealth or pension funds as also tax exemption on certain income of some IFSC units are expiring on 31.03.2024. To provide continuity in taxation, the budget proposes to extend the date to 31.03.2025.

Withdrawal of certain categories of tax disputes: There are a large number of petty, non-verified, non-reconciled or disputed direct tax demands, many of them dating as far back as the year 1962, which continue to remain on the books, causing anxiety to honest taxpayers and hindering refunds of subsequent years. The budget here, propose to withdraw such outstanding direct tax demands up to twenty-five thousand rupees (₹ 25,000) related to the period up to financial year 2009-10 and up to ten-thousand rupees (₹ 10,000) for financial years 2010-11 to 2014-15. This is expected to benefit about a crore tax-payers.

Adherence to the FRBM

The FRBM framework mandates Central Government to limit the Fiscal Deficit upto three per cent of Gross Domestic Product by the 31st March, 2021. It further provides that, the Central Government shall endeavour to limit the General Government Debt to 60 per cent of GDP and the Central Government Debt to 40 per cent of GDP, by 31st March 2025.

Fiscal Indicators-Rolling Targets as % of GDP		
	2023-24	2024-25
Fiscal Deficit	5.8	5.1
Revenue Deficit	2.8	2
Primary Deficit	2.3	1.5
Tax Revenue	11.6	11.7
Non-tax Revenue	1.3	1.2
Central Government Debt	58.1	57.2
Source: Budget 2024		

As on date, the Fiscal Deficit is the only operational target for fiscal consolidation. In RE 2023-24, the Government has revised its Fiscal Deficit target lower to 5.8 per cent. The Government will continue to prioritise on improving the quality of expenditure and fiscal consolidation in the ensuing financial year and beyond.

Further, in line with the commitment made in the Budget Speech for FY 2021-22, the Government would pursue a broad path of fiscal consolidation to attain a level of Fiscal Deficit lower than 4.5 per cent of GDP by FY 2025-26.

Revenue projections

For BE 2024-25, Gross Tax Revenue (GTR) is projected to grow at 11.5 per cent over RE 2023-24. This translates into a tax buoyancy of 1.10. Within the GTR, direct and indirect taxes are individually estimated to grow at 13.1 percent and 9.4 percent, respectively. Further, direct and indirect tax are estimated to contribute 57.4 per cent and 42.6 per cent, respectively, to GTR. In BE 2024-25, the GTR to GDP ratio is estimated at 11.7 per cent which is 0.1 percentage point higher than the RE of 2023-24. In BE 2024-25, the Tax Revenue (Net to Centre) is projected at Rs 26.01 lakh crore.

Revenue Receipts of the Union Government consisting of Tax Revenue (Net to Centre) and Non-Tax Revenue (NTR) is estimated at Rs 30.01 lakh crore in BE 2024-25. It assumes a growth of 11.2 percent over RE of FY 2023-24. Tax Revenue (Net to Centre) and NTR are estimated to contribute 86.7 percent and 13.3 per cent, respectively, of the Revenue Receipts in BE 2024-25. NTR is projected to be at Rs 3,99,701 crore which is 6.4 per cent more than the RE 2023–24 of Rs 3,75,795 crore.

Major Subsidies

Major subsidies which include food, fertiliser, and petroleum subsidies, are another major contributor to Revenue expenditures. Major subsidies at Rs 3.81 lakh crore form roughly 10.4 per cent of Revenue Expenditure in BE 2024-25. The major subsidies as percent of GDP are expected to decline from 1.4 percent in RE of 2023-24 to 1.2 percent in BE of 2024-25. Further, upward revision of Food Subsidy in RE 2023-24 to Rs 2.12 lakh crore as compared to Rs1.97 lakh crore in BE 2023-24 was mainly on account of the extension of the free food grain programme PMGKAY and payment of write-off accrued under the erstwhile 'Food for Work programme'. Likewise, upward revision in fertiliser subsidy is to protect the farmers from the negative effects of an increase in global fertiliser prices.

Strategic priorities for FY 2024-25:

The FY 2024-25 fiscal strategy of the government is based on the following broad goals:

(a) Focus on more inclusive, sustainable and more resilient domestic economy to absorb the unanticipated shocks, if any;

(b) Channelising and allocating resources towards capital spending to sustain infrastructure development momentum;

(c) Strengthening the fiscal federalism by enhancing the public infrastructure by supporting efforts of the States for capital spending;

(d) Focus on integrated and coordinated planning and implementation of infrastructure projects, embracing the principles of PM GatiShakti;

(e) Prioritisation of expenditure towards the key developmental sectors viz., drinking water, housing, sanitation, green energy, health, education, agriculture, rural development etc. for welfare of the citizens;

(f) Enhancing the effectiveness of cash management through just-in-time release of resources by using SNA/TSA system etc.

SNA-SPARSH is a new system that allows the just-in-time release of Centrally Sponsored Schemes (CSS) funds. It also provides a procedure for returning unspent balances from SNA accounts and the state treasury.

SNA SPARSH is an attempt to facilitate more effective cash management with the aim of achieving the goal of "Just-in-time" fund flow from both the Centre and State Consolidated Funds through an integrated network of State IFMIS, e-kuber of RBI. Pilot rollout has been notified in a phased manner with effect from 01.08.2023 with the onboarding of five states (Rajasthan, Odisha, Karnataka, Telangana and Jharkhand) and two scheme.

Government Borrowings, Lending and Investments

India's Debt Management Strategy is based on three broad pillars viz. low-cost borrowing, risk mitigation and market development.

The risk profile of Central Government's debt stands out as safe and prudent. Also, the rollover risk in the Government debt portfolio continues to be low. The Weighted Average Maturity (WAM) of primary issuances of dated securities in FY 2023-24 (as on January 8, 2024) has increased to 17.93 years vis-àvis 16.05 years in previous FY 2022-23. Also, the Weighted Average Yield (WAY) of primary issuance of dated securities in FY 2023-24 (as on January 8, 2024) moderated to 7.25 per cent from 7.32 per cent in the previous FY.

The Government is also moving toward the alignment of administered interest rates with the market rates. Interest rates on small savings are broadly linked to yields in the secondary market of dated securities and the interest rates are reviewed quarterly, albeit taking into account (in some cases) post-tax returns.

Deficit type	Significance
Fiscal Deficit (FD)	The most popular and important indicator to show the health of the government finances. It is actually the borrowings of the Government to run the budget.
Revenue Deficit (RD)	RD is the root fiscal problem. It is excess of revenue expenditure over revenue receipts. RD indicates the use of borrowings (capital receipts) to run the Government's day-to-day expenditure. Elimination of RD is a big step towards fiscal consolidation.
Effective Revenue Deficit (EFD)	Indicates the net excess of revenue expenditure over revenue receipts. It is obtained by deducting the asset creating the type of revenue expenditure from the revenue deficit. The logic of ERD is that some of the revenue expenditures are productive, and they must be deducted from RD to get the ERD.
Primary Deficit (PD)	Shows what is excess of the Government's borrowings over its interest payments expenditure. It indicates the amount of government borrowing that is used to finance expenditure other than interest payments. Higher primary deficit is undesirable as it shows borrowings to finance items that are over and above the interest payments.
Budget Deficit (BD)	Indicates the amount of money printed to finance the budget. It is expressed as total expenditure minus total receipts. In India, the budget deficit is not there.
Monetised Fiscal Deficit (MFD)	Indicates borrowings from the RBI to run the budget. This practice was phased out in 1997. Hence, the MFD is not relevant now.

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