Budget 2024-2025

Macroeconomic context

India's economic growth continues to be the shining exception amidst adverse global trends. Inflation continues to be low, stable and moving towards the 4 per cent target. Core inflation (non-food, non-fuel) currently is 3.1 per cent. Measures are taken to ensure supplies of perishable goods reach market adequately. The global economy, is still in the grip of policy uncertainties. Increased asset prices, political uncertainties and shipping disruptions continue to pose significant downside risks for growth and upside risks to inflation.

Budget Theme: This budget focuses on employment, skilling, MSMEs, and the middle class. The Prime Minister's package of 5 schemes and initiatives in this budget facilitate employment, skilling and other opportunities for 4.1 crore youth over a 5-year period with a central outlay of Rs 2 lakh crore. There is a sizable provision of Rs 1.48 lakh crore for education, employment and skilling.

Budget Priorities: '*Viksit Bharat' road map and the* 9 priorities for generating ample opportunities for all.

1) Productivity and resilience in Agriculture
2) Employment & Skilling
3) Inclusive Human Resource Development and Social Justice
4) Manufacturing & Services
5) Urban Development
6) Energy Security
7) Infrastructure
8) Innovation, Research & Development and
9) Next Generation Reforms

Future budgets will work on these, by adding more priorities and actions and an 'economic policy framework' will be prepared.

1. Priority 1: Productivity and resilience in Agriculture

Transforming agriculture research: focus on raising productivity and developing climate resilient varieties. Funding will be provided in challenge mode, including to the private sector.

Release of new varieties: New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.

Natural Farming: In the next two years, 1 crore farmers across the country will be initiated into natural farming supported by certification and branding. Implementation will be through scientific institutions and willing gram panchayats. 10,000 need-based bio-input resource centres will be established.

Missions for pulses and oilseeds : For achieving self-sufficiency in pulses and oilseeds, production, storage and marketing will be strengthened. A strategy is being put in place to achieve *'atmanirbharta'* for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.

Vegetable production & Supply Chains: Large scale clusters for vegetable production will be developed closer to major consumption centres. Farmer-Producer Organizations, cooperatives and start-ups for vegetable supply chains including for collection, storage, and marketing will be encouraged.

Digital Public Infrastructure for Agriculture: Inspired from the success of the pilot project, the centre with states, will facilitate the implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in 3 years. During this year, digital crop survey for Kharif using the DPI will be taken up in 400 districts. The details of 6 crore farmers and their lands will be brought into the farmer and land registries. Further, the issuance of Jan Samarth based Kisan Credit Cards will be enabled in 5 states.

Digital public infrastructure (DPI) refers to the set of digital systems that helps a country efficiently provide economic opportunities and deliver social services to their population. DPI covers the entire economy by connecting people, providing data, and facilitating payments as in the case of physical infrastructure like roads and railways which connect people and goods.
India stack: India Stack is a moniker or set of digital public goods and open Application Programming Interfaces (APIs) that aims to expand access to financial services and promote digital interactions and financial and social inclusion. India stack allows governments, businesses, startups and developers to utilise an unique digital Infrastructure to solve India's hard problems towards presence-less, paperless, and cashless service delivery.
India stack has three pillars: digital identification, payments, and data management. The India Stack includes:

- Digital ID: A biometric system that includes a 12-digit identification number
- Interoperable payments: A system that allows banks to exchange messages and payment orders with nonbank firms
- Data fiduciaries: Aggregators that manage personal data and obtain consent before processing it

The India Stack was first implemented in India, but its vision is not limited to one country and can be applied to any nation. Other countries that have already started using India Stack technologies include Sri Lanka, Morocco, the Philippines, Guinea, Ethiopia, and the Togolese Republic (source: Gen AI).
ONDC: stands for Open Network for Digital Commerce, an initiative by the Government of India to improve the online shopping experience in the country. The goal of ONDC is to create an inclusive e-commerce environment. ONDC acts as an intermediary layer between buyers and sellers, and its objectives include:

- Democratizing the e-commerce landscape in India
- Reducing the dominance of US-based major players like Amazon
- Establishing an open platform for the buying and selling of goods and services
- Enabling local retailers to participate in the e-commerce market

Shrimp Production & Export: Financial support for setting up a network of Nucleus Breeding Centres for Shrimp Broodstocks.. Financing for shrimp farming, processing and export will be facilitated through NABARD.

National Cooperation Policy: The government will bring out a National Cooperation Policy for systematic, orderly and all-round development of the cooperative sector. Fast-tracking growth of rural economy and generation of employment opportunities on a large scale will be the policy goal.

The budget provides Rs 1.52 lakh crore for agriculture and allied sector.

2. Priority 2: Employment & Skilling

Employment Linked Incentive: The government will implement following 3 schemes for 'Employment Linked Incentive', as part of the Prime Minister's package. These will be based on enrolment in the EPFO, and focus on recognition of first-time employees, and support to employees and employers.

Scheme A: First Timers: This scheme will provide one-month wage to all people, newly entering the workforce in all formal sectors. The direct benefit transfer of one-month salary in 3 instalments to first-time employees, as registered in the EPFO, will be up to Rs 15,000. The eligibility limit will be a salary of Rs 1 lakh per month. The scheme is expected to benefit 210 lakh youth.

Employment Linked Incentive Scheme A: First Timers

Features: One month's wage as subsidy (maximum Rs 15,000), applicable to all sectors, subsidy is to assist employees and employers in hiring of first timers, applicable to all persons newly entering the workforce (EPFO) with wage/salary less than Rs 1 lakh per month, subsidy will be paid to the employee in three instalments, employee must undergo compulsory online Financial Literacy course before claiming the second instalment, subsidy to be refunded by employer if the employment to the first timer ends within 12 months of recruitment, expected to cover approximately one crore persons per annum, scheme will be for 2 years.

Scheme B: Job Creation in manufacturing: This scheme will incentivize additional employment in the manufacturing sector, linked to the employment of first-time employees. An incentive will be provided at specified scale directly both to the employee and the employer with respect to their EPFO contribution in the first 4 years of employment. The scheme is expected to benefit 30 lakh youth entering employment, and their employers.

Employment linked Incentive Scheme B: Job creation in manufacturing

Applicable for substantial hiring of first time employees in the manufacturing sector, all employers which are corporate entities and those non-corporate entities with a three year track record of EPFO contribution will be eligible, Employer must hire at least the following number of previously non-EPFO enrolled workers: 50 or 25% of the baseline (previous year's number of EPFO employees) [*whichever is lower*], Incentive will be paid for four years partly to the employee and partly to the employer as follows:

Year	Incentive (as % of wage / salary, shared equally between employer & employee)
1	24
2	24
3	16
4	8

Employer must maintain threshold level of enhanced employment throughout, failing which subsidy benefit will stop, Employee must be directly working in the entity paying salary/wage (i.e. in-sourced employee), Employees with a wage/ salary of up to `1 lakh per month will be eligible, subject to contribution to EPFO, For those with wages/salary greater than `25,000/month, incentive will be calculated at `25,000/month, Subsidy to be refunded by employer if the employment to first timer ends within 12 months of recruitment, This subsidy will be in addition to benefit under Part-A, Scheme will be for 2 years.

Scheme C: Support to employers: This employer-focussed scheme will cover additional employment in all sectors. All additional employment within a salary of Rs 1 lakh per month will be counted. The government will reimburse to employers up to Rs 3,000 per month for 2 years towards their EPFO contribution for each additional employee. The scheme is expected to incentivize additional employment of 50 lakh persons.

Employment Linked Incentive Scheme C: Support to employers

Applicable to an employer who: Increases employment above the baseline (previous year's number of EPFO employees) by at least two employees (for those with less than 50 employees) or 5 employees (for those with 50 or more employees) and sustains the higher level, For employees whose salary does not exceed Rs 1,00,000/month, New employees under this Part need not be new entrants to EPFO, For two years Government will reimburse EPFO employer contribution [*up to*] Rs 3,000/month to the Employer for the additional Employees hired in the previous year. If the employer creates more than 1000 jobs:

- Reimbursement will be done quarterly for the previous quarter
- Subsidy will continue for the 3rd and 4th year on the same scale as Employer benefit in Part-B

This scheme is not applicable for those Employees covered under Part-B.
This subsidy will be in addition to benefit under Part-A. The scheme will be for 2 years.

Participation of women in the workforce: for facilitating higher participation of women in the workforce working women hostels will be set up in collaboration with industry, and establishing creches. In addition, the partnership will seek to organize women-specific skilling programmes, and promotion of market access for women SHG enterprises.

Skilling programme through ITIs: A new centrally sponsored scheme, as the 4th scheme under the Prime Minister's package, for skilling in collaboration with state governments and Industry will be started. 20 lakh youth will be skilled over a 5-year period. 1,000 Industrial Training Institutes (ITIs) will be upgraded in hub and spoke arrangements with outcome orientation. Course content and design will be aligned to the skill needs of industry, and new courses will be introduced for emerging needs.

Skilling Programme and Upgradation of Industrial Training Institutes

1000 Industrial Training Institutes (ITIs) to be upgraded in **hub** and **spoke** arrangements in five years, New Centrally Sponsored Scheme in collaboration with states and industry, focus on outcome and quality of skilling, Course content and design aligned to needs of industry

- Total outlay of Rs 60,000 crore over five years
  - Government of India—Rs 30,000 crore
  - State Governments—Rs 20,000 crore
  - Industry—Rs10,000 crore (including CSR funding)
- 200 hubs and 800 spoke ITIs –all with industry collaboration
  - Re-design and review of existing courses
  - New courses
  - 1-to-2-year courses in all 1000 ITIs
  - Short term specialised courses in Hub ITIs
- Capacity augmentation of 5 national institutes for training of trainers, 20 lakh students expected to benefit

Skilling Loans: The Model Skill Loan Scheme will be revised to facilitate loans up to Rs 7.5 lakh with a guarantee from a government promoted Fund. This measure is expected to help 25,000 students every year.

Hub and Spoke model: in areas like in infrastructure refers to a system design in which a central point (the hub) is connected to various other points (the spokes).

Education Loans: For helping the youth who have not been eligible for any benefit under government schemes and policies, a financial support for loans upto Rs 10 lakh will be provided for higher education in domestic institutions. E-vouchers for this purpose will be given directly to 1 lakh students every year for annual interest subvention of 3 per cent of the loan amount.

3. Priority 3: Inclusive Human Resource Development and Social Justice

Saturation approach: The government is committed to all-round, all-pervasive and all-inclusive development of people, particularly, farmers, youth, women and poor. For achieving social justice comprehensively, the saturation approach of covering all eligible people through various programmes including those for education and health will be adopted to empower them by improving their capabilities. Implementation of schemes meant for supporting economic activities by craftsmen, artisans, self-help groups, scheduled caste, schedule tribe and women entrepreneurs, and street vendors, such as PM Vishwakarma, PM SVANidhi, National Livelihood Missions, and Stand-Up India will be stepped up.

Purvodaya: Development of the Eastern region

The government will formulate a plan, Purvodaya, for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. This will cover human resource development, infrastructure, and generation of economic opportunities to make the region an engine to attain Viksit Bharat.

On the Amritsar Kolkata Industrial Corridor, an industrial node at Gaya will be developed.

Connectivity projects: the government will support development of road connectivity projects, namely (1) Patna-Purnea Expressway, (2) Buxar-Bhagalpur Expressway, (3) Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and (4) additional 2-lane bridge over river Ganga at Buxar at a total cost of Rs 26,000 crore. Power projects, including setting up of a new 2400 MW power plant at Pirpainti, will be taken up at a cost of Rs 21,400 crore. New airports, medical colleges and sports infrastructure in Bihar will be constructed. An additional allocation to support capital investments will be provided. External assistance from multilateral development banks will be sought.

Andhra Pradesh Reorganization Act

Considering the Andhra Pradesh Reorganization Act, and the state's need for a capital, the government will provide special financial support through multilateral development agencies. In the current financial year Rs 15,000 crore will be arranged, with additional amounts in future years.

The government will support the financing and early completion of the Polavaram Irrigation Project; which is the lifeline for Andhra Pradesh and its farmers besides facilitating the country's food security.

Under the Act, for promoting industrial development, funds will be provided for essential infrastructure such as water, power, railways and roads in Kopparthy node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor. An additional allocation will be provided this year towards capital investment for economic growth.

Grants for backward regions of Rayalaseema, Prakasam and North Coastal Andhra, as stated in the Act, will also be provided.

PM Awas Yojana: Three crore additional houses under the PM Awas Yojana in rural and urban areas in the country are announced, and allocations are being made.

Women-led development and Gender Budget: For promoting women-led development, the budget carries an allocation of more than Rs 3 lakh crore for schemes benefitting women and girls.

Pradhan Mantri Janjatiya Unnat Gram Abhiyan: For improving the socio-economic condition of tribal communities, the government will launch the Pradhan Mantri Janjatiya Unnat Gram Abhiyan by adopting saturation coverage for tribal families in tribal-majority villages and aspirational districts. This will cover 63,000 villages benefitting 5 crore tribal people.

Bank branches in North-Eastern Region: More than 100 branches of India Post Payment Bank will be set up in the North East region to expand the banking services.

Allocation for rural development including rural infrastructure is Rs 2.66 lakh crore this year.

4. Priority 4: Manufacturing & Services

Support for promotion of MSMEs: The budget provides special attention to MSMEs and manufacturing, particularly labour-intensive manufacturing. Government has formulated a package covering financing, regulatory changes and technology support for MSMEs to help them grow and compete globally. Following are the specific measures.

Credit Guarantee Scheme for MSMEs in the Manufacturing Sector: For facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme will be introduced. The scheme will operate on pooling of credit risks of such MSMEs. A separately constituted self-financing guarantee fund will provide, to each applicant, guarantee cover up to Rs 100 crore, while the loan amount may be larger. The borrower will have to provide an upfront guarantee fee and an annual guarantee fee on the reducing loan balance.

New assessment model for MSME credit: Public sector banks will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment. They will also take a lead in developing or getting developed a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy. This is expected to be a significant improvement over the traditional assessment of credit eligibility based only on asset or turnover criteria. That will also cover MSMEs without a formal accounting system.

Digital footprint: A digital footprint, sometimes called a “digital shadow,” is the unique trail of data that a person or business creates while using the internet.

Credit Support to MSMEs during Stress Period: A new mechanism for facilitating continuation of bank credit to MSMEs during their stress period will be initiated. This will be applicable to loans in the ‘special mention account’ (SMA) stage (less than 90 days of non-payment) for reasons beyond their control, MSMEs need credit to continue their business and to avoid getting into the NPA stage. Credit availability will be supported through a guarantee from a government promoted fund.

Special Mention Accounts: refer to the accounts that show signs of turning into a non-performing asset in the first 90 days or even before being identified as an NPA. They are loan accounts categorized in terms of duration of their overdue payment status. For example, in the case of SMA 0, the p**rincipal or interest payment overdue u**p to 30 days. For SMA

-1, the overdue of payment period is between 31 to 60 days. On the other hand, an overdue between 61 to 90 days will make an asset SMA -2. In the case of SMA -NF, non-financial indications about the stress of an asset are considered.

Mudra Loans: The limit of Mudra loans will be enhanced to ₹ 20 lakh from the current ₹ 10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.

MUDRA Scheme limits: The Pradhan Mantri MUDRA Yojana (PMMY) scheme sets the financial limit for three types of schemes: - (1) **Shishu:** Covering loans up to Rs 50,000/- (2) **Kishor:** Covering loans above Rs 50,000/- and up to Rs 5 lakh (3) **Tarun:** Covering loans above Rs 5 lakh to Rs 10 lakh.

Enhanced scope for mandatory onboarding in TReDS: For facilitating MSMEs to unlock their working capital by converting their trade receivables into cash, the budget propose to reduce the turnover threshold of buyers for mandatory onboarding on the TReDS platform from Rs 500 crore to Rs 250 crore. This measure will bring 22 more CPSEs and 7000 more companies onto the platform. Medium enterprises will also be included in the scope of the suppliers.

TReDS, or Trade Receivables Discounting System: is an online platform that helps micro, small, and medium enterprises (MSMEs) get financing for their trade receivables. Trade receivables refer to the amount of money owed to a business by its customers for goods or services that have been delivered or used but not yet paid for.

TREDs is an RBI-regulated platform that helps MSMEs to auction their trade receivables to multiple financiers through online bidding. Following is the process involved in TREDs.

- Sellers: Deliver goods on credit, issue invoices, and upload them to TReDS.
- Buyers: Log in to TReDS and accept the invoices.
- TReDS: Sends information to the buyer's bank, and the funds are credited to the seller's account on a T+1 day basis.
- On due date: TReDS sends a message to the buyer to pay the amount due.

SIDBI branches in MSME clusters: SIDBI will open new branches to expand its reach to serve all major MSME clusters within 3 years, and provide direct credit to them. With the opening of 24 such branches this year, the service coverage will expand to 168 out of 242 major clusters.

MSME Units for Food Irradiation, Quality & Safety Testing: Financial support for setting up of 50 multi-product food irradiation units in the MSME sector will be provided. Setting up of 100 food quality and safety testing labs with NABL accreditation will be facilitated.

E-Commerce Export Hubs: To enable MSMEs and traditional artisans to sell their products in international markets, E-Commerce Export Hubs will be set up in public-private-partnership (PPP) mode . These hubs, under a seamless regulatory and logistic framework, will facilitate trade and export related services under one roof.

Measures for promotion of Manufacturing & Services

Internship in Top Companies: As the 5th scheme under the Prime Minister's package, the government will launch a comprehensive scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years. They will gain exposure for 12 months to real-life business environment, varied professions and employment opportunities.

An internship allowance of Rs 5,000 per month along with a one-time assistance of Rs 6,000 will be provided. Companies will be expected to bear the training cost and 10 per cent of the internship cost from their CSR funds.

Internship in Top Companies

One crore youth to be skilled by India's top companies in five years, Twelve months Prime Minister's Internship with monthly allowance of Rs 5,000, Applicable to those who are not employed and not engaged in full time education, Youth aged between 21 and 24 will be eligible to apply.

- Cost sharing (per annum):
  - Government – Rs 54,000 towards monthly allowance (plus `6,000 grant for incidentals).
  - Company – Rs 6,000 from CSR funds towards monthly allowance
  - Training cost to be borne by the Company from CSR funds.
  - Administrative costs to be borne by respective parties (for the Company, reasonable administrative expenses can be counted as CSR expenditure)
- Participation of companies is voluntary, Applications through an online portal, Company to select from a short list; short listing based on objective criteria with emphasis on those with lower employability
- Ineligible candidates (indicative list)
  - Candidate has IIT, IIM, IISER, CA, CMA etc as qualification
  - Any member of the family is assessed to Income Tax
  - Any member of the family is a government employee, etc.
- Company is expected to provide the person an actual working experience on a skill in which the company is directly involved. At least half the time should be in actual working experience/job environment, not in classroom.
- In case the Company cannot directly do so, it must tie-up with:
  - Companies in its forward and backward supply chain (e.g. suppliers or customers) or
  - Other Companies/Institutions in its Group or otherwise
- Will be co-ordinated with State Government initiatives wherever applicable, Phase 1 of the scheme will be for 2 years followed by Phase 2 for 3 years.

Industrial Parks: The government will facilitate development of investment-ready "plug and play" industrial parks with complete infrastructure in or near 100 cities, in partnership with the states and private sector, by better using town planning schemes.

Twelve industrial parks under the National Industrial Corridor Development Programme also will be sanctioned.

Rental Housing: Rental housing with dormitory type accommodation for industrial workers will be facilitated in PPP mode with **VGF** (Viability Gap Funding) support and commitment from anchor industries.

Viability gap funding (VGF): Several of the development projects especially infrastructure projects may not be financially viable though they are economically justified and necessary as they are long term and development oriented. To help the completion of such projects, the government has designed Viability Gap Funding (VGF). Viability Gap Finance means a grant to support by the government or agencies (like PPP firms) to the projects that are economically justified but not financially viable. For VGF, the viability gap will be estimated in monetary terms and the financing will be made. Viability Gap Funding is provision of a grant one-time or deferred, under a scheme with the objective of making a project commercially viable.

Shipping industry: Ownership, leasing and flagging reforms will be implemented to improve the share of the Indian shipping industry and generate more employment.

Critical Mineral Mission: The government will set up a Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets. Its mandate will include technology development, skilled workforce, extended producer responsibility framework, and a suitable financing mechanism.

Critical minerals: are minerals that are essential to the economy, security, and technological advancement, but are in scarce supply due to supply factors. These minerals are often used in key industries, including energy production, manufacturing, defense, and electronics, and they play a crucial role in the development of cutting-edge technologies. As of now, most of the critical minerals and their supply are controlled by China. Materials like rare earth, lithium, cadmium, titanium, nickel etc. are controlled by China bound companies. In India, the government has released a list of 30 critical minerals.

Khanij Bidesh India Ltd. (KABIL) has been established as a joint venture with equity contributions from three Central Public Sector Enterprises: National Aluminium Company Ltd., Hindustan Copper Ltd., and Mineral Exploration and Consultancy Ltd. KABIL's mission is to secure a reliable supply of strategic minerals for Indian industries by identifying, exploring, acquiring, developing, mining, processing, procuring, and selling these minerals abroad.

Offshore mining of minerals: The government will launch the auction of the first tranche of offshore blocks for mining, building on the exploration already carried out.

Digital Public Infrastructure Applications

Turning to the services sector, the budget propose development of DPI applications at population scale for productivity gains, business opportunities, and innovation by the private sector. These are planned in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance.

Integrated Technology Platform for IBC eco-system: An Integrated Technology Platform will be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC) for achieving consistency, transparency, timely processing and better oversight for all stakeholders.

Voluntary closure of LLPs: The services of the Centre for Processing Accelerated Corporate Exit (C-PACE) will be extended for voluntary closure of LLPs to reduce the closure time. (Limited Liability Partnership (LLP) is a flexible legal and tax entity where every partner has a limited personal liability for the debts or claims of the partnership.)

National Company Law Tribunals : The IBC has resolved more than 1,000 companies, resulting in direct recovery of over Rs 3.3 lakh crore to creditors. In addition, 28,000 cases involving over Rs 10 lakh crore have been disposed of, even prior to admission.

Appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be initiated to speed up insolvency resolution. Additional tribunals will be established. Out of those, some will be notified to decide cases exclusively under the Companies Act.

Debt Recovery: Steps for reforming and strengthening debt recovery tribunals will be taken. Additional tribunals will be established to speed up recovery.

5. Priority 5: Urban Development

Cities as Growth Hubs: Working with states, the government will facilitate development of 'Cities as Growth Hubs'. This will be achieved through economic and transit planning, and orderly development of peri-urban areas utilising town planning schemes.

Creative redevelopment of cities: For creative brownfield redevelopment of existing cities with a transformative impact, the government will formulate a framework for enabling policies, market-based mechanisms and regulation.

Transit Oriented Development: Transit Oriented Development plans for 14 large cities with a population above 30 lakh will be formulated, along with an implementation and financing strategy.

Urban Housing: Under the PM Awas Yojana Urban 2.0, housing needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹ 10 lakh crore. This will include the central assistance of ₹ 2.2 lakh crore in the next 5 years. A provision of interest subsidy to facilitate loans at affordable rates is also envisaged. In addition, enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place.

Water Supply and Sanitation: In partnership with the State Governments and Multilateral Development Banks the centre will promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects. These projects will also envisage use of treated water for irrigation and filling up of tanks in nearby areas.

Street Markets: Building on the success of PM SVANidhi Scheme in transforming the lives of street vendors, the Government envisions a scheme to support each year, over the next five years, 100 weekly 'haats' or street food hubs in will be developed in select cities.

Stamp Duty: The government will encourage states which continue to charge high stamp duty to moderate the rates for all, and also consider further lowering duties for properties purchased by women. This reform will be made an essential component of urban development schemes.

6. Priority 6: Energy Security

Energy Transition: The government follows a strategy to sustain high and more resource-efficient economic growth, along with energy security in terms of availability, accessibility and affordability. The government will bring out a policy document on appropriate energy transition pathways that balances the imperatives of employment, growth and environmental sustainability.

PM Surya Ghar Muft Bijli Yojana: PM Surya Ghar Muft Bijli Yojana has been launched to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units/month. The scheme has generated more than 1.28 crore registrations and 14 lakh applications.

Pumped Storage Policy: A policy for promoting pumped storage projects will be brought out for electricity storage and facilitating smooth integration of the growing share of renewable energy with its variable & intermittent nature in the overall energy mix.

Research and development of small and modular nuclear reactors: Nuclear energy is expected to form a very significant part of the energy mix for Viksit Bharat. Towards that pursuit, the government will partner with the private sector for (1) setting up Bharat Small Reactors, (2) research & development of Bharat Small Modular Reactor, and (3) research & development of newer technologies for nuclear energy. The R&D funding announced in the interim budget will be made available for this sector.

Advanced Ultra Super Critical Thermal Power Plants: The development of indigenous technology for Advanced Ultra Super Critical (AUSC) thermal power plants with much higher efficiency has been completed. A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant using AUSC technology. The government will provide the required fiscal support. Moving forward, development of indigenous capacity for the production of high-grade steel and other advanced metallurgy materials for these plants will result in strong spin-off benefits for the economy.

Roadmap for 'hard to abate' industries: A roadmap for moving the 'hard to abate' industries from 'energy efficiency' targets to 'emission targets' will be formulated. Appropriate regulations for transition of these industries from the current 'Perform, Achieve and Trade' mode to 'Indian Carbon Market' mode will be put in place.

Carbon market: A carbon market is a system designed to reduce greenhouse gas (GHG) emissions by facilitating trading of carbon credit certificates that shows carbon mitigating activities. These tradable certificates or permits representing a certain amount of carbon dioxide or equivalent GHGs that have been reduced or removed from the atmosphere. Credits can be earned through activities like reforestation, renewable energy projects, or energy efficiency improvements. The polluting companies purchase these certificates.

Support to traditional micro and small industries: An investment-grade energy audit of traditional micro and small industries in 60 clusters, including brass and ceramic, will be facilitated. Financial support will be provided for shifting them to cleaner forms of energy and implementation of energy efficiency measures. The scheme will be replicated in another 100 clusters in the next phase.

7. Priority 7: Infrastructure

Infrastructure investment by Central Government: Significant investment the Central Government has made over the years in building and improving infrastructure has a strong multiplier effect on the economy. The government will continue financial support to infrastructure and this year, the budget provided Rs 11,11,111 crore for capital expenditure (capex) including for infrastructure and this is around 3.4 per cent of the GDP.

Infrastructure investment by state governments: The government will encourage states to provide support of similar scale for infrastructure, subject to their development priorities. A provision of Rs 1.5 lakh crore for long-term interest free loans has been made this year also to support the states in their resource allocation.

Private investment in infrastructure: Investment in infrastructure by private sector will be promoted through viability gap funding and enabling policies and regulations. A market-based financing framework will be brought out.

Pradhan Mantri Gram Sadak Yojana (PMGSY): Phase IV of PMGSY will be launched to provide all-weather connectivity to 25,000 rural habitations which have become eligible in view of their population increase.

Irrigation and Flood Mitigation: For flood risks, especially originating from Nepal, Bihar will be supported through the Accelerated Irrigation Benefit Programme and other sources, and will be provided with project financial support of Rs 11,500 crore for programmes such as the Kosi-Mechi intra-state link and 20 other ongoing and new schemes including barrages, river pollution abatement and irrigation projects. In addition, survey of Kosi related flood mitigation and irrigation projects will be undertaken.

Flood control support to Assam (floods in Brahmaputra and tributaries), Himachal Pradesh (for reconstruction and rehabilitation through multilateral assistance), Uttarakhand (cloud bursts and landslides) Sikkim (flash floods and landslides).

Tourism: The efforts in positioning India as a global tourist destination will also create jobs, stimulate investments and unlock economic opportunities for other sectors.

(a) Vishnupad Temple at Gaya and Mahabodhi Temple at Bodh Gaya in Bihar: Comprehensive development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor will be supported, modelled on the successful Kashi Vishwanath Temple Corridor, to transform them into world class pilgrim and tourist destinations.

(b) Rajgir holds immense religious significance for Hindus, Buddhists and Jains. The 20th Tirthankara Munisuvrata temple in the Jain Temple complex is ancient. The Saptharishi or the 7 hotsprings form a warm water Brahmakund that is sacred. A comprehensive development initiative for Rajgir will be undertaken.

(c) Nalanda will be promoted as a tourist centre besides reviving Nalanda University to its glorious stature.

(d) Tourism promotion support to Odisha given its scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches.

8. Priority 8: Innovation, Research & Development

The government will operationalize the Anusandhan National Research Fund for basic research and prototype development. The government will set up a mechanism for spurring private sector-driven research and innovation at commercial scale with a financing pool of Rs 1 lakh crore in line with the announcement in the interim budget.

Space Economy: the government gives continued emphasis on expanding the space economy by 5 times in the next 10 years, a venture capital fund of Rs 1,000 crore will be set up.

9. Priority 9: Next Generation Reforms

Economic Policy Framework

The government will formulate an Economic Policy Framework to design an approach to economic development and set the scope of the next generation of reforms for facilitating employment opportunities and sustaining high growth.

Productivity enhancement and market efficiency: The government will initiate and incentivize reforms for (1) improving productivity of factors of production, and (2) facilitating markets and sectors to become more efficient.

These reforms will cover all factors of production, namely land, labour, capital and entrepreneurship, and technology as an enabler of improving total factor productivity and bridging inequality.

Central-state collaboration and financial support to states for undertaking the reforms: Effective implementation of several of these reforms requires collaboration between the Centre and the states and building consensus, as development of the country lies in development of the states. For promoting competitive federalism and incentivizing states for faster implementation of reforms, the budget propose to earmark a significant part of the 50-year interest-free loan. Working with the states, the centre will initiate the following reforms.

(a) Land-related reforms by state governments: Land-related reforms and actions, both in rural and urban areas, will cover (1) land administration, planning and management, and (2) urban planning, usage and building bylaws. These will be incentivized for completion within the next 3 years through appropriate fiscal support.

(b) Rural Land related actions: Rural land related actions will include (1) assignment of Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar for all lands, (2) digitization of cadastral maps, (3) survey of map sub-divisions as per current ownership, (4) establishment of land registry, and (5) linking to the farmers registry. These actions will also facilitate credit flow and other agricultural services.

(c) Urban Land related actions: Land records in urban areas will be digitized with GIS mapping. An IT based system for property record administration, updating, and tax administration will be established. These will also facilitate improving the financial position of urban local bodies.

Labour related reforms

(a) Services to Labour: the government will facilitate the provision of a wide array of services to labour, including those for employment and skilling. A comprehensive integration of e-shram portal with other portals will facilitate such one-stop solution. Open architecture databases for the rapidly changing labour market, skill requirements and available job roles, and a mechanism to connect job-aspirants with potential employers and skill providers will be covered in these services.

(b) Shram Suvidha & Samadhan Portal: Shram Suvidha and Samadhan portals will be revamped to enhance ease of compliance for industry and trade.

Capital and entrepreneurship related reforms

(a) Financial sector vision and strategy: For meeting financing needs of the economy, the government will bring out a financial sector vision and strategy document to prepare the sector in terms of size, capacity and skills. This will set the agenda for the next 5 years and guide the work of the government, regulators, financial institutions and market participants.

(b) Taxonomy for climate finance: the government will develop a taxonomy for climate finance for enhancing the availability of capital for climate adaptation and mitigation. This will support achievement of the country's climate commitments and green transition.

(c) Variable Capital Company structure: the government will seek the required legislative approval for providing an efficient and flexible mode for financing leasing of aircrafts and ships, and pooled funds of private equity through a 'variable company structure'.

Foreign Direct Investment and Overseas Investment: The rules and regulations for Foreign Direct Investment and Overseas Investments will be simplified to (1) facilitate foreign direct investments, (2) nudge prioritization, and (3) promote opportunities for using Indian Rupee as a currency for overseas investments.

NPS Vatsalya: NPS-Vatsalya, a plan for contribution by parents and guardians for minors will be started. On attaining the age of majority, the plan can be converted seamlessly into a normal NPS account.

Use of Technology: The government was able to successfully used technology for improving productivity and bridging inequality in the economy during the past 10 years. Public investment in digital infrastructure and innovations by the private sector have helped in improving access of all citizens, particularly the common people, to market resources, education, health and services. The government will step up adoption of technology towards digitalization of the economy.

Ease of Doing Business: For enhancing 'Ease of Doing Business', there is the Jan Vishwas Bill 2.0. Further, states will be incentivized for implementation of their Business Reforms Action Plans and digitalization. (Jan Vishwas Bill 2022. The bill amends 42 laws, across multiple sectors, including agriculture, environment, and media and publication by decriminalising offences under them to improve the 'ease of doing business'. The Bill converts several fines to penalties, meaning that court prosecution is not necessary to administer punishments).

Data and Statistics: For improving data governance, collection, processing and management of data and statistics, different sectoral data bases, including those established under the Digital India Mission, will be utilized with active use of technology tools.

New Pension Scheme (NPS)

The Committee to review the NPS has made considerable progress in its work. For this, the Staff Side of the National Council of the Joint Consultative Machinery for Central Government Employees have taken a constructive approach. A solution will be evolved which addresses the relevant issues while maintaining fiscal prudence to protect the common citizens.

Budget Estimates 2024-25

For the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at Rs 32.07 lakh crore and Rs 48.21 lakh crore respectively. The net tax receipts are estimated at Rs 25.83 lakh crore. The fiscal deficit is estimated at 4.9 per cent of GDP.

The gross and net market borrowings through dated securities during 2024-25 are estimated at Rs 14.01 lakh crore and Rs 11.63 lakh crore respectively. Both will be less than that in 2023-24.

Fiscal deficit and public debt targets: The fiscal consolidation path announced by the government in 2021 for reducing the fiscal deficit target of below 4.5 per cent can be achieved next year. The Government is committed to staying the course. From 2026-27 onwards, the government's effort will be to keep the fiscal deficit each year such that the Central Government debt will be on a declining path as percentage of GDP.

PART B: TAXES

Indirect Taxes

GST Proposals: The GST has decreased tax incidence on the common man; reduced compliance burden and logistics cost for trade and industry; and enhanced revenues of the central and state governments. To multiply the benefits of GST, the government will strive to further simplify and rationalise the tax structure and endeavour to expand it to the remaining sectors.

GST rate rationalisation : A six-member GoM on rate rationalisation, was constituted on July 2, 2024 (in place of the 2021 committee). The primary aim of this reconstituted GoM will be to streamline GST rates, review exemptions, and boost revenues. The panel will now examine whether the four GST rates – 5%, 12%, 18%, and 28% – can be rationalised into three. One proposal has been to merge the 12% and 18% rates into 15%, while another suggestion has been to merge the 5% and 12% rates into 8%.

Customs Duty: Budget proposals on customs duties are aimed to support domestic manufacturing, deepen local value addition, promote export competitiveness, and simplify taxation, while keeping the interest of the general public and consumers surmount. The budget proposes to undertake a comprehensive review of the rate structure over the next six months to rationalise and simplify it for ease of trade, removal of duty inversion and reduction of disputes.

Sector specific customs duty proposals

(a) Medicines and Medical Equipment: To provide relief to cancer patients, three more medicines will be fully exempt from customs duties. The BCD (Basic Customs Duty) on x-ray tubes & flat panel detectors for use in medical x-ray machines under the Phased Manufacturing Programme, so as to synchronise them with domestic capacity addition.

Basic Customs Duty (BCD): is the most common type of customs duty prevailing in India. It is levied on the imported goods and is expressed as a percentage of the value of the imported commodity. The BCD is not merged under GST.

(b) Mobile Phone and Related Parts: With a three-fold increase in domestic production and almost 100-fold jump in exports of mobile phones over the last six years, the Indian mobile phone industry has matured. Hence, for the benefit of the consumers, the budget now propose to reduce the BCD on mobile phone, mobile PCBA and mobile charger to 15 per cent.

(c) Critical Minerals: Minerals such as lithium, copper, cobalt and rare earth elements are critical for sectors like nuclear energy, renewable energy, space, defence, telecommunications, and high-tech electronics. The budget proposes to fully exempt customs duties on 25 critical minerals and reduce BCD on two of them. This will provide a major fillip to the processing and refining of such minerals and help secure their availability for these strategic and important sectors.

Solar Energy: Energy transition is critical in the fight against climate change. To support energy transition, the budget proposes to expand the list of exempted capital goods to be used in the manufacture of solar cells and panels in the country. Further, in view of sufficient domestic manufacturing capacity of solar glass and tinned copper interconnect, the budget proposes not to extend the exemption of customs duties provided to them.

Marine products: India's seafood exports in the last financial year touched an all-time high of more than ₹ 60,000 crore. Frozen shrimp accounted for about two-thirds of these exports. To enhance their competitiveness, the BCD will be reduced on certain broodstock, polychaete worms, shrimp and fish feed to 5 per cent. The customs duty on various inputs for manufacture of shrimp and fish feed will also be exempted.

Leather and Textile: To enhance the competitiveness of exports in the leather and textile sectors, the propose to reduce BCD on real down filling material from duck or goose. I am also making additions to the list of exempted goods for manufacture of leather and textile garments, footwear and other leather articles for export.

To current the problem of inverted duty structure, the budget proposes to reduce BCD, subject to conditions, on methylene diphenyl diisocyanate (MDI) for manufacture of spandex yarn from 7.5 to 5 per cent.

The export duty structure on raw hides, skins and leather is proposed to be simplified and rationalized.

Precious Metals: To enhance domestic value addition in gold and precious metal jewellery in the country, customs duties on gold and silver will be reduced to 6 per cent and that on platinum will be reduced to 6.4 per cent.

Other Metals: Steel and copper are important raw materials. To reduce their cost of production, the budget proposes to remove the BCD on ferro nickel and blister copper. The zero BCD on ferrous scrap and nickel cathode will be continued and concessional BCD of 2.5 per cent on copper scrap will be effective.

Electronics

To increase value addition in the domestic electronics industry, the budget proposes to remove the BCD, subject to conditions, on oxygen free copper for manufacture of resistors. The BCD on certain parts for manufacture of connectors will be exempted.

Chemicals and Petrochemicals: To support existing and new capacities in the pipeline, the BCD on ammonium nitrate will be increased from 7.5 to 10 per cent.

Plastics: PVC flex banners are non-biodegradable and hazardous for environment and health. To curb their imports, the BCD on them from will be raised from 10 to 25 per cent.

Telecommunication Equipment: To incentivise domestic manufacturing, the BCD will be increased from 10 to 15 per cent on PCBA of specified telecom equipment.

Trade facilitation: To promote domestic aviation and boat & ship MRO, the budget propose to extend the period for export of goods imported for repairs from six months to one year. The time-limit for re-import of goods for repairs under warranty from three to five years will be extended.

Direct Taxes

On the direct tax front, the government will continue the efforts to simplify taxes, improve taxpayer services, provide tax certainty and reduce litigation while enhancing revenues for funding the development and welfare schemes of the government.

For a smooth direct tax system, several measures were taken during the last few years including introduction of simplified tax regimes without exemptions and deductions for corporate tax and personal income tax. Nearly 58 per cent of corporate tax came from the simplified tax regime in financial year 2022-23. Similarly, for PIT, during the last fiscal, more than two-thirds have availed the new personal income tax regime.

Comprehensive Review of the Income-tax Act, 1961: The government will make a comprehensive review of the Income-tax Act, 1961, to make the Act concise, lucid, easy to read and understand. This will reduce disputes and litigation, thereby providing tax certainty to the taxpayers.

A beginning is being made in this year's budget by simplifying the tax regime for charities, TDS rate structure, provisions for reassessment and search provisions and capital gains taxation.

Tax Deducted at Source (TDS): is the workhorse administrative method that helped the government to get sizable revenues by enhancing compliance. The TDS is a tax deducted or paid at the site of the generation of income. At present, there are around 25 types of income where TDS has to be paid. Example, if you are getting an income of Rs 10000 for providing a consultancy service, you will get only Rs 9000 if the TDS rate for that type of payment (income) is 10%. The tax is reimbursed at the end of the financial year, if your income is below the exemption limit. To claim the tax reimbursement, you have to file a tax return.

Simplification for Charities and of TDS: The two tax exemption regimes for charities are proposed to be merged into one. The 5 per cent TDS rate on many payments is being merged into the 2 per cent TDS rate and the 20 per cent TDS rate on repurchase of units by mutual funds or UTI is being withdrawn. TDS rate on e-commerce operators is proposed to be reduced from one to 0.1 per cent. Besides, the delay for payment of TDS up to the due date of filing statement will be decriminalized. A standard operating procedure for TDS defaults and simplify and rationalise the compounding guidelines for such defaults will be provided.

Simplification of Reassessment: The provisions for reopening and reassessment will be simplified. An assessment hereinafter can be reopened beyond three years from the end of the assessment year only if the escaped income is ₹ 50 lakh or more, up to a maximum period of five years from the end of the assessment year. Even in search cases, a time limit of six years before the year of search, as against the existing time limit of ten years, is proposed. This will reduce tax-uncertainty and disputes.

Simplification and Rationalisation of Capital Gains

Following is the simplified capital gains taxation regime as per the budget.

The following table indicates the time period for short term and long-term capital assets (after accommodating the changes introduced under budget 2024).

Nature of Asset	Short Term Capital Asset	Long Term Capital Asset
(i) Listed shares in stock exchange in India, other listed securities, equity-oriented funds, REITs, INVITs.	Held for not more than 12 months.	Held for more than 12 months.
(ii) Immovable properties like land, building, gold, house property etc. and shares in unlisted entities	Held for not more than 24 months.	Held for more than 24 months.
(iii) Debt oriented mutual funds and assets mentioned other than the above (i) and (ii).	Held for not more than 24 months.	Held for more than 24 months.

Tax rate for capital gains

The budget 2024-25 has brought significant changes in short term and long-term capital gains tax and the accommodating provisions.

Short term capital gains tax

For the taxation of listed equity shares, a unit of an equity-oriented funds and a unit of a business trust, the tax rate has been increased from 15% to 20%. Other financial and non-financial assets will be taxed at the slab rate (corresponding to the income tax slab applicable to the individual).

Long term capital gains tax

The long-term capital gains tax on the transfer of equity shares or equity-oriented units or units of Business Trust has been increased from 10% to 12.5%. At the same time, the limit on the exemption of Long-Term Capital Gains on these assets increased from Rs.1 Lakh to Rs.1.25 lakh per year.

The tax on long-term capital gains on other financial and non-financial assets is reduced from 20% to 12.5%. At the same time, the indexation benefit that was previously available on sale of long-term assets, has now been removed.

The overall changes as per the budget 2024 have brought more parity and uniformity in tax rates and time structure across assets.

Taxpayer Services: All the major tax payer services under GST and most services under Customs and Income Tax have been digitalized. All remaining services of Customs and Income Tax including rectification and order giving effect to appellate orders shall be digitalized and made paper-less over the next two years.

Litigation and Appeals: Efforts will continue to solve pendency of appeals. **The government will** deploy more officers to hear and decide such appeals, especially those with large tax effect.

For resolution of certain income tax disputes pending in appeal, the Vivad Se Vishwas Scheme, 2024 will be operationalised.

Vivad Se Vishwas Scheme: The scheme enables settlement of pending direct tax disputes. The 2024 Scheme can be availed by taxpayers in various cases such as; (i) appeals/writ petition/special leave petition (SLP) relating to disputed tax, is pending before the appellate authorities/High Court (HC) /Supreme Court (SC) ; (ii) objections are filed before the Dispute Resolution Panel and the DRP is yet to issue directions, (iii) DRP has issued directions, however, the tax authority is yet to pass an assessment order, (iv) revision application is filed by the taxpayer. The first 'Vivad se Vishwas' scheme was introduced in 2020 and, it was "quite successful" with about Rs 75,000 cr revenue being garnered and about a lakh taxpayers availing the scheme.

The monetary limits for filing appeals related to direct taxes, excise and service tax in the Tax Tribunals, High Courts and Supreme Court will be increased to ₹ 60 lakh, ₹ 2 crore and ₹ 5 crore respectively.

International taxation: For reducing litigation and provide certainty in international taxation, the government will expand the scope of safe harbour rules and make them more attractive. The government will also streamline the transfer pricing assessment procedure.

Safe Harbour Rules: A 'safe harbour' can be any statutory provision or regulatory approach directed at simplifying transfer pricing compliance. It is a legal provision to reduce or eliminate liability as long as good faith is demonstrated. The basic intention behind the introduction of the Rules is to reduce the impact of judgmental errors in the determination of the transfer price of international transactions.

Transfer pricing: Transfer pricing is the methodology of pricing of goods/services when the transaction is made between two related parties (main company and its subsidiary) situated in different countries.

Employment and Investment

(a) The angel tax will be abolished.

(b) **Cruise tourism:** to give a fillip to cruise tourism and to enhance employment in the industry, a simpler tax regime for foreign shipping companies operating domestic cruises in the country will be introduced.

(c) Given India is a leader in the ***diamond cutting and polishing industry***, employing large number of skilled workers. To further promote the development of this sector, the government will provide for safe harbour rates for foreign mining companies selling raw diamonds in the country.

(d) Tax on foreign companies reduced: To attract foreign capital to India, the corporate tax rate on foreign companies will be reduced from 40 to 35 per cent.

Measures to deepen the tax base

(a) First, ***Security Transactions Tax*** on futures and options of securities is proposed to be increased to 0.02 per cent and 0.1 per cent respectively.

(b) Second, the income received on buy back of shares in the hands of the recipient will be taxed.

Tax base: A tax base refers to the total amount of assets or income that a government can tax. It is the assessed value upon which taxes are levied. The size of the tax base is important as it determines the potential tax revenue for the government. The tax base can include various forms of income, property, goods, services, and other taxable assets.

Example: in the case of India's personal income tax, the tax base is the total amount of income earned by all individuals, from which certain deductions and exemptions may be subtracted to determine taxable income. Tax base is the total of taxable income of all income taxpayers.

Other budgetary measures

NPS: To improve social security benefits, deduction of expenditure by employers towards NPS is proposed to be increased from 10 to 14 per cent of the employee's salary. Similarly, deduction of this expenditure up to 14 per cent of salary from the income of employees in private sector, public sector banks and undertakings, opting for the new tax regime, is proposed to be provided.

ESOP benefit from foreign companies: Indian professionals working in multinationals get ESOPs and invest in social security schemes and other movable assets abroad. Non-reporting of such small foreign assets has penal consequences under the Black Money Act. Such non-reporting of movable assets up to ₹ 20 lakh is proposed to be de-penalized (ESOP: An employee stock ownership plan (ESOP) is an employee benefit plan that gives workers ownership interest in the company in the form of shares of stock).

Other tax measures:

(a) Withdrawal of equalization levy of 2 per cent;

(b) Expansion of tax benefits to certain funds and entities in IFSCs.

(c) Immunity from penalty and prosecution to benamidar (a person in whose name a property is held or transferred in a benami transaction) on full and true disclosure so as to improve conviction under the Benami Transactions (Prohibition) Act, 1988.

Personal Income Tax

The PIT is subject to an exemption of Rs 3 lakh (new regime) as per budget 2024. Slight rate and slab adjustments were made over the last few years, including surcharge on high income slabs.

The existing PIT structure (from 2024 budget) as per the new scheme is shown in the following table.

*For senior citizens above age 60, the exemption limit is ` 300000. For very senior citizens (80 years and above), the exemption limit is ` 500000.

Standard deduction: Standard Deduction of Rs 750,000 has been provided for salaried taxpayers.

Surcharges for higher-income groups

Tax Slab	Tax Rate (new tax regime)
Up to Rs 3 lakh	Nil
Rs 3 lakh to Rs 7 lakh	5%
Rs 7 lakh to 10 lakh	10%
Rs 10 lakh to Rs 12 lakh	15%
Rs 12 to Rs 15 lakh	20%
Above Rs 15 lakh	30%

Another revenue augmentation measure in recent years was the introduction of a surcharge on super-rich slabs. Higher surcharges are imposed on higher-income people in accordance with taxable income. People who have an income over Rs 50 lakh, the surcharge is 10% on their basic rate of 30%. The changes in PIT gives a savings of ₹ 17,500/- for the salaried class under the new income tax regime.

As a result of these proposals, revenue of about ₹ 37,000 crore – ₹ 29,000 crore in direct taxes and ₹ 8,000 crore in indirect taxes – will be forgone while revenue of about ₹ 30,000 crore rupees will be additionally mobilized. Thus, the total revenue forgone is about ₹ 7,000 crore annually.

Budget through Tables and Diagrams

1. Table: Budget at a Glance

Budget 2024-25 July			
Items	**2022-23 (Actuals)**	**2023-2024 Provisional Provisional Actual**	**2024-2025 Budget Estimates**
1. Revenue Receipts	**2383206**	**2728412**	**3129200**
2. Tax Revenue (Net to Centre)	2097786	2326524	2583499
3. Non Tax Revenue	285421	401888	545701
4. Capital Receipts	**1809951**	**1714130**	**1691312**
5. Recovery of Loans	26161	27338	28000
6. Other Receipts	46035	33122	50000
7. Borrowings and Other Liabilities	1737755	1653670	1613312
8. Total Receipts (1+4)	**4193157**	**4442542**	**4820512**
9. Total Expenditure (10+13)	**4193157**	**4442542**	**4820512**
10.On Revenue Account of which:	3453132	3494036	3709401
11. Interest Payments	928517	1063871	1162940
12. Grants in Aid for creation of Capital Assets	306264	303787	390778
13. On Capital Account	740025	948506	1111111
14. Effective Capital Expenditure (12+13)	**1046289**	**1252293**	**1501889**
15. Revenue Deficit (10-1)	**1069926 (-4)**	**765624 (-2.6)**	**580201 (-1.8)**
16. Effective Revenue Deficit (15-12)	**763662 (-2.8)**	**461837 (-1.6)**	**189423 (-0.6)**
17. Fiscal Deficit [9-(1+5+6)]	**1737755 (-6.4)**	**1653670 (-5.6)**	**1613312 (-4.9)**
18. Primary Deficit (17-11)	**809238 (-3)**	**589799 (-2)**	**450372 (-1.4)**
Notes: (i) Provisional Actuals for FY 2023-24 are unaudited and subject to change. (ii) Individual items in this document may not sum up to the totals due to rounding off. (iii) Figures in parentheses are as a percentage of GDP.			

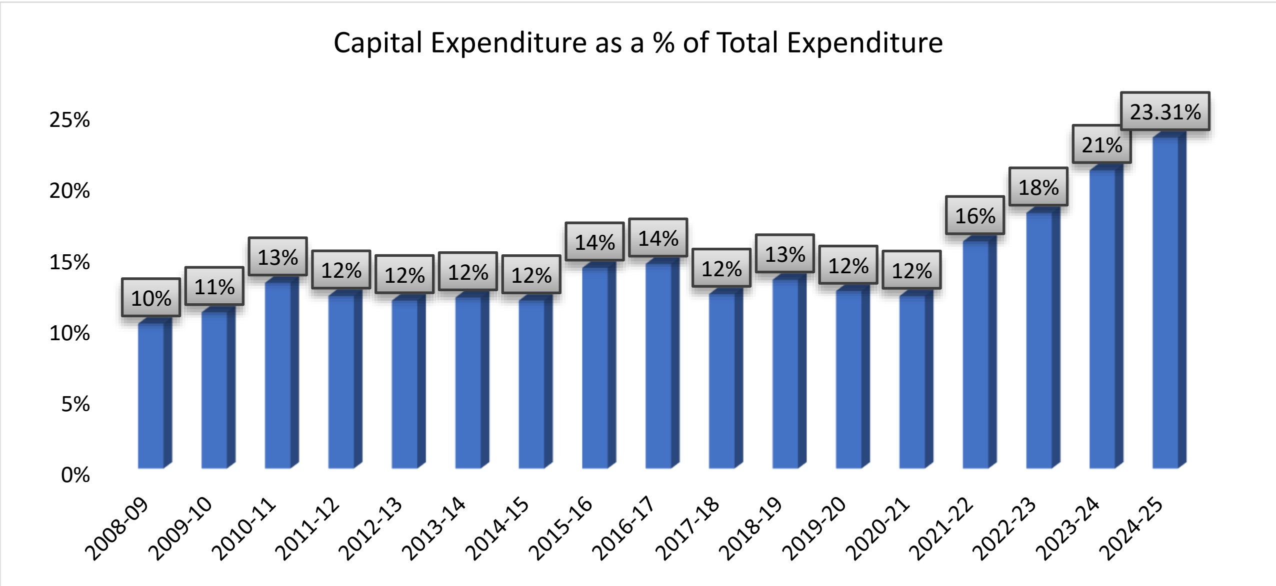
2. Table: Major Tax Revenues of the Centre

Major Tax Revenue of the Centre 2024-25 (BE July)		
Tax	**Amount Rs crores**	**Percentage of total tax revenue**
Taxes on Income	1187000	30.9
GST	1061899	27.65
Corporation Tax	1020000	26.6
Union Excise Duties	319000	8.3
Customs Duties	237745	6.2
Service Tax	100	0.003
Taxes of Union Territories	9426	0.2
Other Taxes	5000	0.1
Gross Tax revenue of the centre*	**3840170**	100

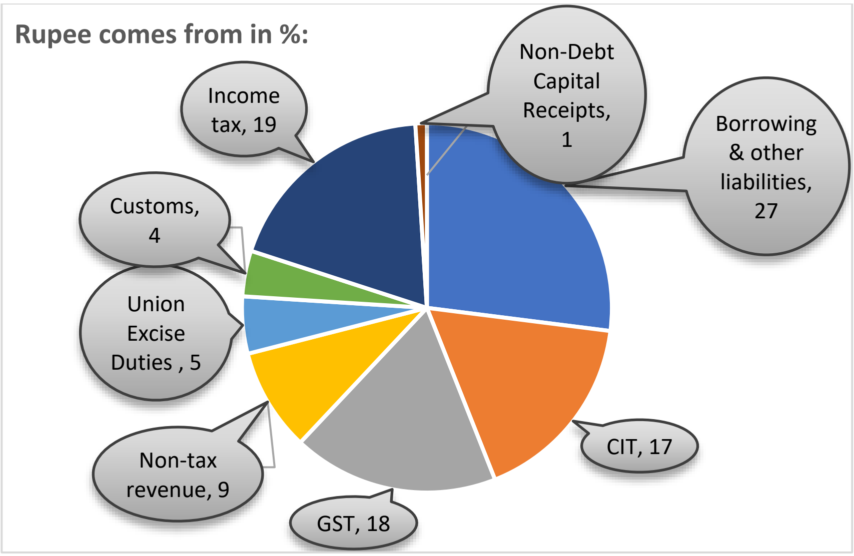
3. Table: Non-tax revenues of the centre

Table: Non- tax revenues –Budget 2024-25 (July)		
Sl No.	**Non-tax revenue item**	**2024-25 (BE) (Rs crores)**
1	Interest Receipts	38224
2	Dividends and profits	289134
3	External Grants	1044
4	Other Non-Tax Revenues	214389
5	Non-tax revenue from UTs	2910
	Total	***545701***

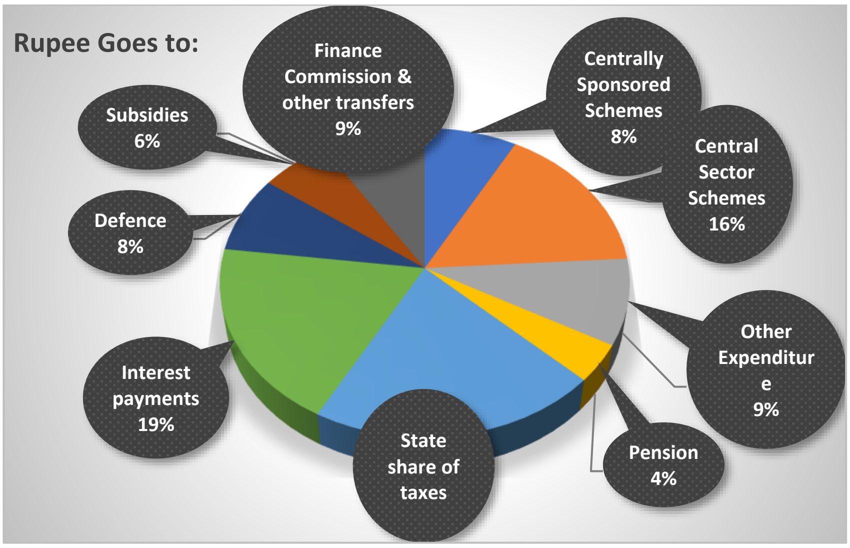
4. Figure: Trends in Capex



5. Figure: Rupee comes from (%)



6. Figure: Rupee goes to (%)



7. Table: Major subsidies of the government

Subsidy Scheme Name	Amount (Rs crore)	As a % of total subsidies
1. Food	***205250.01***	**47.9**
2. Fertiliser	***163999.8***	**38.3**
a. Urea Subsidy	*118999.8*	**27.8**
b. Nutrient Based Subsidy	*45000*	**10.5**
3. Petroleum	***11925.01***	**2.8**
a. LPG Subsidy	*11925.01*	**2.8**
b. Kerosene Subsidy	0	**0.0**
4. Interest Subsidies	***29550.34***	**6.9**
5. Other subsidies	***17697.51***	**4.1**
Total Subsidies	***428422.67***	**100.0**

8. Table: Debt receipts for financing fiscal deficit

Table: Debt receipts or financing of the fiscal deficit 2024-25 (BE)		
Item	***(Rs crores)***	**% of fiscal total borrowings**
Debt receipts (Net)	***1472915***	*91.3*
Market borrowings (G-sec + T Bills)	*1163182*	*72.1*
Short term borrowing (T-Bill etc.)	*-50000*	
Securities against small savings	*420063*	*26.0*
State PF	*5000*	*0.3*
Other Receipts (internal debts etc.)	*(-)81282*	
External Debt	*15952*	*1.0*
Drawn down of cash balance	*140397*	*8.7*
Grand total	***1613312***	

9. Table: Major expenditure items of the government

Major expenditure items of the government – Budget 2024-25.		
Expenditure item	**Rs crores**	**% share**
Interest payments	1162940	24.12
Defence	*454773*	9.43
Subsidy	***428423***	8.89
Rural Development	265808	5.51
Education	125638	2.61
Health	89287	1.85
Urban Development	82577	1.71
Energy	68769	1.43
Social Welfare	56501	1.17

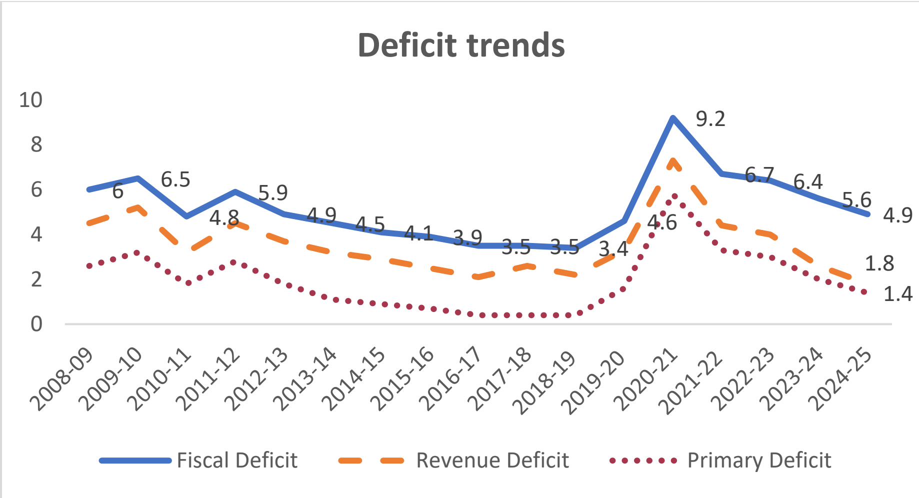
10. Table: Disinvestment scenario

Disinvestment 2024-25 (July 2024 budget)			
Year	**Target**	**Realised**	**Realisation %**
2017-18	100000	100056	100.06
2018-19	80000	94726	118.41
2019-20	105000	65000	61.90
2020-21	210000	37897	18.05
2021-22	175000	14638	8.36
2022-23	65000	*46035*	70.82
2023-24	61000	*33122*	54.30
2024-25	*50000*		

11. Table: Fiscal Indicators % of GDP (Budget 2024-25 July)

Deficit/debt indicators	% of GDP
Fiscal Deficit	4.9
Revenue Deficit	1.8
Primary Deficit	1.4
Effective Revenue Deficit	0.6
Central Government Debt	56.8

12. Figure: Deficit trends



<u>Annexure - 1</u>

Nudge, mental accounting, heuristics, bounded rationality and cognitive biases

In behavioural economics, a ***nudge*** refers to a small push/incentive that guides people to make decisions that benefit them in the long term (*Nudge: Improving Decision about Health, Wealth, and Happiness*; Richard Thaler) .

An informed decision is a choice made after gathering and evaluating all relevant information, facts, and data. It involves understanding the potential consequences, benefits, and risks associated with each option before making a final decision.

Asymmetric information in an economic transaction refers to a situation where one party has more or better information than the other party.

Heuristics are cognitive or mental shortcuts or rules that simplify decision making process, especially under conditions of uncertainty. Heuristics belongs to the area of behavioural economics which integrates insights from psychology and economics to better understand how people make decisions. Often under uncertainty, to reach a decision, we try to make simplifying assumptions about the situations, and these (assumptions) are called heuristics.

Bounded rationality is a decision-making situation when individuals try to make rational decisions, bounded or constrained by three factors, (a) availability of information, (b) time scarcity and (c) cognitive biases. As a result of these bounds (restrictions), individuals make decisions that are rational, but not necessarily the best decisions. Or in other words, rational decisions are bounded by these limitations. An important factor that restricts rational decision making is cognitive biases of the individual.

A cognitive bias is a systematic error in thinking that affects the decisions and judgments made by individuals. It can arise from various operational factors, such as beliefs, personal experiences, prejudices, preconceptions, emotions, and social influences. Cognitive bias means individuals diverge from rational decisions and are influenced by non-economic factors, such as emotion peer group opinions etc. When there is cognitive bias, the individual judgment deviates from the accepted norms and logic.

Annexure - 2

Corporate Social Responsibility

Corporate Social Responsibility (CSR) activities refers to the voluntary contributions made by companies to a better society and a cleaner environment. Under Section 135 of the Companies Act, 2013, certain companies must mandatorily contribute a certain amount towards CSR activities.

CSR Applicability in India: The provisions of CSR applies to every company fulfiing any of the following conditions in the preceding financial year:

- Net worth of more than Rs.500 crore
- Turnover of more than Rs.1000 crore
- Net profit of more than Rs.5 crore

The Board of Directors of every company for which the CSR provisions apply must ensure that the company spends in every financial year at least 2% of its average net profits made during the immediately preceding three financial years as per its CSR policy. If the company has not completed three financial years since its incorporation, it must spend 2% of its average net profits made during the immediately preceding financial years as per its CSR policy.

CSR Committee Applicability

- Every CSR applicable company must constitute a Corporate Social Responsibility (CSR) Committee.
- The CSR Committee should consist of three or more directors, and one director must be an independent director.
- An unlisted public company or a private company shall have its CSR Committee without any independent.

Duties of the CSR Committee

- The CSR Committee will formulate and recommend a CSR policy to the Board. CSR policy shall point out the activities to be undertaken by the company as enumerated in Schedule VII of the Act.
- CSR Committee will recommend the amount of expenditure to be incurred on the CSR activities to be undertaken by the company.
- CSR Committee will monitor the CSR policy of the Company from time to time.
- The CSR Committee will establish a transparent controlling mechanism for the implementation of the CSR projects or programs or activities undertaken by the company.

CSR Policy: CSR Policy elaborates the activities to be undertaken by the Company as named in Schedule VII of the Act. The activities should not be the same which are done by the company in its normal course of business. Additionally, the Act provides the following in relation to CSR Policy:

- Contents of CSR Policy should be placed on the company's website by the Board.
- The activities mentioned in the policy must be undertaken by the company.
- The company can join hands with other companies for undertaking projects or programs or CSR activities and report separately on such programs or projects.
- The CSR policy shall monitor the projects or programs.

List of Permitted CSR Activities Under Schedule VII : The Board of Directors shall ensure that the activities included by a company in its CSR Policy fall within the purview of the activities included is schedule VII of the Act and the main ones are education, poverty eradication, environment protection, rural development projects, protection of national heritage, measures for the benefit of armed forces, gender equality projects, promotion of public health, training on rural sports, PM Relief fund contributions, R&D in science, contributions to public funded universities, slum area development, disaster management etc.

****

Indianeconomy.com