



Finance and Economics Club  
IIT Guwahati

# Union Budget Analysis 2024-25



सत्यमेव जयते



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# Introduction



The **Union Budget** for the financial year 2024-25 is a pivotal document that outlines the government's fiscal priorities, economic strategies, and policy initiatives aimed at fostering growth, stability, and inclusive development. This budget arrives at a crucial juncture as India navigates a complex global economic landscape characterized by fluctuating market dynamics, evolving geopolitical scenarios, and the enduring impacts of the COVID-19 pandemic.

The primary focus of this budget is to stimulate sustainable economic growth while addressing critical sectors such as **infrastructure, healthcare, education, and rural development**. With a commitment to fiscal prudence and strategic investments, the government aims to enhance public welfare, boost industrial productivity, and reinforce the nation's economic resilience.

Key highlights of this budget include significant **changes in tax slabs** aimed at providing relief to middle-income groups, the **removal of the angel tax** to encourage startup investments, and substantial allocations towards digital infrastructure and green energy initiatives. Additionally, the budget emphasizes **social welfare programs, including increased funding for healthcare and education, and introduces measures to bolster the agricultural sector and rural economy**.

In this report, we delve into the detailed allocations, policy measures, and projected outcomes of the Union Budget 2024-25. We examine the implications of these fiscal decisions on various sectors and provide an analytical perspective on the potential impact on India's economic trajectory. This comprehensive analysis aims to offer stakeholders a clear understanding of the budget's strategic intent and its anticipated influence on the nation's growth and prosperity.

# Taxation Policies

## Direct Tax



### 1. Income Tax Slabs and Rates:

- Base Exemption Limit: Remains unchanged at Rs 3 lakh.
- Revised Slabs under New Tax Regime:
  - **Up to Rs 3 lakh: 0%**
  - **Rs 3 lakh to Rs 7 lakh: 5%** (expanded by Rs 1 lakh from the previous Rs 3 lakh to Rs 6 lakh slab)
  - **Rs 7 lakh to Rs 10 lakh: 10%**
  - **Rs 10 lakh to Rs 12 lakh: 15%**
  - **Rs 12 lakh to Rs 15 lakh: 20%**
  - **Above Rs 15 lakh: 30%**
- Marginal Relief: **Rs 17,500** for individuals opting for the new regime.

### 2. Listed Assets:

- Stocks and Equity Mutual Funds:
  - Short-Term Capital Gains (**STCG**) rate increased from **15% to 20%**.
  - Long-Term Capital Gains (**LTCG**) rate increased from **10% to 12.5%**.
  - Holding period remains 12 months.
  - Annual **LTCG exemption** increased from ₹1 lakh to **₹1.25 lakh**.
- Debt and Non-Equity Mutual Funds, Bonds (Listed), REITs/InvITs, Equity FoFs, Gold/Silver ETFs, Overseas FoFs, Gold Funds:
  - **STCG** rate changed to **20%**.
  - **LTCG** rate changed to **12.5%**.

### 3. Unlisted Assets:

- Real Estate (Physical), Bonds (Unlisted), Physical Gold, Stocks (Unlisted), Foreign Equities/Debt:
  - STCG rate remains unchanged at slab rate.
  - LTCG rate changed to 12.5%.
  - Holding period standardized to 24 months.
  - Earlier LTCG rates for Real Estate and Physical Gold were 20% with indexation benefits.

### 4. Corporate Tax:

- Over 58% of corporate tax receipts collected under the new regime.
- Corporate Tax on Foreign Companies: Reduced from 40% to 35%.

**5. Standard Deduction:** Increased from Rs 50,000 to **Rs 75,000** for individuals opting for the new tax regime.

**6. Deductions on Family Pension:** Increased from Rs 15,000 to **Rs 25,000**.

**7. Individual Taxpayers: Two-thirds** of individual income taxpayers have switched to the **new income tax regime**.

**8. Angel Tax:** Abolished for all classes of investors to boost startups and investments.

**9. Tax Deducted at Source (TDS):** The two tax exemption regimes for charities are proposed to be merged into one. The 5 percent TDS rate on many payments is being merged into the 2 percent TDS rate.

## Indirect Tax

### Custom Duties:

- **Reduced on Various Items:**

- X-ray panels, **mobile phones**, and PCBA: reduced to **15%**.
- **Precious metals** (including gold and silver): reduced to **6%**.
- Platinum: reduced to 6.4%.

- **Exemptions and Reductions:**

- Customs Duties fully exempted on **25 critical minerals**.
- BCD on ferro nickel and blister copper removed.
- Nil BCD on ferrous scrap and nickel cathode.
- Concessional BCD of 2.5% on copper scrap.
- **Increased BCD** from 10% to **15%** on **PCBA** of specified telecom equipment.

## Major Deductions removed under New Tax Regime:

- **Section 80C:**

- Deduction up to ₹1.5 lakh.
- Includes life insurance premiums, PPF, EPF, NSC, ELSS, home loan principal repayment, tuition fees, Sukanya Samriddhi Yojana, and tax-saving fixed deposits.

- **Section 80D:**

- Deduction up to ₹25,000 for health insurance premiums (₹50,000 if parents are senior citizens).
- Additional ₹5,000 for preventive health check-ups.

- **Section 80G:**

- Deductions on donations to eligible charitable organizations.
- 50% or 100% deduction depending on the organization, with some subject to a cap of 10% of adjusted gross income.

- **Section 80TTA:**

- Deduction up to ₹10,000 on interest earned from savings accounts.

- **Section 80TTB:**

- Deduction up to ₹50,000 for senior citizens on interest from savings accounts and fixed deposits.

# Policy Highlights



## Productivity and Resilience in Agriculture

### National Cooperation Policy:

- Introduction of a National Cooperation Policy aimed at the systematic and orderly development of the cooperative sector.
- The policy aims to fast-track the growth of the rural economy and generate large-scale employment.
- Provision of ₹1.52 lakh crore for agriculture and allied sectors.

## Employment & Skilling

### 1. Prime Minister's Package of 5 Schemes and Initiatives:

- Central outlay of ₹2 lakh crore to benefit 4.1 crore youth over 5 years.

### 2. Skilling Program:

- Central scheme to skill 20 lakh youth over 5 years, with 1,000 Industrial Training Institutes upgraded.

### 3. Skilling Loans:

- Revised Model Skill Loan Scheme with loans up to ₹7.5 lakh.

### 4. Education Loans:

- Financial support for loans up to ₹10 lakh for higher education with e-vouchers for interest subvention benefiting 1 lakh students annually.

## Inclusive Human Resource Development and Social Justice

### 1. PM Awas Yojana:

- Announcement of three crore additional houses.

### 2. Women-led Development:

- Allocation of more than ₹3 lakh crore for women and girls.

### 3. Pradhan Mantri Janjatiya Unnat Gram Abhiyan:

- Improvement of socio-economic conditions for tribal communities, covering 63,000 villages and benefiting 5 crore tribal people.

## Urban Development

### Urban Housing under PM Awas Yojana Urban 2.0:

- Investment of ₹10 lakh crore for housing needs of 1 crore urban poor and middle-class families, including central assistance of ₹2.2 lakh crore.



# Policy Highlights



## Energy Security

### 1. PM Surya Ghar Muft Bijli Yojana:

- This scheme has been launched to install rooftop solar plants to provide 1 crore households with free electricity up to 300 units per month.
- The scheme has already seen significant uptake with 1.28 crore registrations and 14 lakh applications.

### 2. Pumped Storage Policy:

- A policy will be introduced to promote pumped storage projects for electricity storage.

## Infrastructure

### 1. Central Government Investment:

- Investment of ₹11,111 crore for capital expenditure, constituting 3.4% of GDP.

### 2. Pradhan Mantri Gram Sadak Yojana (PMGSY) Phase IV:

- Providing all-weather connectivity to 25,000 rural habitations that have become eligible due to population increase.

### 3. Irrigation Projects:

- Financial support for projects like the Kosi-Mechi intra-state link and 20 other ongoing and new schemes, including barrages, river pollution abatement, and irrigation projects.
- Estimated cost of these projects is ₹11,500 crore.

## Manufacturing & Services

### 1. Credit Guarantee Scheme for MSMEs:

- Guarantee cover up to ₹100 crore.

### 2. Internship Scheme:

- Providing internship opportunities in 500 top companies for 1 crore youth over 5 years with an allowance of ₹5,000 per month and a one-time assistance of ₹6,000.

## Next Generation Reforms

### New Pension Scheme (NPS):

- NPS contribution limit for employers in the private sector raised from 10% to 14% of the employee's basic salary.

# Scheme wise allocation 2024-25 (In ₹ Crore)



Schemes	Actuals 2022-2023	Budget Estimates 2023-2024	Revised Estimates 2023-2024	Budget Estimates 2024-2025	% Change
Samagra Shiksha	32515	37453	33000	37500	0.13
Pradhan Mantri Poshan Shakti Nirman	12681	11600	10000	12467	7.47
Flexible Pool for RCH & Health System Strengthening	24176	22095	23331	28783	30.27
Pradhan Mantri Awas Yojna (PMAY)	73615	79590	54103	84671	6.38
Saksham Anganwadi and POSHAN 2.0	19876	20554	21523	21200	3.14
Pradhan Mantri Kisan Samman Nidhi	58254	60000	60000	60000	0.00
Pradhan Mantri Garib Kalyan Anna Yojana	272802	197350	212332	205250	4.00
Pradhan Mantri Gram Sadak Yojna	18783	19000	17000	19000	0.00
Solar Power (Grid)	4280	4970	4757	10000	101.21
Research and Development Projects	1836	840	1178	1200	42.86
Pradhan Mantri Krishi Sinchai Yojna	5637	8587	7031	9339	8.76
Jal Jeevan Mission (JJM)	54700	70000	70000	70163	0.23
MGNREGA	90806	60000	86000	86000	43.33



# New Schemes And Projects Launched With Their Allocated Budget



(In ₹ Crore)

New Schemes	Budget Allocated
National Urban Digital Mission (NUDM)	1150
New ITI Upgradation Scheme	1000
Price Stabilisation Fund	10000
New Internship Programme	2000
Aircraft and Aero Engines	40278
Heavy and Medium Vehicles	4638
Construction Works	12017
Naval Fleet	23800
Naval Dockyard/ Projects	6830
New Employment Generation Scheme	10000
PM Surya Ghar Muft Bijli Yojana	6250

# Budget Allocation



## Breakdown of Central Government Expenditure 2024- 25

(in ₹ Crores)

Ministry/Department	Actuals 2022-23	Budget Estimates 2023-24	Revised Estimates 2023-24	Budget estimates 2024- 25
Central Expenditure	32,65,162	35,13,761	35,57,230	37,90,379
Establishment	7,14,650	7,44,339	7,81,774	7,83,618
Central Sector Scheme	14,45,922	14,67,879	14,46,152	15,16,175
Other Central Expenditure	11,04,589	13,01,541	13,29,303	14,90,586
Transfers	9,27,994	9,89,336	9,33,254	10,30,132
Centrally Sponsored Schemes	4,37,556	4,76,104	4,60,614	5,05,978
Finance Commission Transfers	1,72,759	1,65,480	1,40,429	1,32,378
Total Expenditure	41,93,157	45,03,097	44,90,485	48,20,512

## Allocations for women, children, SCs, STs and NER

(in ₹ Crores)

	Actual (2023-24)	Revised Estimates (2023-24)	Interim budget estimates (2024-25)	Budget Estimates (2024-25)
Welfare of Women	2,38,219	2,75,095	3,09,690	3,27,158
Welfare of Children	1,22,256	1,34,928	1,47,258	1,09,920
Welfare of Castes	1,25,261	1,37,059	1,42,106	1,64,321
Welfare of Tribes	80,382	87,140	94,478	1,06,790
North East Region(NER)	57,520	67,700	71,726	75,216

# Expenditure for Major Ministries and Departments

(in ₹ Crores)

Ministries	FY-23	FY-24
Defence	5,93,538	4,54,773
Rural Development	1,59,964	2,65,808
Agriculture and Allied Activities	1,25,036	1,51,851
Home Affairs	1,96,035	1,50,983
Education	1,12,899	1,25,638
IT and Telecom	1,23,393	1,16,342
Health	89,155	89,287

## Some key highlights:

- **Focus on Social Sectors:** The budget allocates significant funds to social sectors like health (**Rs 89,287 crore**), education (**Rs 1,25,638 crore**), and rural development (**Rs 2,65,808 crore**). This indicates continued government investment in improving public services.
- **Roads and Highways:** The government will also support the development of road connectivity projects, i.e. Patna-Purnea Expressway, Buxar-Bhagalpur Expressway, Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and additional 2-lane bridge over river Ganga at Buxar at a total cost of **Rs.26,000 crore**.
- **Research and Development:** The government will set up a mechanism for boosting private sector-driven research and innovation at commercial scale with a finance pool of **Rs.1 lakh crore**. A venture capital fund of **Rs.1,000 crore** will be set up to expand the space economy by five times in the next 10 years.
- **Capital Expenditure Push:** The budget emphasizes capital expenditure (**Rs 11,11,111 crore**), which signifies a focus on creating long-term assets like roads, bridges, and railways.
- **Special allocations for Bihar and Andhra Pradesh:** The Union Budget 2024-25 allocated **Rs 15,000 crore each** to Bihar and Andhra Pradesh, with a focus on infrastructure development (airports, medical colleges) in Bihar and additional support for capital needs and development in Andhra Pradesh.

# Fiscal Deficit



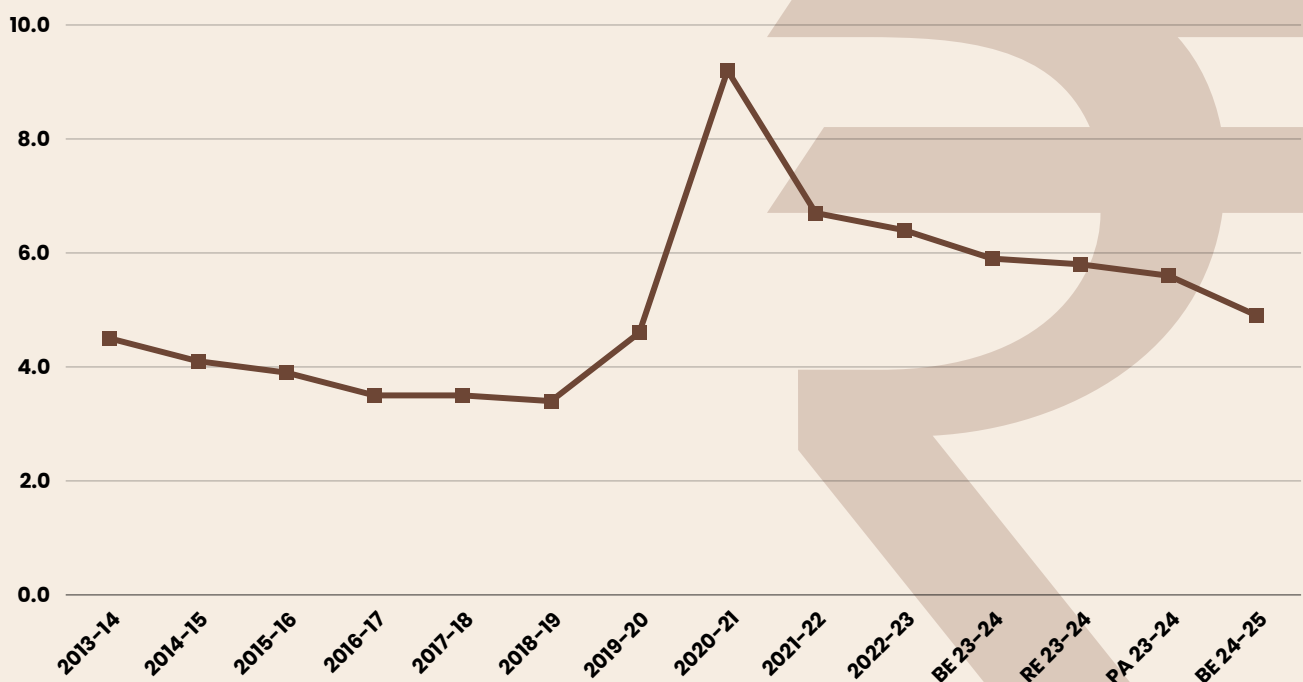
The fiscal deficit essentially reflects the extent to which the government borrows funds from the market, aiming to bridge the disparity between its expenditures and revenue.

Impact of Fiscal Deficit on Economy:

- **Lower Fiscal Deficit** accelerates the pace of economic growth as the liquidity will be enough in the banking system to lend
- Lower Fiscal Deficit helps in **easing the Interest Rates**
- Lower Fiscal Deficit will **reduce the government's debt burden**
- Lower Fiscal Deficit will force the **credit rating agencies to upgrade** the country's rating which will help in international trade and will **increase the pace of the foreign inflows**

## Budget 2024

- The government estimated a **fiscal deficit of 4.9%** of the GDP for **FY25** from the **5.10%** they **estimated in the interim budget** in February 2024
- The government aims to reach a **4.5%** fiscal deficit in **2025-26**
- The **gross** and **net market borrowings** were pegged at **Rs.14.01 lakh crore** and **Rs.11.63 lakh crore** respectively in **FY25**
- **Total receipts** are pegged at **Rs.32.07 lakh crore** and **net tax receipts** are estimated at **Rs.25.83 lakh crore** in FY25
- **Total expenditure** is estimated at **Rs.48.21 lakh crore** in FY25
- The government debt will be on a declining path as a percentage of GDP.



# Budget at a Glance: 2024-25

(In ₹ Crore)

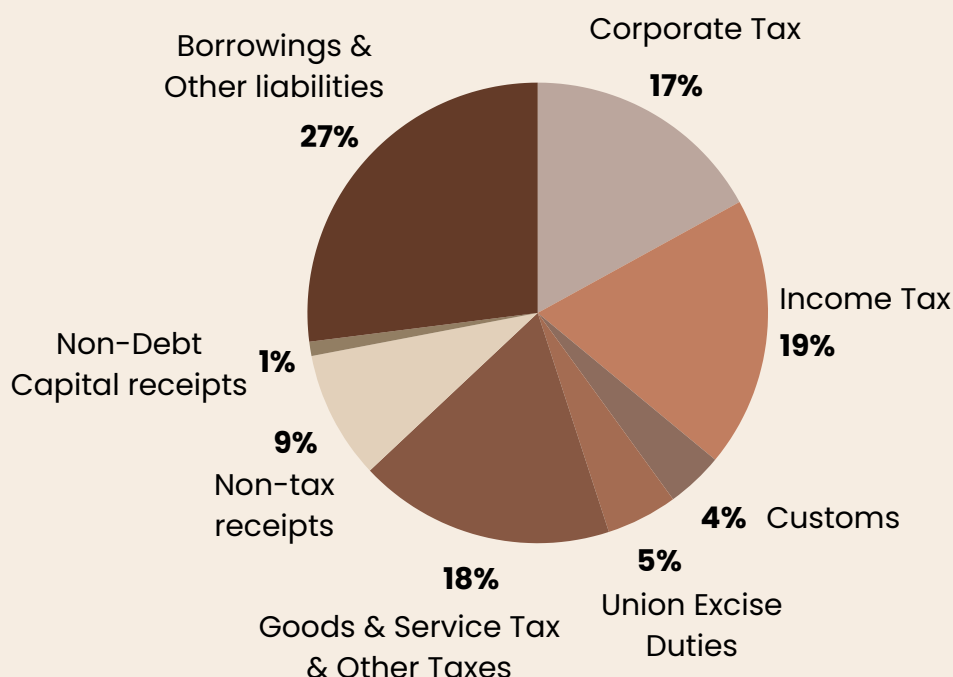


	Actual (2022-23)	Budget Estimates (2023-24)	Revised Estimates (2023-24)	Provisional Actuals (2023-24)	Budget Estimates (2024-25)	% Change
Revenue Expenditure	3146688	3124148	3219050	3190249	3381623	5.95
Capital Expenditure	1046289	1370949	1271436	1252293	1501889	9.55
Total Expenditure	4191517	4503097	4490486	4442542	4883502	7.05
On Revenue Account of which	3143236	3502136	3540239	3494050	3790047	5.92
On Capital Account of which	1048281	1000961	950246	948492	1111111	11.00
Loans	30646	36988	321190	303787	390778	6.83
Grants in aid creation of Capital Assets	92517	1079711	1068427	1063871	1169240	7.68
Interest Payments	928517	1079971	1055427	1063871	1162940	7.68
Revenue Receipts	2382356	2632281	2609745	2788411	3122490	18.88
Tax Revenue (Net to center)	2095776	2330631	2323918	2322543	2584399	10.85
Non Tax Revenue	285421	301650	375795	465868	538091	78.39
Capital Receipts	1809591	1870816	1790773	1741303	1691312	-9.75
Recovery of Loans	26161	23000	26000	27338	38280	65.16
Other Receipts (including disinvestments)	46035	61000	30000	33122	50000	-18.03
Borrowing and other Liabilities	1737755	1786816	1744773	1657743	1613232	-9.71
Total Receipts (excluding borrowings)	245402	2716281	2755713	2788727	3207700	18.07
Revenue Deficit	1069962	869855	840526	765624	582001	-33.30
% of GDP	4	2.9	2.8	2.6	1.8	-37.93
Fiscal Deficit	1737755	1786816	1744773	1653760	1613132	-9.71
% of GDP	6.4	5.9	5.8	5.4	4.6	-16.95
Primary Deficit	809288	706845	679646	589799	450372	-36.28
% of GDP	3	2.3	2.3	1.9	1.4	-39.13

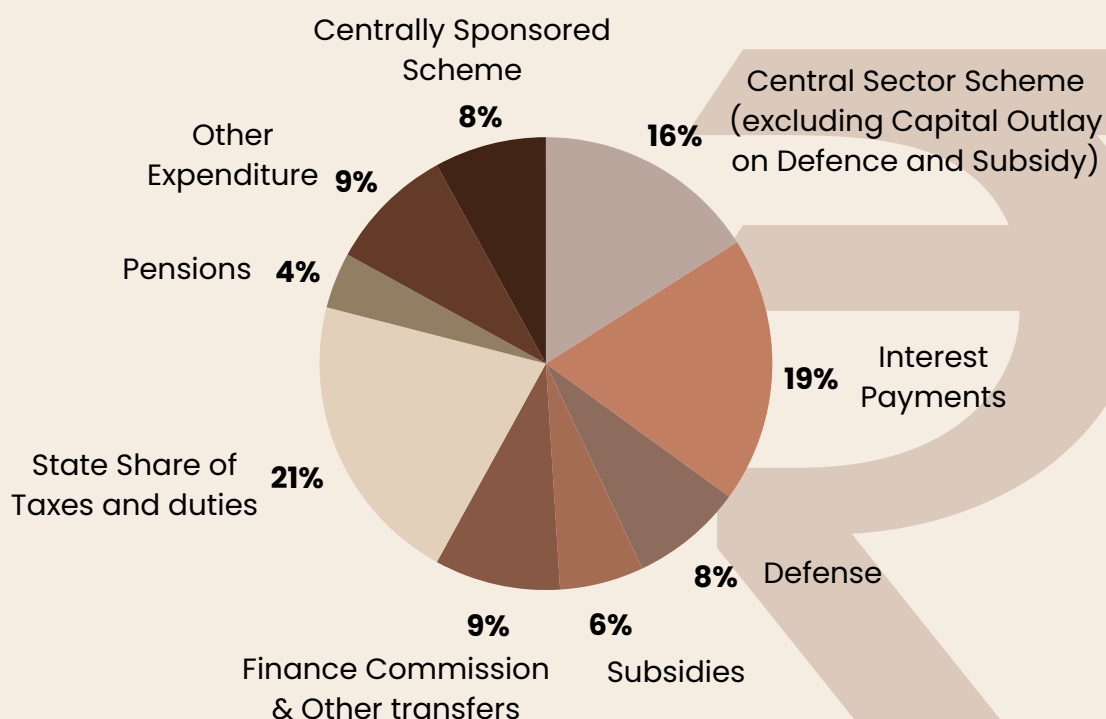
# Rupee Highlight



## Rupee comes from



## Rupee goes to





# Sources

Union Budget Website  
Address by the Finance Minister

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