

Union Budget 2024-2025¹

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Abstract

According to Revised Estimates (RE) 2023-24, the total expenditure was estimated at ₹ 44,90,486 crore. Against this, total expenditure in the Provisional Actuals (PA) for FY 2023-24 was ₹ 44,42,542 crore. The total capital expenditure of ₹ 9,50,246 crore was estimated in RE 2023-24. In PA of FY 2023-24, the total capital expenditure was at ₹ 9,48,506 crore. The total expenditure in Budget Estimates (BE) 2024-25 is estimated at ₹ 48,20,512 crore of which total capital expenditure is ₹ 11,11,111 crore. Compared to RE 2023-24, the capital expenditure in BE 2024-25 reflects an increase of 16.9 per cent. Effective capital expenditure, at ₹ 15,01,889 crore in BE 2024-25 shows an increase of 18.2 per cent over RE 2023-24. Total resources being transferred to the States including the devolution of State's share, Grants/Loans and releases under Centrally Sponsored Schemes, etc. in BE 2024-25 is ₹ 22,91,182 crore, which shows an increase of ₹ 4,82,766 crore over Actuals of FY 2022-23.

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Hon'ble Speaker,
I present the Budget for 2024-25.

I. Introduction

The people of India have reposed their faith in the government led by the Hon'ble Prime Minister Shri Narendra Modi and re-elected it for a historic third term under his leadership. We are grateful for their support, faith and trust in our policies. We are determined to ensure that all Indians, regardless of religion, caste, gender and age, make substantial progress in realising their life goals and aspirations.

1.1 *Global Context*

The global economy, while performing better than expected, is still in

1 Reproduced from the speech of Finance Minister before the Parliament of India on July 23, 2024.

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the grip of policy uncertainties. Elevated asset prices, political uncertainties and shipping disruptions continue to pose significant downside risks for growth and upside risks to inflation.

In this context, India's economic growth continues to be the shining exception and will remain so in the years ahead. India's 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. Steps are being taken to ensure supplies of perishable goods reach market adequately.

1.2 Interim Budget

As mentioned in the interim budget, we need to focus on 4 major castes, namely 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata' (Farmer). For Annadata, we announced higher Minimum Support Prices a month ago for all major crops, delivering on the promise of at least a 50 per cent margin over costs. Pradhan Mantri Garib Kalyan Anna Yojana was extended for five years, benefitting more than 80 crore people.

Administrative actions for approval and implementation of various schemes announced in the interim budget are well underway. The required allocations have been made.

1.3 Budget Theme

Turning attention to the full year and beyond, in this budget, we particularly focus on employment, skilling, MSMEs, and the middle class. I am happy to announce the Prime Minister's package of 5 schemes and initiatives to facilitate employment, skilling and other opportunities for 4.1 crore youth over a 5-year period with a central outlay of ₹ 2 lakh crore. I will speak about them shortly, while more details may be seen in the annexure. This year, I have made a provision of ₹ 1.48 lakh crore for education, employment and skilling.

1.4 Budget Priorities

The people have given a unique opportunity to our government to take the country on the path of strong development and all-round prosperity. In the interim budget, we promised to present a detailed roadmap for our pursuit of "Viksit Bharat". In line with the strategy set out in the interim budget, this budget envisages sustained efforts on the following 9 priorities for generating ample opportunities for all.

- i. Productivity and resilience in Agriculture
- ii. Employment & Skilling
- iii. Inclusive Human Resource Development and Social Justice
- iv. Manufacturing & Services
- v. Urban Development
- vi. Energy Security
- vii. Infrastructure
- viii. Innovation, Research & Development and
- ix. Next Generation Reforms

Subsequent budgets will build on these, and add more priorities and actions. A more detailed formulation will be carried out as part of the 'economic policy framework' about which I will speak later in this speech.

This budget details some of the specific actions to be initiated in the current year towards fulfilment of these priorities with potential for transformative changes. The budget also covers some of the previously made announcements with an intent to strengthen them and step up their implementation for expediting our journey towards the goal of Viksit Bharat.

1.4.1 *Priority 1: Productivity and resilience in Agriculture*

1.4.1.1 *Transforming agriculture research*

Our government will undertake a comprehensive review of the agriculture research setup to bring the focus on raising productivity and developing climate resilient varieties. Funding will be provided in challenge mode, including to the private sector. Domain experts both from the government and outside will oversee the conduct of such research.

1.4.1.2 *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.

1.4.1.3 *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.

1.4.1.4 *Missions for pulses and oilseeds*

For achieving self-sufficiency in pulses and oilseeds, we will strengthen their production, storage and marketing. As announced in the interim budget, a strategy is being put in place to achieve 'atmanirbharta' for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.

1.4.1.5 *Vegetable production & Supply Chains*

Large scale clusters for vegetable production will be developed closer to major consumption centres. We will promote Farmer-Producer Organizations, cooperatives and start-ups for vegetable supply chains including for collection, storage, and marketing.

1.4.1.6 *Digital Public Infrastructure for Agriculture*

Buoyed by the success of the pilot project, our government, in partnership with the 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.

1.4.1.7 *Shrimp Production & Export*

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

1.4.1.8 *National Cooperation Policy*

Our 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.

This year, I have made a provision of ₹ 1.52 lakh crore for agriculture and allied sector.

1.4.2 *Priority 2: Employment & Skilling*

1.4.2.1 *Employment Linked Incentive*

Our 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.

1.4.2.2 *Scheme A: First Timers*

This scheme will provide one-month wage to all persons 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 ₹ 15,000. The eligibility limit will be a salary of ₹ 1 lakh per month. The scheme is expected to benefit 210 lakh youth.

1.4.2.3 *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.

1.4.2.4 *Scheme C: Support to employers*

This employer-focussed scheme will cover additional employment in all sectors. All additional employment within a salary of ₹ 1 lakh per month will be counted. The government will reimburse to employers up to ₹ 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.

1.4.2.5 *Participation of women in the workforce*

We will facilitate higher participation of women in the workforce through setting up of working women hostels 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.

1.4.2.5 *Skilling programme*

I am happy to announce a new centrally sponsored scheme, as the 4th scheme under the Prime Minister's package, for skilling in collaboration with state governments and Industry. 20 lakh youth will be skilled over a 5-year period. 1,000 Industrial Training Institutes 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.

1.4.2.6 Skilling Loans

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

1.4.2.7 Education Loans

For helping our youth who have not been eligible for any benefit under government schemes and policies, I am happy to announce a financial support for loans upto ₹ 10 lakh 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.

1.4.3 Priority 3: Inclusive Human Resource Development and Social Justice

1.4.3.1 Saturation approach

Our 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.

1.4.3.2 Purvodaya

The states in the Eastern part of the country are rich in endowments and have strong cultural traditions. We 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, we will support development of an industrial node at Gaya. This corridor will catalyze industrial development of the eastern region. The industrial node at Gaya will also be a good model for developing our ancient centres of cultural importance into future centres of modern economy. This model shall showcase "*Vikas bhi Virasat bhi*" in our growth trajectory.

We will also support development of road connectivity projects, namely (a) Patna-Purnea Expressway, (b) Buxar-Bhagalpur Expressway, (c) Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and (d) additional 2-lane bridge over river Ganga at Buxar at a total cost of ₹ 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 ₹ 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. The requests of Bihar Government for external assistance from multilateral development banks will be expedited.

1.4.3.3 *Andhra Pradesh Reorganization Act*

Our government has made concerted efforts to fulfil the commitments in the Andhra Pradesh Reorganization Act. Recognizing the state's need for a capital, we will facilitate special financial support through multilateral development agencies. In the current financial year ₹ 15,000 crore will be arranged, with additional amounts in future years.

Our government is fully committed to financing and early completion of the Polavaram Irrigation Project, which is the lifeline for Andhra Pradesh and its farmers. This will facilitate our country's food security as well.

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.

1.4.3.4 *PM Awas Yojana*

Three crore additional houses under the PM Awas Yojana in rural and urban areas in the country have been announced, for which the necessary allocations are being made.

1.4.3.5 *Women-led development*

For promoting women-led development, the budget carries an allocation of more than ₹ 3 lakh crore for schemes benefitting women and girls. This signals our government's commitment for enhancing women's role in economic development.

1.4.3.6 *Pradhan Mantri Janatiya Unnat Gram Abhiyan*

For improving the socio-economic condition of tribal communities, we will launch the Pradhan Mantri Janatiya 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.

1.4.3.7 *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.

This year, I have made a provision of ₹ 2.66 lakh crore for rural development including rural infrastructure.

1.4.4 *Priority 4: Manufacturing & Services*

1.4.4.1 *Support for promotion of MSMEs*

This budget provides special attention to MSMEs and manufacturing, particularly labour-intensive manufacturing. We have formulated a package covering financing, regulatory changes and technology support for MSMEs to help them grow and also compete globally, as mentioned in the interim budget. I am happy to announce the following specific measures.

1.4.4.2 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 ₹ 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.

1.4.4.3 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.

1.4.4.4 Credit Support to MSMEs during Stress Period

I am happy to announce a new mechanism for facilitating continuation of bank credit to MSMEs during their stress period. While being in the 'special mention account' (SMA) stage 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.

1.4.4.5 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.

1.4.4.6 Enhanced scope for mandatory onboarding in TReDS

For facilitating MSMEs to unlock their working capital by converting their trade receivables into cash, I propose to reduce the turnover threshold of buyers for mandatory onboarding on the TReDS platform from ₹ 500 crore to ₹ 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.

1.4.4.7 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.

1.4.4.8 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.

1.4.4.9 *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.

1.4.4.10 *Measures for promotion of Manufacturing & Services Internship in Top Companies*

As the 5th scheme under the Prime Minister's package, our 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 ₹ 5,000 per month along with a one-time assistance of ₹ 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.

1.4.4.11 *Industrial Parks*

Our 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.

1.4.4.12 *Rental Housing*

Rental housing with dormitory type accommodation for industrial workers will be facilitated in PPP mode with VGF support and commitment from anchor industries.

1.4.4.13 *Shipping industry*

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

1.4.4.14 *Critical Mineral Mission*

We 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.

1.4.4.15 *Offshore mining of minerals*

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

1.4.4.16 *Digital Public Infrastructure Applications*

Turning to the services sector, I 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.

1.4.4.17 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.

1.4.4.18 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.

1.4.4.19 National Company Law Tribunals

The IBC has resolved more than 1,000 companies, resulting in direct recovery of over ₹ 3.3 lakh crore to creditors. In addition, 28,000 cases involving over ₹ 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.

1.4.4.20 Debt Recovery

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

1.4.5 Priority 5: Urban Development

1.4.5.1 Cities as Growth Hubs

Working with states, our 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.

1.4.5.2 Creative redevelopment of cities

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

1.4.5.3 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.

1.4.5.4 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.

1.4.5.5 *Water Supply and Sanitation*

In partnership with the State Governments and Multilateral Development Banks we 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.

1.4.5.6 *Street Markets*

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

1.4.5.7 *Stamp Duty*

We 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.

1.4.6 *Priority 6: Energy Security*

1.4.6.1 *Energy Transition*

In the interim budget, I had announced our strategy to sustain high and more resource-efficient economic growth, along with energy security in terms of availability, accessibility and affordability. We will bring out a policy document on appropriate energy transition pathways that balances the imperatives of employment, growth and environmental sustainability.

1.4.6.2 *PM Surya Ghar Muft Bijli Yojana*

In line with the announcement in the interim budget, 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 every month. The scheme has generated remarkable response with more than 1.28 crore registrations and 14 lakh applications, and we will further encourage it.

1.4.6.3 *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.

1.4.6.4 *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, our government will partner with the private sector for (a) setting up Bharat Small Reactors, (b) research & development of Bharat Small Modular Reactor, and (c) research & development of newer technologies for nuclear energy. The R&D funding announced in the interim budget will be made available for this sector.

1.4.6.5 *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 AISC 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.

1.4.6.6 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.

1.4.6.7 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.

1.4.7 Priority 7: Infrastructure

1.4.7.1 Infrastructure investment by Central Government

Significant investment the Central Government has made over the years in building and improving infrastructure has had a strong multiplier effect on the economy. We will endeavour to maintain strong fiscal support for infrastructure over the next 5 years, in conjunction with imperatives of other priorities and fiscal consolidation. This year, I have provided ₹ 11,11,111 crore for capital expenditure. This would be 3.4 per cent of our GDP.

1.4.7.2 Infrastructure investment by state governments

We will encourage states to provide support of similar scale for infrastructure, subject to their development priorities. A provision of ₹ 1.5 lakh crore for long-term interest free loans has been made this year also to support the states in their resource allocation.

1.4.7.3 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.

1.4.7.4 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.

1.4.7.5 Irrigation and Flood Mitigation

Bihar has frequently suffered from floods, many of them originating outside the country. Plans to build flood control structures in Nepal are yet to progress. Our government, through the Accelerated Irrigation Benefit Programme and other sources, will provide financial support for projects with estimated cost of ₹ 11,500 crore 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 and investigation of Kosi related flood mitigation and irrigation projects will be undertaken.

Assam grapples with floods every year by the Brahmaputra River and its tributaries, originating outside India. We will provide assistance to Assam for flood management and related projects.

Himachal Pradesh suffered extensive losses due to floods last year. Our government will provide assistance to the state for reconstruction and rehabilitation through multilateral development assistance.

Uttarakhand too suffered losses due to cloud bursts and massive landslides. We will provide assistance to the state.

Recently Sikkim witnessed devastating flash floods and landslides that wreaked havoc across the state. Our Government will provide assistance to the state.

1.4.7.6 *Tourism*

Tourism has always been a part of our civilization. Our efforts in positioning India as a global tourist destination will also create jobs, stimulate investments and unlock economic opportunities for other sectors. In addition to the measures outlined in the interim budget, I propose the following measures.

Vishnupad Temple at Gaya and Mahabodhi Temple at Bodh Gaya in Bihar are of immense spiritual significance. 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.

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 hot springs form a warm water Brahmakund that is sacred. A comprehensive development initiative for Rajgir will be undertaken.

Our government will support the development of Nalanda as a tourist centre besides reviving Nalanda University to its glorious stature.

Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches make it an ultimate tourism destination. Our government will provide assistance for their development.

1.4.8 *Priority 8: Innovation, Research & Development*

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

1.4.8.1 *Space Economy*

With our continued emphasis on expanding the space economy by 5 times in the next 10 years, a venture capital fund of ₹ 1,000 crore will be set up.

1.4.9 *Priority 9: Next Generation Reforms*

1.4.9.1 *Economic Policy Framework*

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

Our 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.

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, I propose to earmark a significant part of the 50-year interest-free loan. Working with the states, we will initiate the following reforms.

1.4.9.2 *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.

1.4.9.3 *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.

1.4.9.4 *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.

1.4.9.5 *Labour related reforms*

1.4.9.5.1 *Services to Labour*

Our 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.

1.4.9.6 *Shram Suvidha & Samadhan Portal*

Shram Suvidha and Samadhan portals will be revamped to enhance ease of compliance for industry and trade.

1.4.9.7 *Capital and entrepreneurship related reforms*

1.4.9.7.1 *Financial sector vision and strategy*

For meeting financing needs of the economy, our 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.

1.4.9.8 *Taxonomy for climate finance*

We 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.

1.4.9.9 *Variable Capital Company structure*

We 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'.

1.4.9.10 *Foreign Direct Investment and Overseas Investment*

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

1.4.9.11 *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.

1.4.9.12 *Use of Technology*

We have successfully used technology for improving productivity and bridging inequality in our 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. We will step up adoption of technology towards digitalization of the economy.

1.4.9.13 *Ease of Doing Business*

For enhancing 'Ease of Doing Business', we are already working on the Jan Vishwas Bill 2.0. Further, states will be incentivized for implementation of their Business Reforms Action Plans and digitalization.

1.4.9.14 *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.

1.4.9.15 New Pension Scheme (NPS)

The Committee to review the NPS has made considerable progress in its work. I am happy that 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.

II. Budget Estimates 2024-25

For the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at ₹ 32.07 lakh crore and ₹ 48.21 lakh crore respectively. The net tax receipts are estimated at ₹ 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 ₹ 14.01 lakh crore and ₹ 11.63 lakh crore respectively. Both will be less than that in 2023-24.

The fiscal consolidation path announced by me in 2021 has served our economy very well, and we aim to reach a deficit below 4.5 per cent next year. The Government is committed to staying the course. From 2026-27 onwards, our endeavour 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.

I will, now, move to Part B.

III. PART B : Indirect Taxes

I start with GST. It 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. It is a success of vast proportions. To multiply the benefits of GST, we will strive to further simplify and rationalise the tax structure and endeavour to expand it to the remaining sectors.

My proposals for customs duties intend 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.

In Budget 2022-23, we reduced the number of customs duty rates.

I propose 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.

I shall now take up sector specific customs duty proposals.

3.1 Medicines and Medical Equipment

To provide relief to cancer patients, I propose to fully exempt three more medicines from customs duties.

I also propose changes in the BCD 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.

3.2 *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. In the interest of consumers, I now propose to reduce the BCD on mobile phone, mobile PCBA and mobile charger to 15 per cent.

3.3 *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. I propose 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.

3.4 *Solar Energy*

Energy transition is critical in the fight against climate change. To support energy transition, I propose to expand the list of exempted capital goods for use 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, I propose not to extend the exemption of customs duties provided to them.

3.5 *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, I propose to reduce BCD on certain broodstock, polychaete worms, shrimp and fish feed to 5 per cent. I also propose to exempt customs duty on various inputs for manufacture of shrimp and fish feed.

3.6 *Leather and Textile*

Similarly, to enhance the competitiveness of exports in the leather and textile sectors, I 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 rectify inversion in duty, I propose to reduce BCD, subject to conditions, on methylene diphenyl diisocyanate (MDI) for manufacture of spandex yarn from 7.5 to 5 per cent.

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

3.7 *Precious Metals*

To enhance domestic value addition in gold and precious metal jewellery in the country, I propose to reduce customs duties on gold and silver to 6 per cent and that on platinum to 6.4 per cent.

3.8 *Other Metals*

Steel and copper are important raw materials. To reduce their cost of production, I propose to remove the BCD on ferro nickel and blister copper.

I am also continuing with nil BCD on ferrous scrap and nickel cathode and concessional BCD of 2.5 per cent on copper scrap.

3.9 *Electronics*

To increase value addition in the domestic electronics industry,

I propose to remove the BCD, subject to conditions, on oxygen free copper for manufacture of resistors. I also propose to exempt certain parts for manufacture of connectors.

3.10 *Chemicals and Petrochemicals*

To support existing and new capacities in the pipeline, I propose to increase the BCD on ammonium nitrate from 7.5 to 10 per cent.

3.11 *Plastics*

PVC flex banners are non-biodegradable and hazardous for environment and health. To curb their imports, I propose to raise the BCD on them from 10 to 25 per cent.

3.12 *Telecommunication Equipment*

To incentivise domestic manufacturing, I propose to increase the BCD from 10 to 15 per cent on PCBA of specified telecom equipment.

3.13 *Trade facilitation*

To promote domestic aviation and boat & ship MRO, I propose to extend the period for export of goods imported for repairs from six months to one year. In the same vein, I propose to extend the time-limit for re-import of goods for repairs under warranty from three to five years.

IV. Direct Taxes

We will continue our efforts to simplify taxes, improve tax payer services, provide tax certainty and reduce litigation while enhancing revenues for funding the development and welfare schemes of the government.

It has been our endeavour to simplify taxation. We have taken a number of measures in the last few years including introduction of simplified tax regimes without exemptions and deductions for corporate tax and personal income tax. This has been appreciated by tax payers. 58 per cent of corporate tax came from the simplified tax regime in financial year 2022-23. Similarly, as per data available till now for the last fiscal, more than two-thirds have availed the new personal income tax regime.

4.1 *Comprehensive Review of the Income-tax Act, 1961*

I am now announcing a comprehensive review of the Income-tax Act, 1961. The purpose is to make the Act concise, lucid, easy to read and understand. This will reduce disputes and litigation, thereby providing tax certainty to the tax payers. It will also bring down the demand embroiled in litigation. It is proposed to be completed in six months.

A beginning is being made in the Finance Bill by simplifying the tax regime for charities, TDS rate structure, provisions for reassessment and search provisions and capital gains taxation.

4.2 *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. Moreover, credit of TCS is proposed to be given in the TDS to be deducted on salary. Further, I propose to decriminalize delay for payment of TDS up to the due date of filing statement for the same. I also plan to provide a standard operating procedure for TDS defaults and simplify and rationalise the compounding guidelines for such defaults.

4.3 *Simplification of Reassessment*

I propose to thoroughly simplify the provisions for reopening and reassessment. 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.

4.4 *Simplification and Rationalisation of Capital Gains*

Capital gains taxation is also proposed to be hugely simplified.

Short term gains on certain financial assets shall henceforth attract a tax rate of 20 per cent, while that on all other financial assets and all non-financial assets shall continue to attract the applicable tax rate.

Long term gains on all financial and non-financial assets, on the other hand, will attract a tax rate of 12.5 per cent. For the benefit of the lower and middle-income classes, I propose to increase the limit of exemption of capital gains on certain financial assets to ₹ 1.25 lakh per year.

Listed financial assets held for more than a year will be classified as long term, while unlisted financial assets and all non-financial assets will have to be held for at least two years to be classified as long-term.

Unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period, however, will attract tax on capital gains at applicable rates.

4.5 *Tax Payer Services*

All the major tax payer services under GST and most services under Customs and Income Tax have been digitalised. 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.

4.6 *Litigation and Appeals*

While our concerted efforts to reduce pendency of appeals at various appellate fora are beginning to show good results, it will continue to engage our highest attention.

To dispose of the backlog of first appeals, I plan to 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, I am also proposing Vivad Se Vishwas Scheme, 2024.

Further, I propose to increase monetary limits for filing appeals related to direct taxes, excise and service tax in the Tax Tribunals, High Courts and Supreme Court to ₹ 60 lakh, ₹ 2 crore and ₹ 5 crore respectively.

With a view to reduce litigation and provide certainty in international taxation, we will expand the scope of safe harbour rules and make them more attractive. We will also streamline the transfer pricing assessment procedure.

4.7 *Employment and Investment*

I have a few proposals to promote investment and foster employment.

First of all, to bolster the Indian start-up eco-system, boost the entrepreneurial spirit and support innovation, I propose to abolish the so-called angel tax for all classes of investors.

Second, there is tremendous potential for cruise tourism in India. To give a fillip to this employment generating industry, I am proposing a simpler tax regime for foreign shipping companies operating domestic cruises in the country.

Third, India is a world leader in the diamond cutting and polishing industry, which employs a large number of skilled workers. To further promote the development of this sector, we would provide for safe harbour rates for foreign mining companies selling raw diamonds in the country.

Fourth, to attract foreign capital for our development needs,

I propose to reduce the corporate tax rate on foreign companies from 40 to 35 per cent.

4.8 *Deepening the tax base*

I have a couple of proposals for deepening the tax base. 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. Second, for reasons of equity, I propose to tax income received on buy back of shares in the hands of the recipient.

4.9 *Others*

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.

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-penalised.

Other major proposals in the Finance Bill relate to:

- Withdrawal of equalization levy of 2 per cent;
- Expansion of tax benefits to certain funds and entities in IFSCs; and
- immunity from penalty and prosecution to benamidar on full and true disclosure so as to improve conviction under the Benami Transactions (Prohibition) Act, 1988.

4.10 Personal Income Tax

Coming to Personal Income Tax Rates, I have two announcements to make for those opting for the new tax regime. First, the standard deduction for salaried employees is proposed to be increased from ₹ 50,000/- to ₹ 75,000/-. Similarly, deduction on family pension for pensioners is proposed to be enhanced from ₹ 15,000/- to ₹ 25,000/-. This will provide relief to about four crore salaried individuals and pensioners.

Second, in the new tax regime, the tax rate structure is proposed to be revised, as follows:

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

As a result of these changes, a salaried employee in the new tax regime stands to save up to ₹ 17,500/- in income tax.

Apart from these, I am also making some other changes as given in the annexure.

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.

Mr. Speaker Sir, with this, I commend the budget to this august House.

Jai Hind.

References

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Annexure
Table A1
Budget at a Glance

(in ₹ Crores)

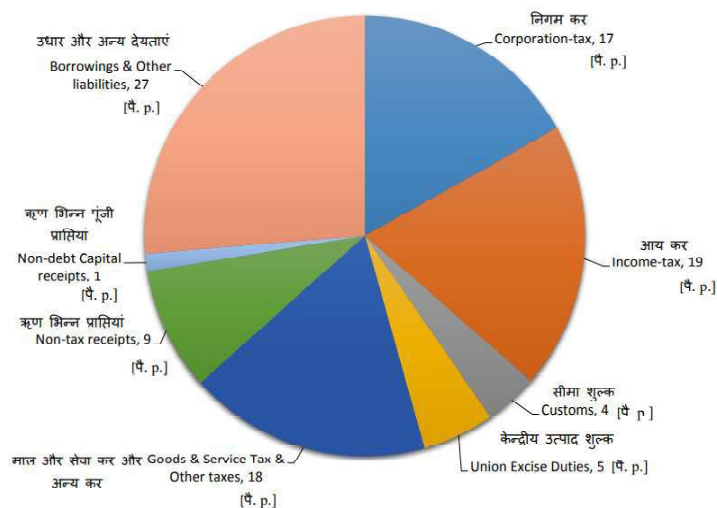
	2022-2023 Actuals	2023-2024 Budget Estimates	2023-2024 Revised Estimates	2023-2024 Provisional Actuals ¹	2024-2025 Budget Estimates
1. Revenue Receipts	2383206	2632281	2699713	2728412	3129200
2. Tax Revenue (Net to Centre) ²	2097786	2330631	2323918	2326524	2583499
3. Non Tax Revenue	285421	301650	375795	401888	545701
4. Capital Receipts	1809951	1870816	1790773	1714130	1691312
5. Recovery of Loans	26161	23000	26000	27338	28000
6. Other Receipts	46035	61000	30000	33122	50000
7. Borrowings & other Liabilities ³	1737755	1786816	1734773	1653670	1613312
8. Total Receipts (1+4)	4193157	4503097	4490486	4442542	4820512
9. Total Expenditure (10+13)	4193157	4503097	4490486	4442542	4820512
10. On Revenue Account of which	3453132	3502136	3540239	3494036	3709401
11. Interest Payments	928517	1079971	1055427	1063871	1162940
12. Grants in Aid for creation of Capital Assets	306264	369988	321190	303787	390778
13. On Capital Account	740025	1000961	950246	948506	1111111
14. Effective Capital Expenditure (12+13)	1046289	1370949	1271436	1252293	1501889
15. Revenue Deficit (10-1)	1069926 (4.0)	869855 (2.9)	840527 (2.8)	765624 (2.6)	580201 (1.8)
16. Effective Revenue Deficit (15-12)	763662 (2.8)	499867 (1.7)	519337 (1.8)	461837 (1.6)	189423 (0.6)
17. Fiscal Deficit [9-(1+5+6)]	1737755 (6.4)	1786816 (5.9)	1734773 (5.8)	1653670 (5.6)	1613312 (4.9)
18. Primary Deficit (17-11)	809238 (3.0)	706845 (2.3)	679346 (2.3)	589799 (2.0)	450372 (1.4)

Notes : 1. The GDP for Budget FY 2024-25 (Regular) is estimated at ₹ 3,26,36,912 crore which is 10.5% over the Provisional Estimates of FY 2023-24 at ₹ 2,95,35,667 crore.

2. Individual items in this document may not sum up to the totals due to rounding off.

3. Figures in parentheses are as a percentage of GDP

Source : Union Budget 2024-25

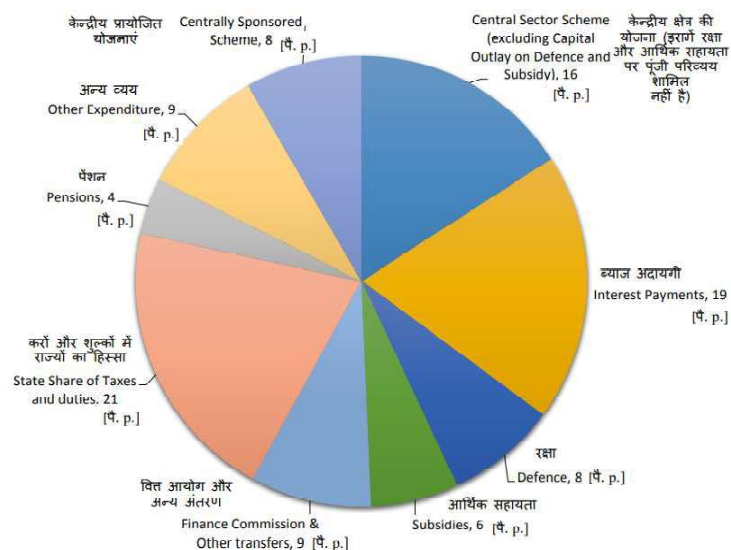


Notes : 1. Total receipts are inclusive of States' share of taxes and duties which have been netted in the table on page 1.

2. Figures have been rounded off.

Source : Union Budget 2024-2025, Ministry of Finance, Government of India

Figure 1
Rupee Comes From



Notes : 1. Total expenditure is inclusive of States' share of taxes and duties which have been netted against receipts in the table on page 1.

2. Figures have been rounded off.

Source : Union Budget 2024-2025, Ministry of Finance, Government of India

Figure 2
Rupee Goes to