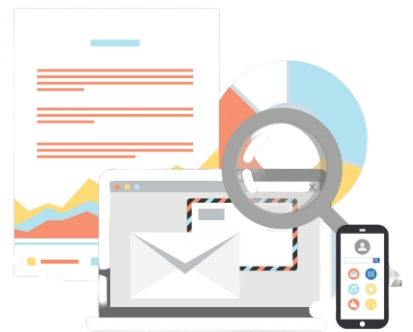


— INTERIM —  
**BUDGET**  
— 2024-25 —



Assurance | Consulting | GRC | Taxation

Ahmedabad | Bengaluru | Chennai | Coimbatore | Goa | Hyderabad | **Mumbai** | New Delhi | Pune | Vadodara

# INTRODUCTION

## Background

Given the upcoming general elections in India, the Government presented its interim budget for the year 2024-25 on 1 February 2024. The full budget will be presented around July 2024, after the new government assumes its office.

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The interim budget talks about the achievements made by the Nation in the last decade and the policies that the Government will implement in the future focussing on 'governance, development and performance.'

As evident from the International Monetary Fund's 'January 2024 Outlook', India remains the top economy in terms of Gross Domestic Product ('GDP') and year-on-year growth across the major economies worldwide.

The budget proposes an increase in the capital expenditure by 11.1%, constituting 3.4% of Gross Domestic Product ('GDP'). This surge is anticipated to generate a substantial multiplier effect on both economic growth and employment opportunities.

On the direct and indirect taxation front, there aren't any major proposals. For direct taxes certain tax benefits to startups, investments made by sovereign wealth or pension funds and tax exemptions on the income of certain IFSC units are extended to 31 March 2025. To promote ease of living and ease of doing business, certain outstanding income-tax demands have been waived off.



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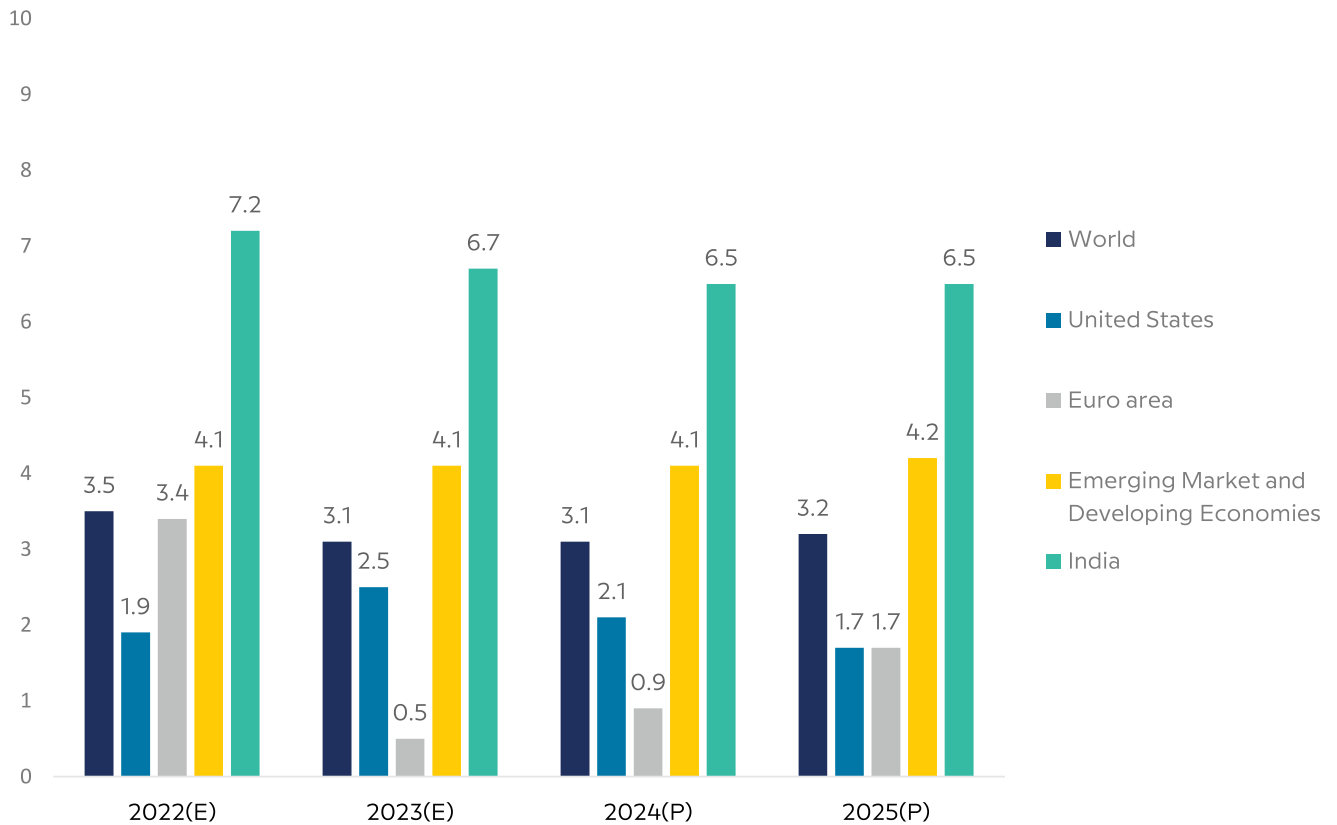


# Economic performance

## Economic performance - Global economy

- Global growth is expected to rise to 3.2% as compared to 3.1% in 2024 on account of greater-than-expected resilience in global markets and fiscal support in China.
- Inflation is falling faster than expected in most regions, amid unwinding supply-side issues and restrictive monetary policy.
- The global Inflation is expected to fall to 4.4% in FY 2025 as compared to 5.8% in FY 2024.
- India's anticipated growth rate of 6.5% in 2025 is poised to significantly outperform the global average projected growth rate of 3.2%.

### World Economic Outlook Projections (percentage change YoY)



E-Estimate, P-Projected

Source: World Economic Outlook Update, January 2024

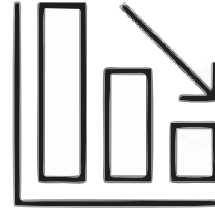
# Economic performance

## Economic performance - Indian economy



1st Advance Estimates of real GDP growth for FY 2023-2024 by

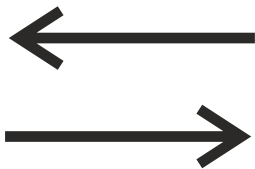
**7.3%**



Fiscal Deficit for FY 2023-2024:

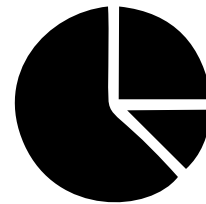
**5.8 %**

**(Estimated for FY 2024-25: 5.1%)**



Reduction in trade deficit for Apr-Dec 23 By

**35.87%**



Increase in capital investment outlay for 2024-25

**3.4% of GDP**



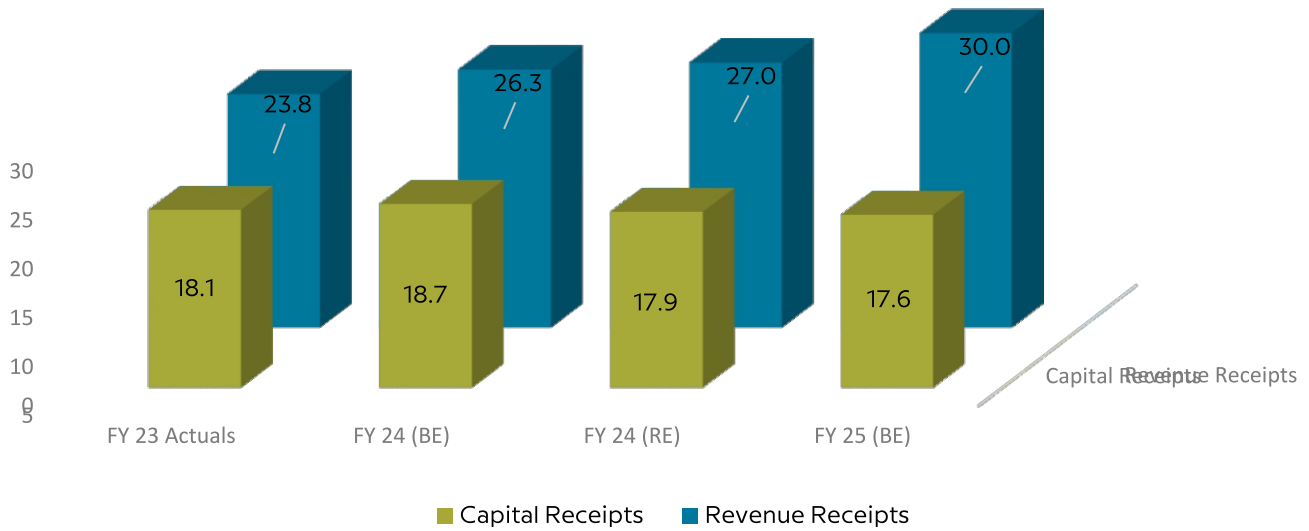
Overall trade balance in absolute terms for Apr-Dec 23

**US\$ -69.34 bn**

# Budget highlights

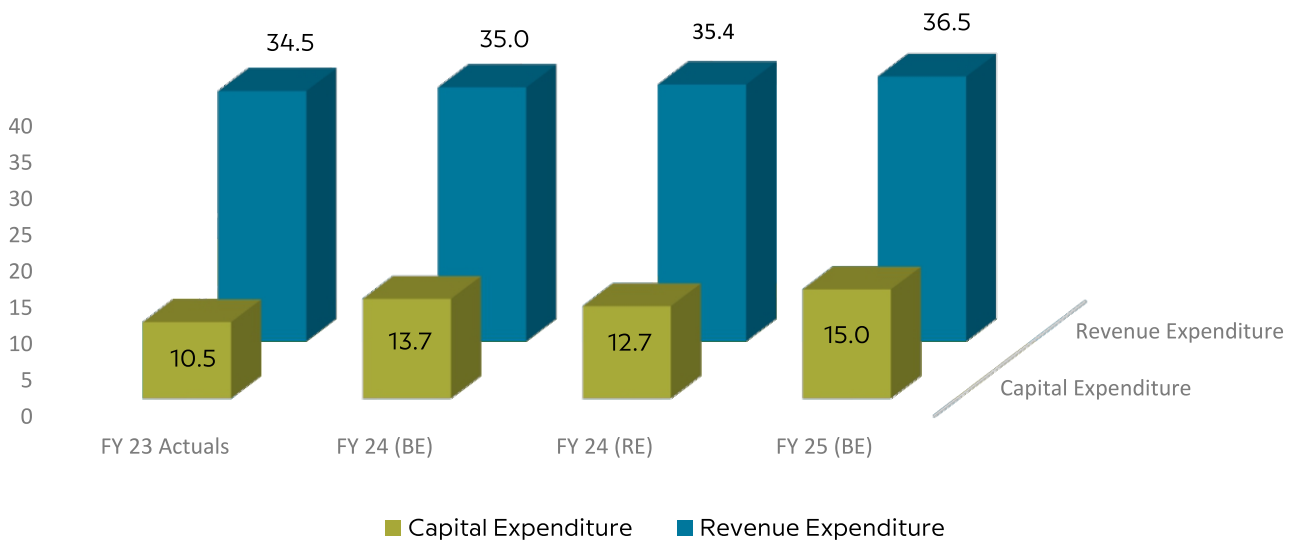
## Receipts

INR trillion



## Expenditure

INR trillion

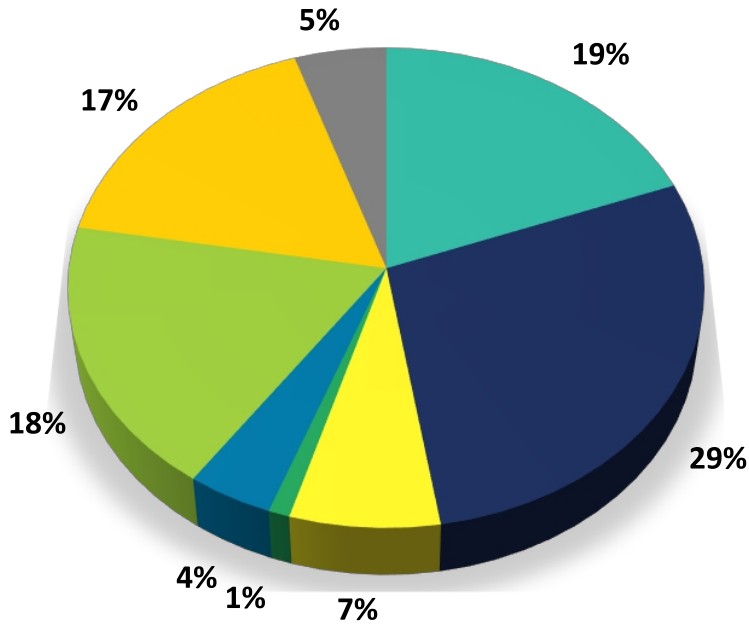


BE - Budget Estimates, RE - Revised Estimates



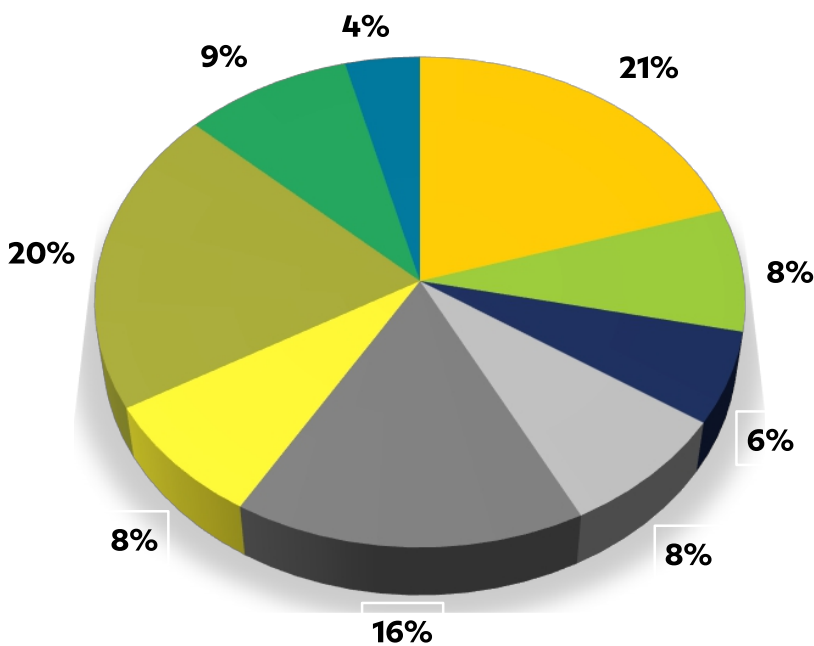
# Budget highlights

## Rupee comes from



- Income Tax
- Borrowings and Other liabilities
- Non-Tax Receipts
- Non-Debt Capital Receipts
- Customs
- GST and other taxes
- Corporation tax

## Rupee goes to



- Interest payments
- Centrally Sponsored Schemes
- Subsidies
- Defence
- Central Sector Schemes
- Finance Commission and other transfers
- States share of Taxes and Duties

Key Features of Budget 2024-25

# Key policy announcements

**The Interim Budget 2024-25 focuses on the 4 key human drivers of the economy viz.,**

1. Garib (Poor)
2. Mahilayen (Women)
3. Yuva (Youth)
4. Annadata (Farmer)



Following key policy announcements are made for each such strata:

1. Free electricity upto 300 units per month to 1 crore households through rooftop solarization will be enabled resulting in:
  - a. Annual savings of INR 15,000 – INR 18,000. The surplus can be sold to distribution companies.
  - b. Charging of electric vehicles
  - c. Entrepreneurship opportunities for a large number of vendors for supply and installation
2. Housing scheme for the middle class living in rented dwellings, chawls, unauthorized colonies and slums.
3. Setting up of more medical colleges using the existing hospital infrastructure for the youth ambitious to qualify as doctors.
4. Healthcare, vaccinations and healthcare insurance covers to be announced for women and children, both under existing and new schemes.
5. A corpus of INR 1,00,000 crores to be established with 50 years interest-free loan to encourage the private sector to scale up research and innovation for catalyzing growth, employment, and development of tech-savvy youth. The corpus will provide long-term financing or refinancing with long tenors and low or nil interest rates, encouraging the private sector to scale up research and innovation significantly in sunrise domains.
6. Strengthening deep-tech technologies for defense purposes and expediting 'atmanirbharta', a new scheme will be launched.
7. Government will further promote private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing, and marketing and branding.
8. Application of 'Nano DAP' (a type of fertilizer) for various crops will be expanded in all agro-climatic zones.



# Key policy announcements

9. Atmanirbhar Oil Seeds Abhiyan will be launched to cover research for high-yielding varieties of oilseeds to cover widespread adoption of modern farming techniques, market linkages, procurement, value addition, and crop insurance.
10. Formulating a comprehensive programme to support dairy farmers for dairy processing and animal husbandry.
11. Pradhan Mantri Matsya Sampada Yojana (PMMSY) for fisheries to enhance aquaculture productivity, boost exports and to generate employment opportunities in the sector will be implemented. In addition, 5 integrated aquaparks will be set up.
12. A comprehensive programme for supporting dairy farmers will be formulated.

## Impact Strategy for Amrit Kaal

AmritKaal is the 25-year-long leadup to India@100. It envisages the government's approach to all-round, all-pervasive and all-inclusive development to make India a developed nation by the year 2047. The key announcements in the various areas are mentioned below.

### A. Sustainable Development:

1. **Green energy:** The following measures will be taken for commitment to meet net zero by 2070.
  - Viability gap funding for wind energy
  - Setting up of coal gasification and liquefaction capacity
  - Phased mandatory blending of Compressed Biogas ('CBG') in Compressed Natural Gas ('CNG') and Piped Natural Gas ('PNG')
  - Financial assistance for procurement of biomass aggregation machinery
2. **Electric Vehicle eco system**
  - E-Vehicle eco system will be strengthened by supporting manufacturing and charging infrastructure.
  - E-buses for public transport networks will be adopted by encouraging payment security mechanism.
3. **Bio manufacturing and Bio foundry:** A new scheme of bio-manufacturing and bio-foundry will be launched which will be providing eco-friendly alternatives for promoting green growth.

# Key policy announcements

## B. Infrastructure and Investment

### 1. Railways:

- The following three major economic railway corridor programmes will be implemented:
  - energy, mineral and cement corridors,
  - port connectivity corridors, and
  - high traffic density corridors.
- 40,000 normal rail bogies will be converted to the Vande Bharat standards to enhance safety, convenience and comfort of passengers.
- Expansion of metro rail and NaMo Bharat will be supported in large cities focusing on transit-oriented development.

**2. Aviation:** Expansion of existing airports and development of new airport will continue expeditiously under UDAN scheme.

**3. Promotion of foreign investment** via bilateral investment treaties to be negotiated.

**4. The capital expenditure outlay** for economic growth and employment creation is being increased by 11.1% to INR 11,11,111 crores. This would be 3.4 % of the GDP.

## C. Inclusive development

- States will be encouraged to undertake development of iconic tourist centres to attract business and promote opportunities for local entrepreneurship.
- Projects for port connectivity, tourism infrastructure, and amenities will be taken up in islands, including Lakshadweep which will help in generating employment.
- Utmost attention to the growth of eastern region and its people.
- Provision of INR 75,000 crore as fifty-year interest free loan to support the states for realizing the vision of 'Viksit Bharat' proposed this year.
- A high-powered committee will be formed for an extensive consideration of the challenges arising from fast population growth and demographic changes which will recommend for addressing these challenges comprehensively in relation to the goal of 'Viksit Bharat'.
- **Blue Economy 2.0:** A new scheme for restoration and adaptation measures, and coastal aquaculture and mariculture with integrated and multi-sectoral approach will be launched for promoting climate resilient activities.

## Direct taxes

- The interim budget has retained the corporate as well as other tax rates and tax slabs.
- In the last decade, direct tax collections have tripled, accompanied by a significant surge in the number of individuals filing tax returns, which has grown to 2.4 times its previous figure.
- The introduction of updated income tax returns, a new Form 26AS and prefilling of tax returns has streamlined and simplified the tax filing process.
- The average processing time for returns has significantly decreased from 93 days in 2013-14 to just ten days this year, resulting in faster refunds.
- To provide continuity in taxation, certain tax benefits / exemptions under section 10(4D), 10(4F), 10(23FE), 80-IAC and 80LA available to start-ups and investments made by sovereign wealth funds or pension funds, tax exemption of some IFSC units which were earlier expiring on 31.03.2024 are now extended up to 31.03.2025.
- To alleviate the burden on taxpayers, it has been proposed to withdraw outstanding direct tax demands upto INR 25,000 for the period up to the financial year 2009-10 and upto INR 10,000 for the financial years 2010-11 to 2014-15. This measure is anticipated to benefit approximately one crore taxpayers.

## Indirect taxes

- A recent survey by a top consulting firm shows 94% of industry leaders view the GST transition positively. 80% of respondents highlight that the elimination of tax arbitrage and octroi, driven by the GST transition, has optimized the supply chain, leading to the removal of check posts at state and city boundaries.

In January 2024, the GST collections were the 2<sup>nd</sup> highest ever at INR 1.72 lakh crore.

- Customs measures have improved international trade efficiency, reducing import release times notably. Since the start of National Time Release Studies in 2019, release durations decreased by 47% to 71 hours at Inland Container Depots, by 28% to 44 hours at air cargo complexes, and by 27% to 85 hours at sea ports.
- There are no other changes in Indirect Taxes in the Finance Bill.

## Central Goods and Services Tax ('CGST') Act

- Scope and Ambit of Input Service Distributor (ISD) and ISD mechanism, significantly expanded to make it almost compulsory for all inter-unit transactions of ITC distribution, within an organization (including, inter alia "cross charge transactions between" distinct persons, reverse charge transactions) (and not optional as earlier in several cases) vide proposed amendments to Section 2 (61) and Section 20, of CGST Act.
- New section 122A proposed for penalties for non-registration of machines (where special procedure for registration of machines has been prescribed as per S 148 of CGST Act). Amount of penalty to be INR 1 Lakh for each machine not registered.

Effective dates for above changes to be notified

# THANKS

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