Union Budget 2024-25: Roadmap to *Viksit Bharat*

July 23rd, 2024

Economic Policy & Research Department

Summary

- The Union Budget FY25 strategically aims to boost India's economic landscape, emphasising on employment generation, fiscal consolidation, and infrastructure development.
- The focus on capacity building through higher spending on hard as well as soft infrastructure and consequently facilitating job creation has continued. Capex remains unchanged at a record high of Rs 11.1 lakh crore (share at 3.4% of GDP).
- The welfare of four major ‘castes’, *Garib, Mahila, Yuva, and Annadata*, has been recognized as paramount to the overall well-being of the country and its long-term economic growth, with initiatives to boost women’s workforce participation, major agricultural upgrades, and youth employment.
- Improvements in the taxation system were evident, offering relief to the common man. Wider and lower tax slabs, coupled with higher deductions marked the proposed changes for the new tax regime. The tax regime has been rationalized over the years to ensure stability and certainty.
- Fiscal consolidation is emphasized, reducing the fiscal deficit to 4.9% with a projected path to under 4.5% in FY 2025-26.
- Market borrowings at Rs 14.0 lakh crores is expected to fund 72% of the deficit, with 26% funded by small savings.
- Overall, the budget ensures economic stability and growth amid global uncertainties, while providing a welfare umbrella for the Indian population.

Salient points

- ✓ **Vision:** The Union Budget FY25 represents a continuation of the Government's strategic vision for *Viksit Bharat 2047*. Nine priorities are outlined for a comprehensive roadmap for inclusive growth, with focus on employment, MSMEs and rural development. It also proposes an Economic Policy Framework approach to economic development and the next generation of reforms. These would encompass (1) improving productivity of factors of production, and (2) facilitating efficient markets and sectors.
- ✓ **Fiscal Math:** Nominal FY25 GDP at Rs 326 lakh crore, assuming 10.5% growth. Total receipts growth at 15% reasonable, led by 11% growth in net tax receipts. Expenditure growth modest at 8.5% YoY, thanks to a mere 6.2% growth in revenue expenditure, while capex growth is pegged at a strong 17.1%. Gross market borrowings down 5.5% YoY to Rs 14.01 lakh crore—lower than market expectations, even as net borrowings remain flat, thanks to lower repayments (Funding 72% of the deficit). Overall, the fiscal math looks credible.
- ✓ **Fiscal strategy:** Striking a balance between capex-led growth and welfare, while ensuring fiscal restraint; on track to reduce fiscal deficit/GDP to sub-4.5% by FY26. The fisc trajectory further would also include a downward trend in the debt/GDP ratio.

Nine priorities

The Budget outlines nine priorities in the roadmap for *Viksit Bharat*.

- ✓ **Productivity and resilience in Agriculture:** Focus on transforming agriculture research, promoting natural farming, achieving self-sufficiency in pulses and oilseeds, extending financial support and implementing Digital public infrastructure (DPI).
- ✓ **Employment and skilling:** Focus on boosting employment through employment linked incentives and skilling programmes.
- ✓ **Inclusive Human Resource Development and Social Justice:** Implementation of Saturation approach and Purvodaya to achieve inclusive development and social justice.
- ✓ **Manufacturing & Services:** Extension of special support for promotion of MSME's through credit support; Development of industrial parks
- ✓ **Urban Development:** Focus on transit-oriented development, enhancing urban housing and development of cities as growth hubs.
- ✓ **Energy Security:** Focus on achieving energy security through energy transition policy, pumped storage policy and research and development.
- ✓ **Infrastructure:** Extension of fiscal support towards infrastructure, tourism and irrigation and flood mitigation.
- ✓ **Innovation, Research and Development:** Focus on space economy and operationalization of national research fund.
- ✓ **Next generation reforms:** Focus on policies related to productivity of factors of production & stronger federalism

Figure 1: Annual fiscal deficit trend (% of GDP)

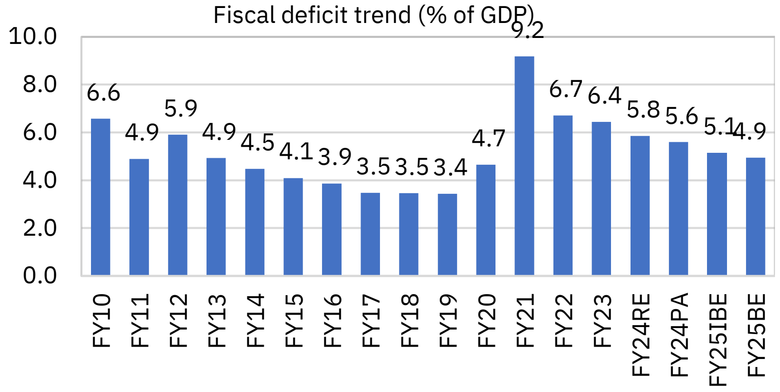


Table 1: A quick glance at fiscal balances

Rs lakh crore	FY24PA	%YoY	FY25BE	%YoY
Net tax revenues	23.3	10.9	25.8	11.0
Non-tax revenues	4.0	40.8	5.5	35.8
Non-debt cap receipts	0.6	-16.3	0.8	29.0
Total receipts	**27.9**	**13.6**	**32.1**	**15.0**
Revenue Expenditure	34.9	1.2	37.1	6.2
Capital Expenditure	9.5	28.2	11.1	17.1
Total expenditure	**44.4**	**5.9**	**48.2**	**8.5**
Fiscal deficit	**16.5**	**-4.8**	**16.1**	**-2.4**
% GDP	**5.6**		**4.9**	

Source: Budget Documents, NSE EPR. PA – Provisional Actuals, BE – Budget Estimate, IBE – Interim Budget Estimate, RE – Revised Estimate

Fiscal deficit snapshot

Table 2: Fiscal math

Items (Rs lakh crore)	FY23	FY23 (% YoY)	FY24RE	FY24RE (% YoY)	FY24PA	FY24PA (% YoY)	FY25BE	FY25BE over FY24PA (% YoY)
Central govt. net tax revenue	**21.0**	**16.2**	**23.2**	**10.8**	**23.3**	**10.9**	**25.8**	**11.0**
Gross tax revenues	**30.5**	**12.7**	**34.4**	**12.5**	**34.6**	**13.4**	**38.4**	**10.8**
Of which:								
Direct Tax	**16.6**	**18.1**	**19.5**	**17.2**	**19.7**	**18.4**	**22.1**	**12.3**
Corporation tax	8.3	16.0	9.2	11.7	9.1	10.3	10.2	12.0
Income tax	8.3	19.7	10.2	22.7	10.4	25.4	11.9	13.6
Indirect Tax	**13.9**	**6.9**	**14.9**	**7.0**	**15.0**	**7.6**	**16.3**	**8.8**
Goods and service tax	8.5	21.6	9.6	12.7	9.6	12.7	10.6	11.0
Custom Duties	2.1	6.8	2.2	2.5	2.3	9.2	2.4	2.0
Excise Duties	3.2	(19.2)	3.0	(4.8)	3.1	(4.3)	3.2	4.5
States Share	(9.5)	5.6	(11.0)	16.5	(11.3)	19.1	(12.5)	10.4
Transferred to NCCD	(0.1)	30.5	(0.1)	10.0	(0.1)	9.7	(0.1)	7.8
Non-Tax Revenue	2.9	**(21.8)**	**3.8**	**31.7**	**4.0**	**40.8**	**5.5**	**35.8**
Dividends and profits	1.0	(37.8)	1.5	54.5	1.7	70.6	2.9	69.6
Central govt. revenue receipts	**23.8**	**9.8**	**27.0**	**13.3**	**27.3**	**14.5**	**31.3**	**14.7**
Non-Debt Capital Receipts	0.7	83.4	0.6	(22.4)	0.6	(16.3)	0.8	29.0
Divestment proceeds	0.5	214.5	0.3	(34.8)	0.3	(28.0)	0.5	51.0
Total Receipts	**24.6**	**11.1**	**27.6**	**12.2**	**27.9**	**13.6**	**32.1**	**15.0**
Revenue Expenditure	34.5	7.9	35.4	2.5	34.9	1.2	37.1	6.2
Interest Payments	9.3	15.3	10.6	13.7	10.6	14.6	11.6	9.3
Subsidy outgo	5.8	14.7	4.4	(23.8)	4.4	(23.8)	4.3	(2.8)
Capital Expenditure	7.4	24.8	9.5	28.4	9.5	28.2	11.1	17.1
Total Expenditure	**41.9**	**10.5**	**44.9**	**7.1**	**44.4**	**5.9**	**48.2**	**8.5**
Fiscal Deficit	**(17.4)**	**9.7**	**(17.3)**	**(0.2)**	**(16.5)**	**(4.8)**	**(16.1)**	**(2.4)**
Fiscal Deficit/GDP	**(6.4)**		**(5.8)**		**(5.6)**		**(4.9)**	

Source: Budget Documents, NSE EPR. BE – Budget Estimate, RE – Revised Estimate, PA– Provisional Actuals. Growth in FY25BE figures are on provisional actuals for FY24 (FY24PA)

Fiscal deficit snapshot (% of GDP)

Table 3: Fiscal math (% of GDP)

Items (% of GDP)	FY23	FY24BE	FY24RE	FY24PA	FY25BE
Central govt. net tax revenue	**7.8**	**7.7**	**7.8**	**7.9**	**7.9**
Gross tax revenues	**11.3**	**11.1**	**11.6**	**11.7**	**11.8**
Of which:					
Direct Tax	**6.2**	**6.0**	**6.6**	**6.7**	**6.8**
Corporation tax	3.1	3.1	3.1	3.1	3.1
Income tax	3.1	3.0	3.4	3.5	3.6
Indirect Tax	**5.2**	**5.1**	**5.0**	**5.1**	**5.0**
Goods and service tax	3.2	3.2	3.2	3.2	3.3
Custom Duties	0.8	0.8	0.7	0.8	0.7
Excise Duties	1.2	1.1	1.0	1.0	1.0
States Share	-3.5	-3.4	-3.7	-3.8	-3.8
Transferred to NCCD	0.0	0.0	0.0	0.0	0.0
Non-Tax Revenue	**1.1**	**1.0**	**1.3**	**1.4**	**1.7**
Dividends and profits	0.4	0.3	0.5	0.6	0.9
Central govt. revenue receipts	**8.8**	**8.7**	**9.1**	**9.2**	**9.6**
Non-Debt Capital Receipts	0.3	0.3	0.2	0.2	0.2
Divestment proceeds	0.2	0.2	0.1	0.1	0.2
Total Receipts	**9.1**	**9.0**	**9.3**	**9.4**	**9.8**
Revenue Expenditure	12.8	11.6	11.9	11.8	11.4
Interest Payments	3.4	3.6	3.6	3.6	3.6
Subsidy outgo	2.1	1.3	1.5	1.5	1.3
Capital Expenditure	2.7	3.3	3.2	3.2	3.4
Total Expenditure	**15.6**	**14.9**	**15.1**	**15.0**	**14.8**
Fiscal Deficit	**6.4**	**5.9**	**5.8**	**5.6**	**4.9**

Source: Budget Documents, NSE EPR. BE – Budget Estimate, RE – Revised Estimate, PA – Provisional Actuals

Tax collections to remain robust

- Gross tax collections budgeted at a record high of Rs 38.4 lakh crore, 10.8% higher than the FY24PA, led by robust direct tax collections (+12.3%) and sustained growth in GST collections (+11%).
- Income tax at Rs 11.9 lakh crore is 2.7% higher than that pegged in the interim budget, reflective of higher incomes and improved and easier tax compliance. Its share in gross tax collections of ~31% in FY25BE is the highest since 1980s.
- Direct tax to GDP ratio is pegged at 6.8% in FY25BE—the highest since 1980s, supported by a tax buoyancy of 1.2 for direct tax vs. 0.8 for indirect tax

Figure 2: Annual net tax collections trend

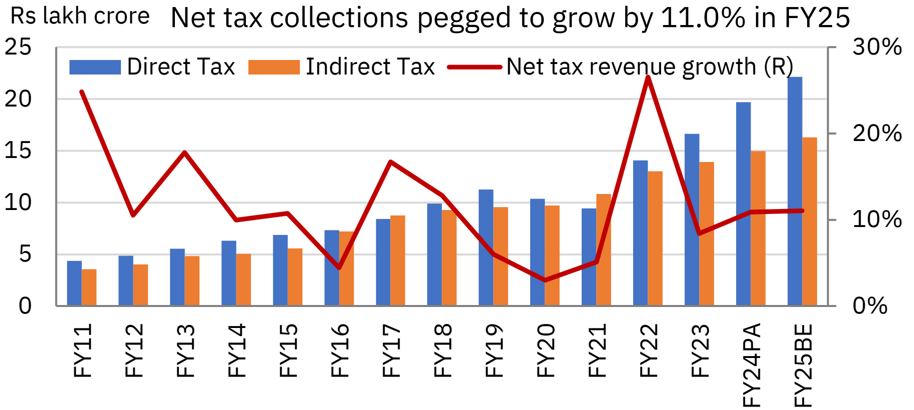


Table 4: Tax revenue assumptions seem realistic and achievable

	FY23		FY24RE			FY24PA		FY25IBE		FY25BE		
	Rs lakh crore	% YoY	Rs lakh crore	% YoY	% chg. from BE	Rs lakh Crore	% YoY	Rs lakh crore	% YOY (over FY24PA)	Rs lakh crore	% YoY (over FY24PA)	% chg. from FY25IBE
Direct Tax	**16.6**	**18.1%**	**19.5**	**17.2%**	**6.9%**	**19.7**	**18.4%**	**22.0**	**11.9%**	**22.1**	**12.3%**	**0.4%**
Corporation tax	8.3	16.0%	9.2	11.7%	0.0%	9.1	10.3%	10.4	14.5%	10.2	12.0%	-2.2%
Income tax	8.3	19.7%	10.2	22.7%	13.5%	10.4	25.4%	11.6	10.7%	11.9	13.6%	2.7%
Indirect Tax	**14.0**	**7.2%**	**14.9**	**7.0%**	**-3.0%**	**15.0**	**7.6%**	**16.3**	**8.8%**	**16.3**	**8.8%**	**0.1%**
GST	8.5	21.6%	9.6	12.7%	0.0%	9.6	12.7%	10.7	11.6%	10.6	11.0%	-0.5%
Customs	2.1	6.8%	2.2	2.5%	-6.2%	2.3	9.2%	2.3	-0.8%	2.4	2.0%	2.8%
Union excise duty	3.2	-19.2%	3.0	-4.8%	-10.4%	3.1	-4.3%	3.2	4.4%	3.2	4.5%	0.1%
Gross tax collections	**30.6**	**12.7%**	**34.4**	**12.5%**	**2.2%**	**34.6**	**13.4%**	**38.3**	**10.6%**	**38.4**	**10.8%**	**0.2%**
Net tax collections	**21.0**	**16.2%**	**23.2**	**10.8%**	**10.8%**	**23.3**	**10.9%**	**26.0**	**11.8%**	**25.8**	**11.0%**	**-0.7%**

Source: Budget Documents, NSE EPR. BE – Budget Estimate, IBE – Interim Budget Estimate, RE – Revised Estimate, PA – Provisional Actuals. Growth in FY25BE is based on provisional actuals for FY24

Non-tax revenues bolstered by higher RBI surplus transfer

- Non-tax revenues is budgeted to grow by a strong 35.8% in FY25, 36.5% higher than that estimated in the interim budget.
- This is primarily due to higher surplus transfer from the RBI (Rs 2.1 lakh crore).
- Dividends and profits from the RBI and public sector enterprises, including banks are budgeted to grow by a strong 69.6% to record high of Rs 2.9 lakh crore in FY25BE.

Figure 3: Annual non-tax collections trend

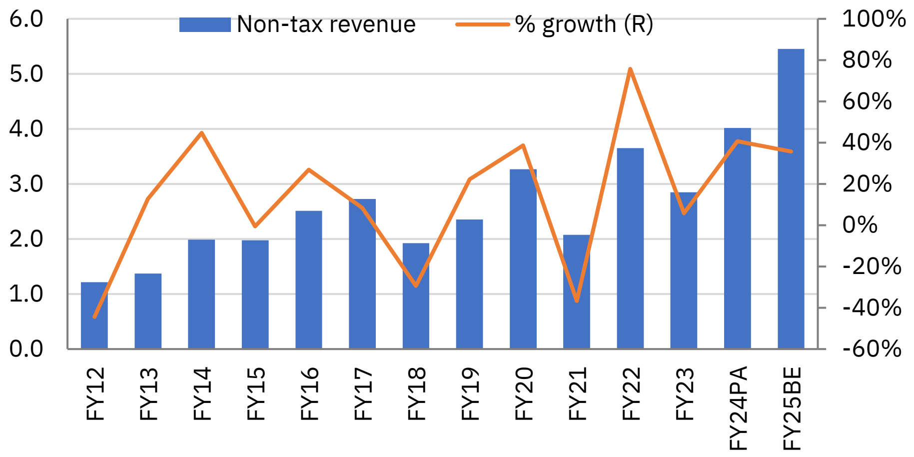


Table 5: Surge in dividend receipts to result in strong growth in non-tax revenues in FY25

Rs crore	FY23	FY23 (% YoY)	FY24RE	FY24RE (% YoY)	FY24PA	% YoY	FY25IBE	% YOY (over FY24PA)	FY25BE	FY25BE over FY24PA (% YoY)
Non-tax revenue	**2,85,420**	**-21.8%**	**3,75,795**	**31.7%**	**4,01,888**	**40.8%**	**3,99,701**	**6.4%**	**5,45,701**	**35.8%**
Interest receipt	27,852	27.3%	31,778	14.1%	38,297	37.5%	33,107	4.2%	38,224	-0.2%
Dividends and profits	99,913	-37.8%	1,54,407	54.5%	1,70,444	70.6%	1,50,000	-2.9%	2,89,134	69.6%
Other non-tax revenue	1,57,655	-13.7%	1,89,610	20.3%	1,93,147	22.5%	2,16,594	14.2%	2,18,343	13.0%

Source: Budget Documents, NSE EPR. BE – Budget Estimate, IBE – Interim Budget Estimate, RE – Revised Estimate, PA – Provisional Actuals. Growth in FY25BE is based on provisional actuals for FY24

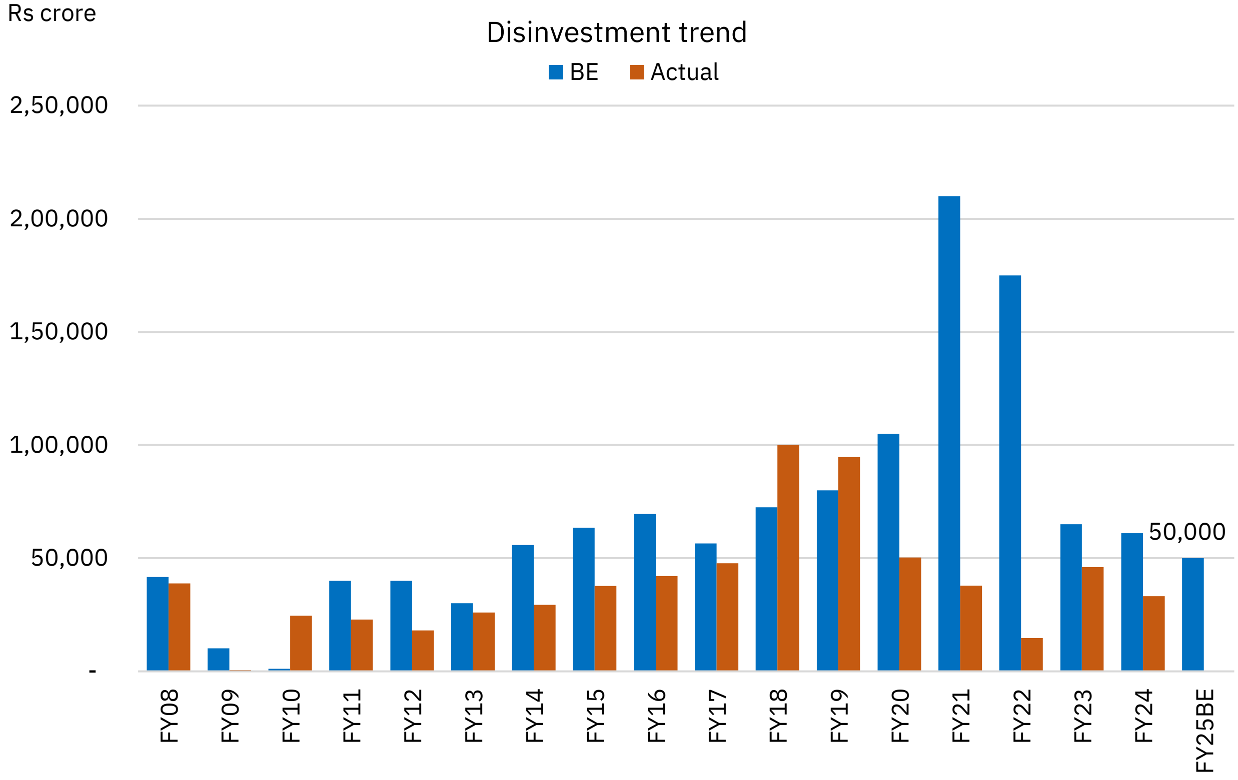
Disinvestments budgeted at a realistic Rs 50,000 crore in FY25

- Disinvestment proceeds in FY24 at Rs 33,123 crore was marginally higher than the revised estimate of Rs 30,000 crore, but much lower than Rs 61,000 crore in the budget estimate.
- This is the fifth year in a row that the disinvestment target was missed.
- In FY25, the Government aims to raise Rs 50,000 crore through divestments.

Table 6: Key disinvestments in FY24 (Apr-Mar'24)

Name	% of Govt. stake sold	Method	Receipts (Rs cr)	Govt. stake post disinvestment
Others (Remittance from SUUTI)	0.0	OTHERS	1810.3	0.0
Hindustan Aeronotics Ltd.	0.01	EMP OFS	9.3	71.6
Coal India Ltd.	3.0	OFS	4,185.3	63.1
Coal India Ltd.	0.0003	EMP OFS	0.4	63.1
Rail Vikas Nigam Ltd.	5.4	OFS	1,365.6	72.8
SJVN Ltd.	4.9	OFS	1,348.5	55.0
SJVN Ltd.	0.0	EMP OFS	0.8	55.0
HDFC Ltd.	6.6	OFS	1,050.0	75.2
IREDA Ltd.	10.0	IPO (OFS portion of 10%)	858.4	75.0
Ircon International Ltd.	8.0	OFS	1,191.1	65.2
Ircon International Ltd.	0.0	EMP OFS	2.1	65.2
NHPC LTD.	3.5	OFS	2,452.6	67.5
Total			**16507.3**	

Figure 4: Annual trend of revenue proceeds through the disinvestment route



Source: DIPAM

Continued thrust on capex

- Focus on capital expenditure has continued, with the capex outlay kept unchanged at Rs 11.1 lakh crore, up 17.1% YoY and 27% on an annualized basis over the last five years. This as a share of GDP at 3.4% is the highest in the last 26 years.
- The proportion of capex in total expenditure stands at 23% – the highest in 30 years, reflecting unceasing boost in the quality of expenditure.
- Key focus areas remain Roads, Railways, Food, Rural development and Telecommunications, with Roads receiving the largest allocation of Rs 2.7 lakh crore in FY25.

Figure 5: Annual revenue and capital expenditure trend

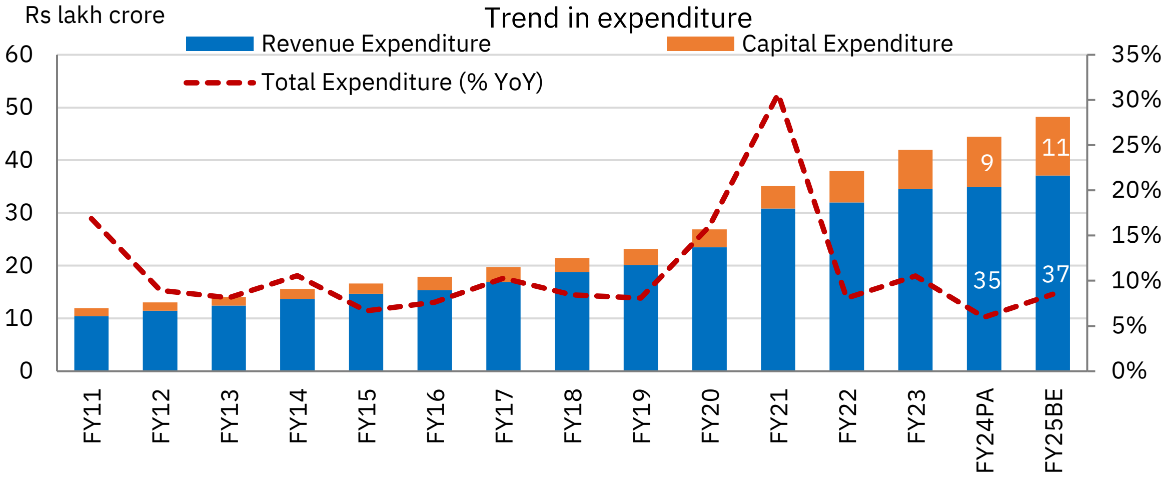


Figure 6: Share of capex in overall expenditure has improved meaningfully...

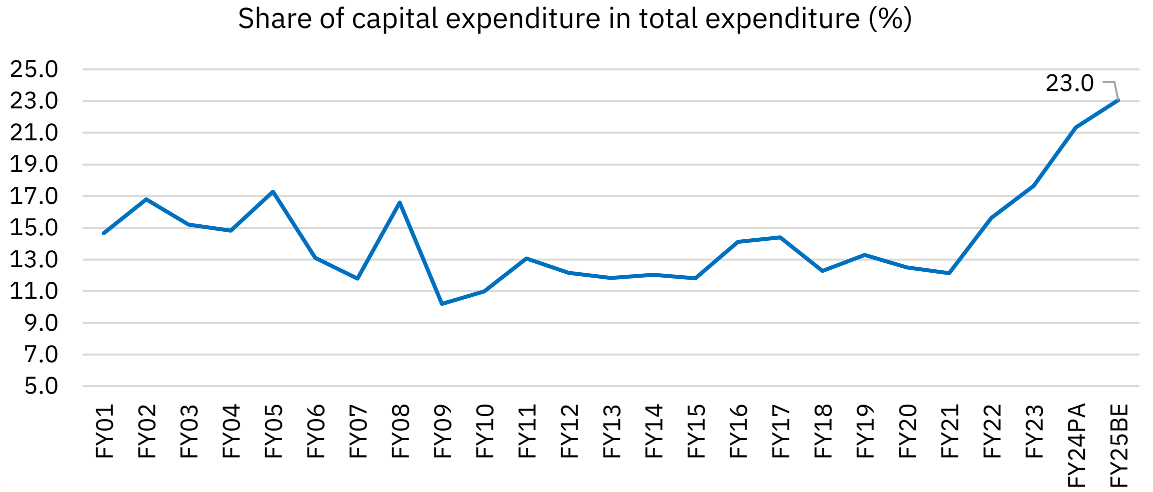
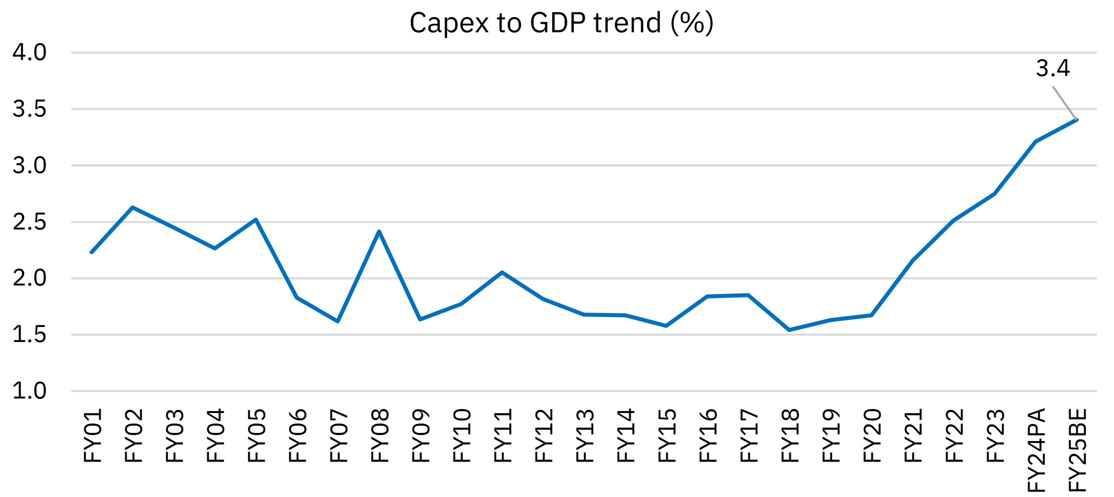


Figure 7: ...And so as a % of GDP



Source: Budget Documents, NSE EPR.
PA – Provisional Actuals, BE – Budget Estimate

Ministry-wise outlay

Table 7: Ministry-wise total outlay (includes Internal and Extra Budgetary Resources, IEBR)

(Rs crore)	FY23			FY24RE			FY25IBE			FY25BE				
Departments	Revenue	Capital	IEBR	Revenue	Capital	IEBR	Revenue	Capital	IEBR	Revenue	Capital	IEBR	Total outlay	%YoY
Food and Public Distribution	2,81,733	2,011	0	2,21,723	202	22,990	2,12,976	44	32,627	2,12,976	44	27,627	2,40,647	-1.7
Road Transport & Highways	11,104	2,05,986	0	11,826	2,64,526	0	5,759	2,72,241	0	5,759	2,72,241	0	2,78,000	0.6
Railways	3,154	1,59,256	44,727	3,272	2,40,000	20,000	3,393	2,52,000	13,000	3,393	2,52,000	13,000	2,68,393	1.9
Defense	4,22,202	1,50,896	2,809	4,56,118	1,67,771	2,852	4,39,700	1,88,241	2,781	4,39,700	1,88,241	3,254	6,31,295	0.7
Rural Development	1,76,837	0	0	1,71,066	4	0	1,77,562	4	0	1,77,562	4	0	1,77,566	3.8
Telecommunications	64,232	54,729		28,260	70,099	15,341	27,419	84,458	9,594	27,419	84,496	9,594	1,21,510	6.9
Power	9,290	23	57,384	17,511	124	59,120	19,984	518	67,286	19,416	1,087	66,717	87,219	13.6
New and Renewable Energy	7,550	13	18,249	7,833	15	21,355	12,833	17	26,499	19,083	17	30,715	49,815	70.6
Housing & Urban Affairs	50,432	26,878	16,512	42,737	26,533	16,789	48,897	28,626	16,020	53,948	28,628	42,520	1,25,096	45.4
Labour and Employment	14,757	38	0	12,483	38	0	12,482	50	0	22,482	50	0	22,531	79.9
Health and Family Welfare	70,258	3,051	54	74,915	2,709	125	83,305	4,352	59	84,045	3,612	59	87,716	12.8
MSMEs	23,135	406	150	21,543	595	220	21,550	588	240	21,550	588	240	22,378	0.1
Drinking Water & Sanitation	59,655	0	0	77,031	2	0	77,389	2		77,389	2	0	77,391	0.5
Others	22,58,793	1,36,738	2,23,236	23,93,921	1,77,628	1,67,401	29,35,786	4,57,971	1,74,906	25,44,680	2,80,101	1,74,906	29,99,687	9.5
Total	**34,53,132**	**7,40,025**	**3,63,120**	**35,40,239**	**9,50,246**	**3,26,193**	**36,54,657**	**11,11,111**	**3,43,012**	**37,09,401**	**11,11,111**	**3,68,632**	**51,89,144**	**7.7**

Source: Budget Documents, NSE EPR.
IEBR – Internal and Extra Budgetary Resources
RE – Revised Estimate, IBE – Interim Budget Estimate, BE – Budget Estimate

Revenue expenditure remains contained

- Government's sustained focus on expenditure rationalization after the COVID-induced spike in FY20 is visible this year as well, with revenue expenditure growth begged at a modest 6.2% in FY25. This translates into a four-year CAGR of mere 4.7%.
- Amid marginally lower borrowings and expected policy easing, interest payments are budgeted to see a growth of 9.3% in FY25—the lowest in the past four years.
- Following a steep 23.8% drop in the provisional actuals for FY24, total subsidy outgo is expected to moderate further by 2.8% to a five-year low in FY25BE, leading to its share in overall expenditure falling to a 23-year low of 8.9%.

Figure 8: Annual revenue expenditure trend

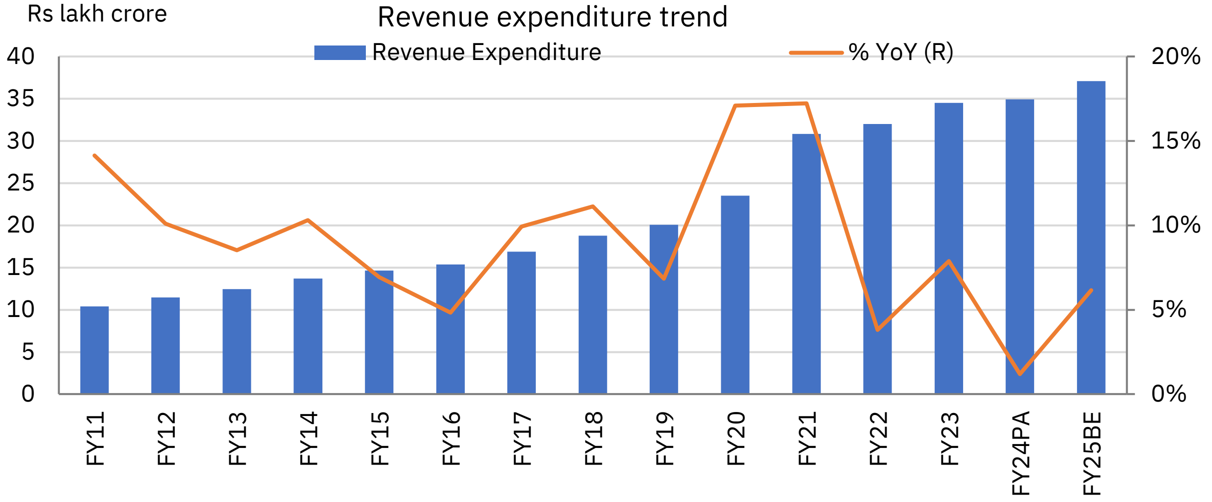


Figure 9: Share of subsidies in Government expenditure

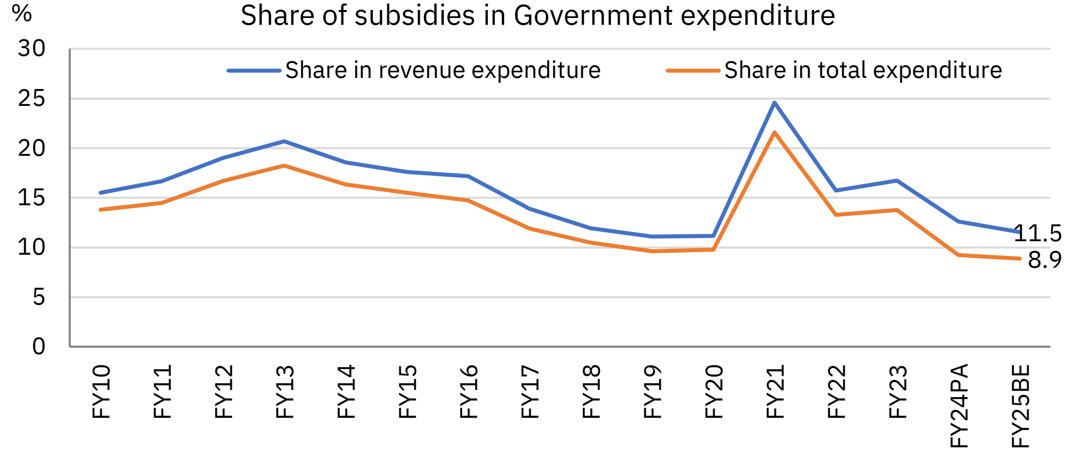
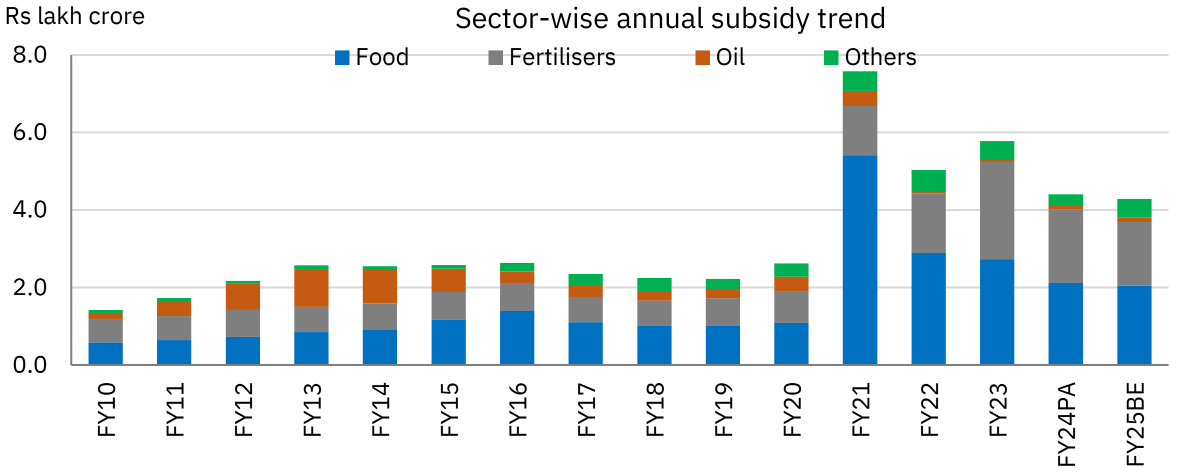


Figure 10: Subsidy expenditure declined by 2.8% in FY25BE



NSE

Source: Budget Documents, NSE EPR.
PA – Provisional Actuals, BE – Budget Estimate

Spending in social programs see a rise

Figure 11: Rural employment (MGNREGS Scheme)

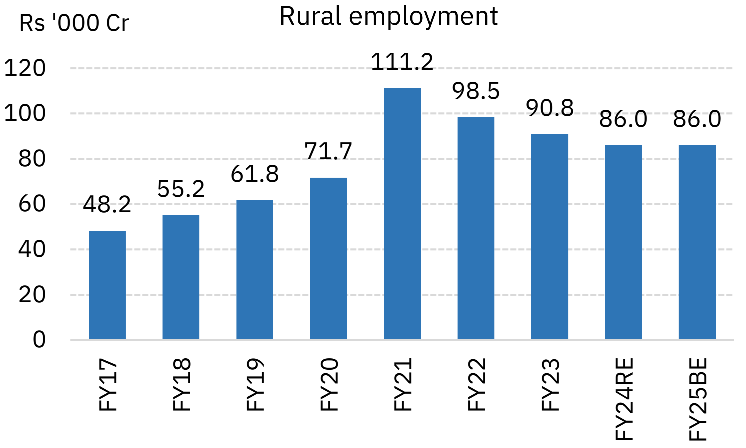


Figure 12: Housing for All (PMAY*)

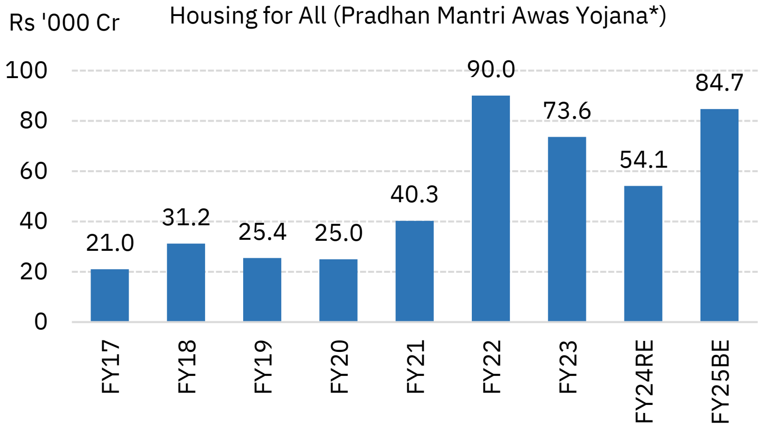


Figure 13: Rural Infrastructure (PMGSY)

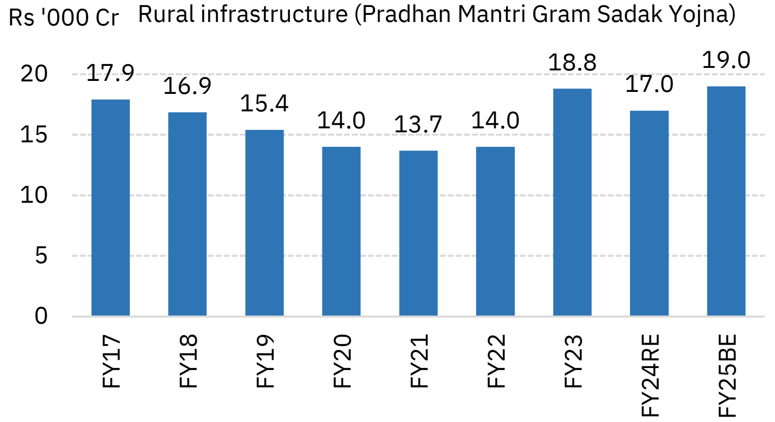


Figure 14: Education (NEM)

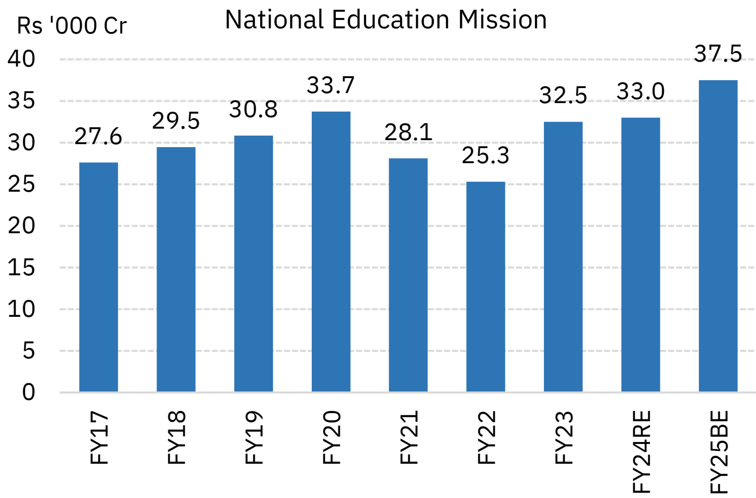


Figure 15: Swachh Bharat Mission

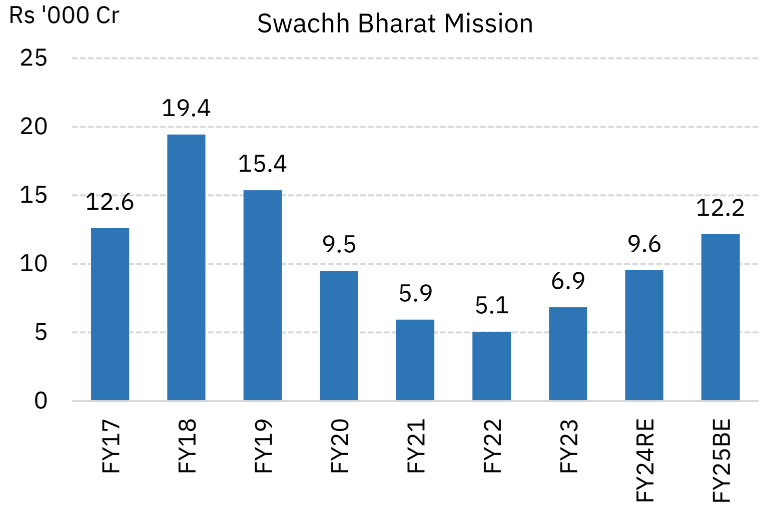
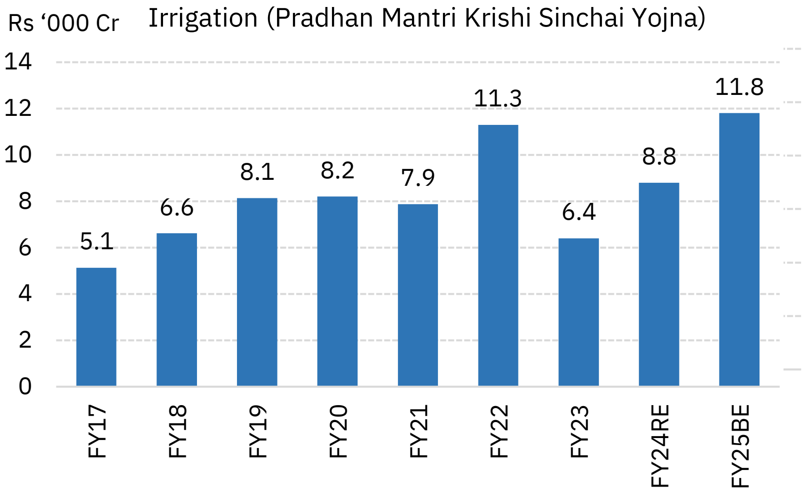


Figure 16: Irrigation (PMKSY)



Source: Budget Documents, NSE EPR
* Erstwhile Indira Awas Yojna
RE – Revised Estimate, BE - Budget Estimate

Fiscal transparency improves further

- The Government has continued to focus on bringing transparency in finances by reducing reliance on off balance sheet items including internal and extra budgetary resources (IEBR).
- The share of capex through IEBR declined for the seventh consecutive year to 24.9% in FY25BE.
- The effective capital spending stands at Rs 15 lakh crore for FY25BE, up 19.9% YoY.

Figure 17: Trend of capital outlay breakup

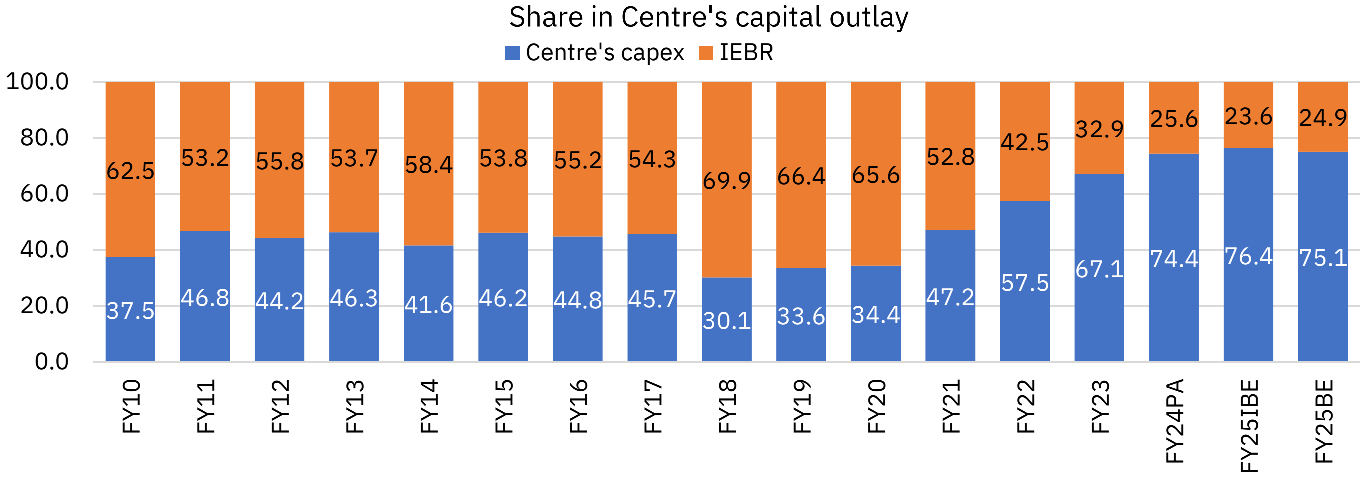


Table 8: Centre's total capital outlay

Rs crore	FY23	FY24RE	FY24PA	FY25IBE	FY25BE
1. Budgetary capex	**7,400**	**9,502**	**9,485**	**11,111**	**11,111**
% YoY	*24.8%*	*28.4%*	*28.2%*	*16.9%*	*17.1%*
2. Grant to states	3,063	3,212	3,037	3,856	3,908
% YoY	*26.2%*	*4.9%*	*-0.8%*	*20.0%*	*28.7%*
3. Effective capex (1 + 2)	**10,463**	**12,714**	**12,522**	**14,967**	**15,019**
% YoY	*25.2%*	*21.5%*	*19.7%*	*17.7%*	*19.9%*
4. IEBR	3,631	3,262	3,262**	3,430	3,686
% YoY	*-17.0%*	*-10.2%*	*-10.2%*	*5.2%*	*13.0%*
5. Total capex (3 + 4)	**14,094**	**15,976**	**15,784**	**18,397**	**18,705**
% YoY	*10.7%*	*13.4%*	*12.0%*	*15.2%*	*18.5%*
6. Centre's capital outlay (1 + 4)	**11,031**	**12,764**	**12,747**	**14,541**	**14,797**
% YoY	*7.1%*	*15.7%*	*15.6%*	*13.9%*	*16.1%*

Source: Budget Documents, NSE EPR. Growth in FY25BE figures are over provisional actuals for FY24. **IEBR for FY24PE is retained at the same level as FY24RE.
IEBR – internal and Extra Budgetary Resources. PA – Provisional Actuals, RE – Revised Estimate, IBE – Interim Budget Estimate, BE – Budget Estimate

Market loans and small savings to fund 98% of fiscal deficit

- Gross market borrowings for FY25 are pegged at Rs 14 lakh crore, lower than market expectations. Net market borrowings are expected to remain largely unchanged at Rs 11.6 lakh crore.
- Market borrowings are expected to fund 72% of the deficit in FY25, with small savings to fund another 26%.
- Nearly 57.5% of the Centre's debt is set to mature over the next 10 years, with the share of maturities in 20+ years bucket rising from 17% in FY20 to 23% now.

Table 9: Sources of funding the deficit

Rs lakh crore	FY23	FY24RE	FY24PA	% of total	FY25BE	% of total	% YoY
Gross market borrowings*	14.2	15.4	14.8		14.0		-5.5%
Net market borrowings	11.1	11.8	11.8	71%	11.6	72%	-1.2%
Short-term borrowings	1.1	0.0	0.5	3%	-0.5	-3%	-194.0%
External assistance (net)	0.4	0.2	0.6	3%	0.2	1%	-71.1%
Small savings (net)	4.0	4.7	4.5	27%	4.2	26%	-6.9%
State provident funds (net)	0.1	0.1	0.1	0%	0.1	0%	-1.4%
Draw down of cash balance	-0.0	-0.3	-1.7	-10%	1.4	9%	
Other capital receipts	0.8	0.8	0.8	5%	-0.8	-5%	-197.6%
Total	**17.4**	**17.3**	**16.5**	**100%**	**16.1**	**100%**	**-2.4%**

Figure 20: Nearly 41% of Centre's debt has maturity beyond 10 years

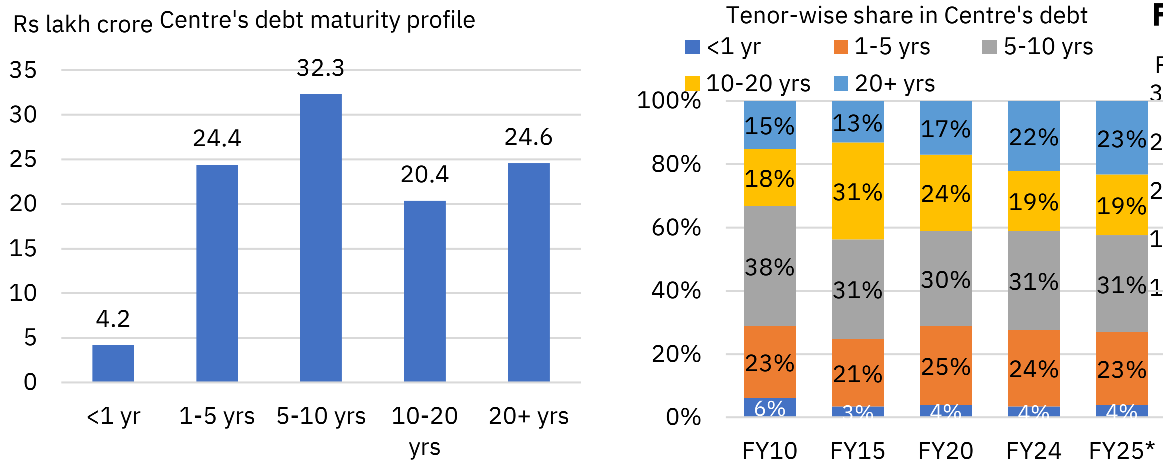
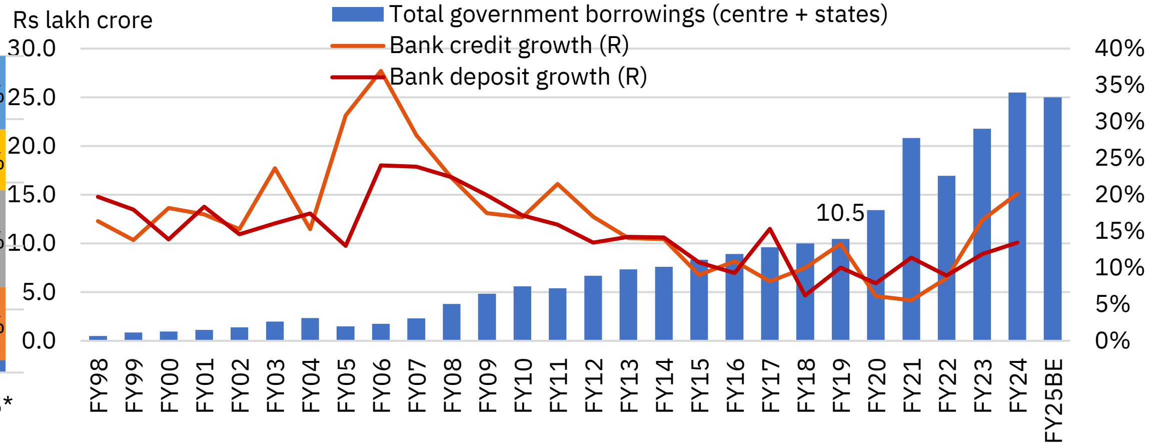


Figure 21: Centre's gross borrowings pegged at Rs 14 lakh crore in FY25



Source: Budget Documents, RBI, CMIE, NSE EPR. *Excludes switching of securities. *As of July 22nd, 2024.
PA – Provisional Actuals, BE – Budget Estimate, RE – Revised Estimate

Notes: 1. State borrowing for FY25 estimated at Rs 11 lakh crore.

Public debt levels to see a gradual decline

- ❖ The Government remains on track to bring down fiscal deficit to GDP ratio to sub-4.5% by FY26, without compromising on growth or welfare coverage.
- ❖ General government liabilities (Centre + states) to GDP ratio rose marginally from 83.4% in FY23 to 85.0% in FY24, with some moderation expected in FY25.
- ❖ Deficit levels from FY27 and beyond are planned to be in line with an overall downward trend in the Centre's debt to GDP ratio.

Figure 18: Central debt to GDP for India relative to peers

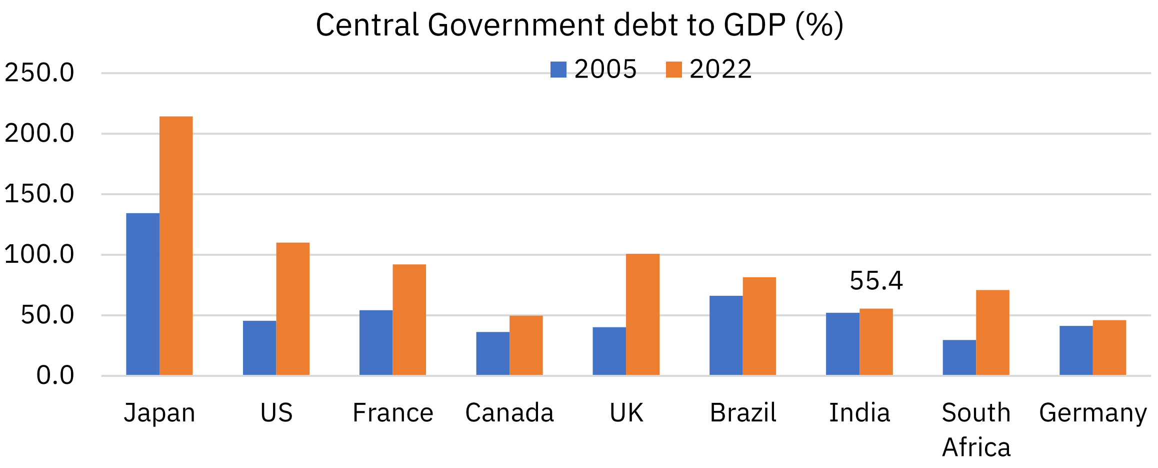
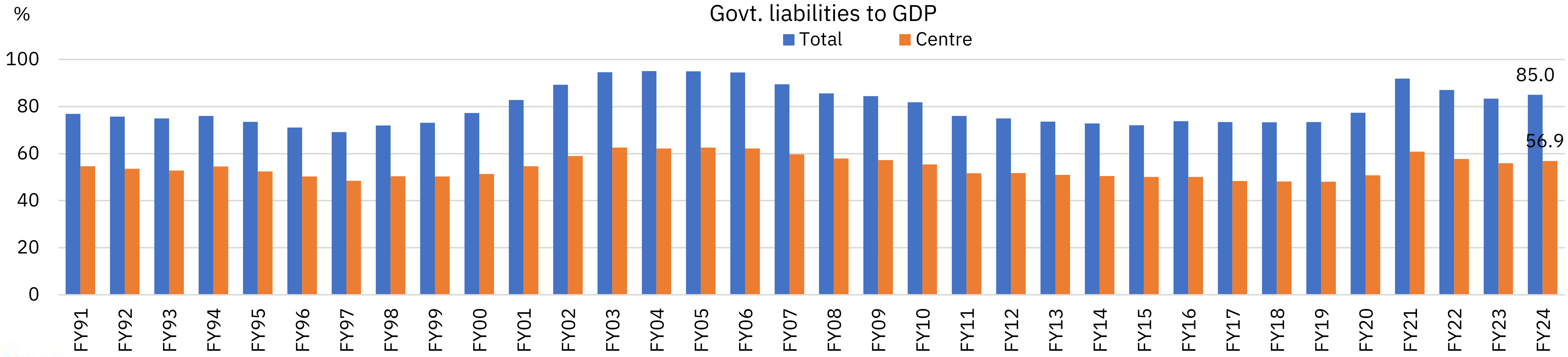


Figure 19: General Government liabilities to GDP ratio slowly coming off from pandemic peak levels (fiscal years)



Source: Budget Documents, RBI, CMIE, IMF, NSE EPR. *Excludes switching of securities.

Direct tax measures

- Revised slabs for new tax regime

Table 10: Revised tax slabs under the new tax regime for FY25

Income range	Upto Rs 3 lakh	Rs 3-7 lakh	Rs 7-10 lakh	Rs 10-12 lakh	Rs 12-15 lakh	Above Rs 15 lakh
Tax slab	NIL	5%	10%	15%	20%	30%

- Standard deduction for salaried employees increased from Rs 50,000 to Rs 75,000 (Under new tax regime)
- Deduction on family pension for pensioners increased from Rs 15,000 to Rs 25,000 (Under new tax regime)
- NPS contribution increased from 10% to 14% for employees opting for new tax regime
- No change in the old tax regime
- Short term capital gain (STCG) tax hiked from 15% to 20% on specified financial assets (w.e.f. July 23rd, 2024)
- Long term capital gain (LTCG) tax hiked from 10% to 12.5% on all financial and non-financial assets (w.e.f. July 23rd, 2024), accompanied with enhancement in the exemption limit from Rs 1 lakh to Rs 1.25 lakh
- The benefit of indexation on long term capital gain has been abolished (w.e.f. July 23rd, 2024)
- Unlisted bonds or debentures which are transferred, redeemed or matured on or after July 23rd, 2024, deemed to be classified as short term irrespective of holding period.
- Corporate tax rate on foreign companies reduced from 40% to 35%

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Personal income tax: Marginal savings to taxpayers

Table 11: Saving in income tax in the revised tax slabs under the new tax regime (For income of Rs 20 lakhs)

Pre-Budget			Post-Budget		
Tax Slabs (Rs)	**Rate(%)**	**Tax(Rs)**	**Tax Slabs (Rs)**	**Rate(%)**	**Tax (Rs)**
Upto Rs 3 lakh	Nil	0	Upto Rs 3 lakh	Nil	0
Rs 3 lakh - Rs 6 lakh	5	15,000	Rs 3 lakh - Rs 7 lakh	5	20,000
Rs 6 lakh - Rs 9 lakh	10	30,000	Rs 7 lakh - Rs 10 lakh	10	30,000
Rs 9 lakh - Rs 12 lakh	15	45,000	Rs 10 lakh - Rs 12 lakh	15	30,000
Rs 12 lakh - Rs 15 lakh	20	60,000	Rs 12 lakh - Rs 15 lakh	20	60,000
Above Rs 15 lakh	30	1,35,000	Above Rs 15 lakh	30	1,27,500
Total tax		**2,85,000**			**2,67,500**
Total tax saving					**17,500**

- On account of tweaks in the tax structure for the **new income tax regime**, an individual having an income of Rs 20 lakhs can make a tax-saving of Rs 17,500/- (0.9% of the taxable income)
- The changes in tax slabs in the new tax regime is to accommodate taxpayers who follow the new tax regime (currently: 2/3rd taxpayers follow the new tax regime)

NSE

Indirect tax measures

- GST structure to be simplified and rationalized further to reduce compliance burdens and logistics costs, and the base to be expanded to sectors not covered currently.
- Increase in STT on sale of options in securities from 0.0625% to 0.1% (payable on premium turnover) and on sale of futures on securities from 0.0125% to 0.02% (payable on turnover) w.e.f. October 1st , 2024.
- A comprehensive review of the customs duty rate structure to be undertaken in the next six months.

Other proposed changes (BCD)

- Leather and textile garments to see reduction in customs duties for raw materials with import duty structure for raw hides, skin and leather to be rationalized.
- Nil BCD on ferrous scrap and nickel cathode and concessional BCD of 2.5 per cent on copper scrap to be continued.
- Customs duty hike to be seen on plastic products.
- Proposal to expand the list of exempted capital goods for solar panel manufacturing.

Table 12: Proposed changes in the basic customs duties

Items	Proposed Changes on BCD		
	↑	↓	Exempted
Medicines	-	-	3 more cancer medicines
Mobile phones, Mobile PCBA and charger	-	15% from 20%	-
Gold and Silver	-	6% from 15%	-
Platinum	-	6.4%	-
Shrimp and fish feed	-	5%	-
Critical minerals	-	To be reduced on two minerals	Complete exemption for 25 minerals
Ferro nickel and blister copper	-	-	Exempted
Ammonium Nitrate	10% from 7.5%	-	-
Telecom equipment	15% from 10%	-	-
Methylene diphenyl diisocyanate (MDI)	-	5% from 7.5%	-
PVC flex banners	25% from 10%	-	-

Key sector-wise announcements and implications

Sector	Announcements	Implications
Infrastructure, Transportation and Logistics	Purvodaya, for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh and development of industrial node at Gaya.	To boost industrial development in Bihar and Andhra Pradesh.
	Setting up of a new 2400 MW power plant at a cost of 21,400 crore in Pirpainti. New airports, medical colleges and sports infrastructure to be constructed in Bihar.	
	Development of road connectivity projects, namely (1) Patna-Purnea Expressway, (2) Buxar Bhagalpur Expressway, (3) Bodhgaya, Rajgir, Vaishali and Darbhanga spurs, and (4) additional 2-lane bridge over river Ganga at Buxar at a total cost of 26,000 crore. Polavaram Irrigation Project in Andhra Pradesh.	To reduce congestion, logistical cost and foster multi-modal connectivity.
	3 crore additional houses under the PM Awas Yojana. Phase IV of PMGSY will be launched to provide all-weather connectivity to 25,000 rural habitations.	To increase access to housing to poor and connectivity to rural areas.
	Development of investment-ready "plug and play" industrial parks with complete infrastructure in or near 100 cities. 12 industrial parks will be sanctioned under the National Industrial Corridor Development Programme.	To boost industrial infrastructure and generate employment.
	A venture capital fund of 1,000 crore will be set up to expand the space economy.	
	Irrigation and flood mitigation programmes to help states like Bihar, Himachal Pradesh, Uttarakhand, Sikkim and Assam.	To reduces losses due to flood and droughts.

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Key sector-wise announcements and implications (Contd.)

Sector	Announcements	Implications
Energy	PM Surya Ghar Muft Bijli Yojana (install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month) will be further promoted	To reduce the energy cost for the households
	Pumped storage policy and R&D of small and medium nuclear reactors	To increase electricity storage and production of nuclear energy
	A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant using AUSC.	To boost electricity generation in the most efficient way
Technology	An Integrated Technology Platform will be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC)	To improve transparency, timely processing and better oversight for all stakeholders
Tourism	Comprehensive development of Vishnupad Temple Corridor, Mahabodhi Temple Corridor and Rajgir	To transform them into world class pilgrim and tourist destinations
	Development of Nalanda as a tourist centre	

Key sector-wise announcements and implications (Contd..)

Sector	Announcements	Implications
Agriculture	Release of 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops.	To promote agriculture sustainability and combat climate change
	Encouragement of natural farming (1 core farmers will be added).	
	10,000 need-based bio-input resource centres will be established.	
	Setup of large-scale cluster for vegetable production near consumption centres.	To increase vegetable production.
	Financial support for setting up a network of Nucleus Breeding Centres for Shrimp Broodstocks through NABARD.	To increase shrimp production and export.
	To achieve atmanirbharta' in pulses and oil seeds, government will encourage production, storage and marketing.	To reduce import of oil seeds and pulses.
	Implementation of Digital public infrastructure (DPI) Digital crop survey in 400 districts. Issuance of Jan Samarth based Kisan credit card in 5 states.	To reduce land related disputes and increase access to financing.
MSME	Bank credit to MSME's during stress supported through guarantee from a government promoted fund.	To increase survival of viable MSME's and reduce unemployment.
	E-Commerce Export Hubs will be set up in public private-partnership (PPP) mode.	To increase export and profitability of MSME's.
	New assessment model for MSME credit developed by Public sector banks.	Better assessment of financial position and performance of MSME's which will increase credit lending and recovery rate.

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Source: Budget documents, NSE EPR.

Financial markets, IFSC and Banking

- Proposal to roll out a financial sector vision and strategy document setting the agenda for the next five years.
- A taxonomy on climate finance to be developed for boosting availability of capital for climate adaptation and mitigation.
- Regulations for Foreign Direct Investment and Overseas Investments to be simplified.
- Angel tax to be abolished for all classes of investors.
- Tax exemption for retail schemes and ETFs in IFSC.
- Tax exemption of certain income of Core Settlement Guarantee Fund set up in IFSC.
- Exclusion of applicability of section 94B to certain finance companies located in IFSC.
- Surcharge shall not apply on income tax payable on income from securities by specified funds in IFSC.
- NPS-Vatsalya – A new NPS scheme for minors to be introduced.
- 100 branches of India Post Payment Bank to be set up in the North-East region.
- An Integrated Technology Platform to be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC).
- Reduction in turnover threshold of buyers for mandatory onboarding on the TReDS platform from Rs 500 crore to Rs 250 crore.

Economic Policy and Research

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