

Union Budget 2024

**PRIORITIES FOR THE
FUTURE**





India's economic growth continues to be shining exception and will remain so in the years ahead~

Nirmala Sitharaman, Finance Minister, India

BUDGET PRIORITIES



A. FISCAL ESTIMATES

- The estimated **fiscal deficit** is 4.9 % of GDP down from 5.8% previous fiscal
- Capital expenditure outlay is **INR 11.11 lakh crores** (3.4% of GDP)
- Total receipts other than borrowings are estimated at **Rs.32.07 lakh crores** and the total expenditure at **Rs.48.20 lakh crores**.
- The net Tax receipts are estimated at **Rs. 25.83 lakh crore**.
- Net market borrowings from dated securities are estimated at **INR 11.75 lakh crore**.

B. EMPLOYMENT, SKILLING, MSMEs, and the MIDDLE CLASS

- **Package of PM's five schemes for Employment and Skilling –**
- **Scheme A – First Timers** – One month salary of up to INR 15,000 to be provided in 3 installments to first time employees, as registered in the EPFO
- **Scheme B – Job Creation in manufacturing** – Incentive to be provided at specified scale directly, both employee and employer, with respect to their EPFO contribution in the first 4 year of employment.
- **Scheme C - Support to employers:** Government to reimburse up to INR 3,000 per month for 2 years towards EPFO contribution of employers, for each additional employee.
- New Centrally sponsored scheme for skilling, New scheme for Internship in 500 top companies.



C. PROGRESSIVE INDIA PRIORITIES

Productivity and resilience in Agriculture

- Focus on Agriculture Research Setup for raising productivity and developing climate resilient varieties
- Release of new 109 high yielding and 32 climate – resilient crop varieties
- 1 Cr farmers to be initiated into Natural Farming in next 2 years
- Fast Tracking Growth of Rural economy and generation of employment opportunities on a large scale to be policy goal.
- Digital Public Infrastructure (DPI) for Agriculture to be implemented for coverage of farmers and their lands in 3 years.

Urban Development

- Transit Oriented Development** - Formulation of Transit Oriented Development plans and strategies to implement and finance 14 large cities above 30 lakh population.
- Urban Housing** - Investment of INR 10 lakh crore, including the central assistance of INR 2.2 lakh Cr in next 5 years, under PM Awas Yojana Urban 2.0 proposed to address the , housing needs of 1 Cr urban poor & middle-class families.

Energy Security

Initiatives with private sector in Nuclear Energy

- Setting up Bharat Small Reactors
- R&D of Bharat Small Modular Reactor and newer technologies for nuclear energy

Energy Audit

- Financial support for shifting of micro and small industries to cleaner forms of energy
- Facilitate investment grade energy audit in 60 clusters, next phase expands to 100 clusters.

Pumped Storage Policy
For electricity storage and facilitation of smooth integration of the growing share of renewable energy

AUSC Thermal Power Plants
A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant.



1 crore
Households obtain free electricity

Up to 300
Units every month

1.28 crore
Registrations and 14 lakh applications so far

Inclusive Human Resource Development and Social Justice

Purvodaya

- Industrial node at Gaya to be developed along the Amritsar-Kolkata Industrial Corridor.
- Power projects, including new 2400 MW power plant at Pirpainti,

Andhra Pradesh Reorganization Act

- Special financial support through multilateral development agencies of `15,000 crore in the current financial year.
- Industrial node at Koppaathy along Vishakhapatnam-Chennai Industrial Corridor and at Orvakal along Hyderabad-Bengaluru Industrial Corridor.

Women-led development

Total allocation of more than 3 lakh crore for schemes benefitting women and girls.

Pradhan Mantri Janjatiya Unnat Gram Abhiyan

Socio-economic development of tribal families in tribal-majority villages and aspirational districts

Financial inclusion in North-Eastern Region

100 branches of India Post Payment Bank to be set up in the North East region

Manufacturing & Services

- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector**
 - A credit guarantee scheme without collateral or third-party guarantee in term loans to MSMEs for purchase of machinery and equipment
- Credit Support to MSMEs during Stress Period**
 - New mechanism to facilitate continuation of bank credit to MSMEs during their stress period.
- Mudra Loans**
 - The limit of Mudra loans under 'Tarun' category to be enhanced to INR 20 lakh from INR 10 lakh for those who have successfully repaid previous loans.
- Enhanced scope for mandatory onboarding in TReDS**
 - Turnover threshold of buyers for mandatory onboarding on the TReDS platform to be reduced from INR 500 crore to INR 250 crore.
- MSME Units for Food Irradiation, Quality & Safety Testing**
 - Financial support to set up 50 multi-product food irradiation units in the MSME sector .
- E-Commerce Export Hubs**
 - E-Commerce Export Hubs to be set up under public-private-partnership (PPP) mode for MSMEs and traditional artisans to sell their products in international markets.
- Critical Mineral Mission**
 - Critical Mineral Mission to be set up for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets.
- Offshore mining of minerals**
 - Auction of the first tranche of offshore blocks for mining, building on the exploration already carried out.
- Digital Public Infrastructure (DPI) Applications**
 - Development of DPI applications in the areas of credit, e-commerce, education, health, law and justice, logistics, MSME, services delivery, and urban governance.



C. PROGRESSIVE INDIA PRIORITIES

Infrastructure investment by Central Government

INR 11.11 lac crore (3.4 % of GDP) for capital expenditure.

Infrastructure investment by state governments

Provision of INR 1.5 lakh crore for long-term interest free loans to support states in infrastructure investment.

Pradhan Mantri Gram Sadak Yojana (PMGSY)

Launch of phase IV of PMGSY to provide all-weather connectivity to 25,000 rural habitations.



Irrigation and Flood Mitigation

Financial support of INR 11,500 crore to projects such as the Kosi-Mechi intra-state link and other schemes in Bihar.

Tourism

Comprehensive development of Gaya Temple Corridor, Mahabodhi Temple Corridor and Rajgir. Assistance for development of temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches of Odisha.

INNOVATION, RESEARCH AND DEVELOPMENT

- Anusandhan National Research Fund for basic research and prototype development to be operationalized.
- Financing pool of ₹1 lakh crore for spurring private sector-driven research and innovation at commercial scale.

FOCUS ON SPACE

- Venture capital fund of ₹1,000 crore to be set up for expanding the space economy by 5 X in the next 10 years.

NEXT GENERATION REFORMS

▪ Rural Land Related Actions

- ✓ Unique Land Parcel Identification Number (ULPIN) or Bhu-Aadhaar for all lands
- ✓ Digitization of cadastral maps
- ✓ Survey of map sub-divisions as per current ownership
- ✓ Establishment of land registry
- ✓ Linking to the farmers registry

▪ Urban Land Related Actions

- ✓ Land records in urban areas to be digitized with GIS mapping.

▪ Services to Labour

- Integration of e-shram portal with other portals to facilitate such one-stop solution.
- Open architecture databases for the rapidly changing labour market, skill requirements and available job roles.
- Mechanism to connect job-aspirants with potential employers and skill providers.



D. DIRECT TAXES

Rationalisation of Capital gains

- Short Term Capital Gains (STCG) of Financial assets to attract **20% tax rate**
- Long Term Capital Gains (LTCG) on all financial and non financial assets to attract a tax rate of **12.5%**
- Increase in limit of exemption of capital gains on financial assets to **INR 1.25 lakh per year**

Amendments in other taxes

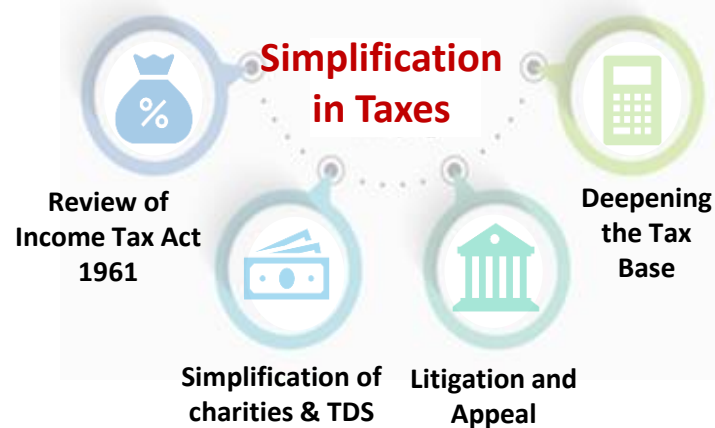
- **ANGEL tax** for all classes of investors abolished for start ups
- **Corporate tax rate on foreign Companies reduced from 40% to 35%**

Standard Deduction for salaried employees increased from ₹50,000 to ₹75,000

Deduction on family pension for pensioners increased from ₹15,000 to ₹25,000

E. INDIRECT TAXES

- **Buoyed by GST's success, tax structure to be simplified and rationalised to expand GST to remaining sectors.**



Revised Tax Structure

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

OUR VIEW

- ✓ Nine priority areas for Budget FY24-25: productivity and resilience in agriculture, employment and skilling, inclusive HR development and social justice, manufacturing & services, urban development, energy security, infrastructure, innovation R&D and next-generation reforms.
- ✓ To boost startups, angel taxes have been abolished. **In our view, this is a game changer.**
- ✓ Assistance to MSMEs have been prioritized with Mudra loan limits being enhanced and introduction of new mechanisms for continued bank credit during financial stress. **In our view, this will create a conducive environment for MSME operations.**
- ✓ Special emphasis is being provided to the relatively underperforming eastern region with significant boost for road and rail network expansion. **Underserved eastern Region to benefit**
- ✓ The Budget aims to manage inflation indirectly by focusing on fiscal discipline and economic growth through increased infrastructure investment and support for agricultural productivity, which are expected to stabilize prices and boost supply chains. **Inflationary pressure will be eased on large sections of our consumers**
- ✓ On the personal income taxes front, the government has taken few steps towards the middle-income group w.r.t. slab rates and increasing the standard deduction under the new regime of IT. **A large section of salaried class will benefit from these new rules**
- ✓ Corporate taxes on foreign companies are now reduced from 40% to 35%. However, the increase in STCG to 20% and LTCG at 12.5% (without indexation) **may act as dampener for public investments in the stock market and certain other asset classes.**
- ✓ **Overall, a budget that has something for everyone.**