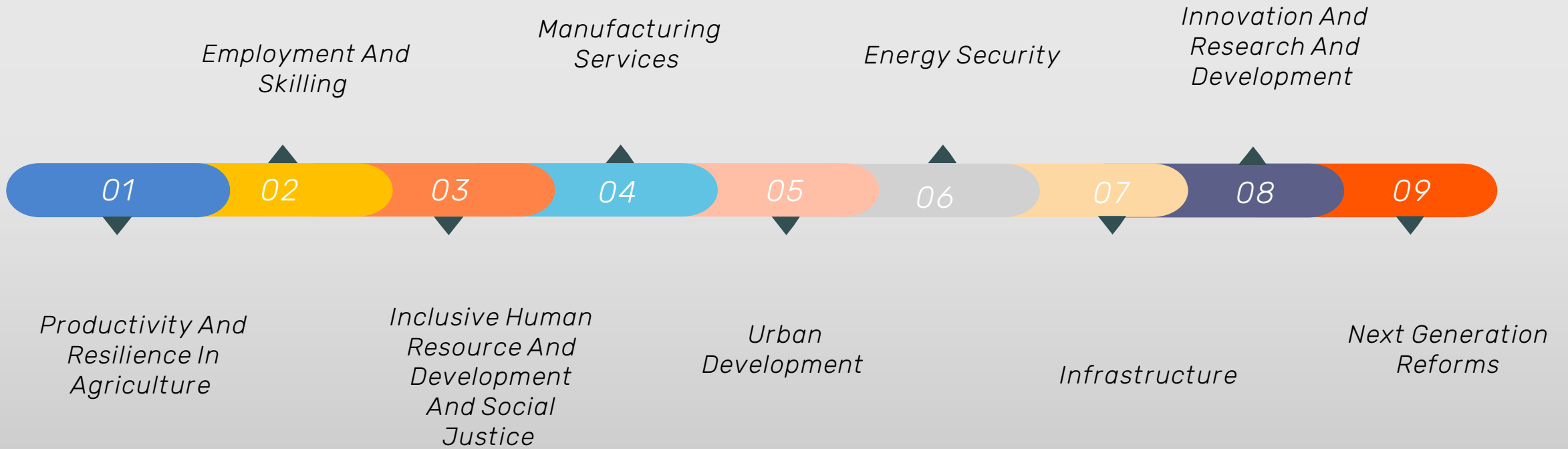


UNION BUDGET FY24-25

July 2024

PRIORITY AREAS



Source: Key to Budget Document 2024

BUDGET 2024 PRIORITY AREAS



Productivity And Resilience In Agriculture

- 109 new crop varieties for farmers, focusing on high-yield and climate resilience.
- Government plans to train 1 crore farmers in natural farming within two years.
- ₹1.52 lakh crore allocated to the agriculture sector.
- Government to implement DPI in agriculture over three years, starting with digital crop surveys in 400 districts and issuing Kisan Credit Cards in five states.



Employment And Skilling

- Government to implement 3 EPFO-based schemes for first-time employees, supporting employees and employers under PM's package.
- Scheme A (First Timers): One-month wage in 3 installments for new workforce entrants, up to ₹15,000, salary cap ₹1 lakh/month, 210 lakh beneficiaries.
- Scheme B (Job Creation in Manufacturing): Incentives for manufacturing jobs, EPFO contribution support for 4 years, 30 lakh youth and employers benefited.
- Scheme C (Support to Employers): ₹3,000/month EPFO reimbursement for 2 years for additional employees, salary cap ₹1 lakh/month, 50 lakh beneficiaries.
- 20 lakh youth will be skilled over 5 years; 1,000 ITIs upgraded in hub-and-spoke arrangements.
- Course content and design aligned with industry skill needs.



Inclusive Human Resource Development and Social Justice

- ₹2.66 lakh crore for rural development and infrastructure.
- Government to adopt saturation approach for inclusive development, covering farmers, youth, women, and poor.
- Enhanced support for economic activities by craftsmen, artisans, SHGs, SC/ST, women entrepreneurs, and street vendors.
- Purvodaya plan for comprehensive development of Bihar, Jharkhand, West Bengal, Odisha, Andhra Pradesh.
- ₹3 lakh crore allocation for women-led development.
- Commitment shown to Polavaram Irrigation Project on the Godavari River, Andhra Pradesh.

Source: Key to Budget Document 2024

BUDGET 2024 PRIORITY AREAS

Manufacturing & Services

- Special attention to MSMEs with a package for financing, regulatory changes, and technology support.
- Credit guarantee scheme for MSMEs, with up to ₹100 crore guarantee cover for machinery and equipment loans.
- New mechanism for continued bank credit to stressed MSMEs, supported by government-promoted fund.
- Comprehensive internship scheme in 500 top companies for 1 crore youth, with ₹5,000/month allowance and one-time ₹6,000 assistance through the CSR funds.



Urban Development

- PM Awas Yojana Urban 2.0 to address housing needs of 1 crore urban poor and middle-class with ₹10 lakh crore investment.
- Encouragement for states to lower high stamp duty rates and further reduce duties for properties purchased by women.
- Transit Oriented Development plans for 14 large cities with a population over 30 lakh, including implementation and financing strategies.
- Water supply, sewage treatment, and solid waste management projects in 100 large cities with treated water use for irrigation.



Energy Security

- PM Surya Ghar Muft Bijli Yojana to provide free electricity of upto 300 units every month across 1 Crore households.
- Promotion of pumped storage projects for storing electricity and integrating renewable energy.
- Collaboration with private sector for the setting up and R&D of Bharat small reactors and Bharat small Modular reactors.
- Development of Advanced Ultra Super Critical (AUSC) thermal power plants, a joint venture between NTPC and BHEL.
- Energy audits and funding will help 60 clusters of traditional micro and small industries shift to cleaner energy, with plans for 100 more clusters.



BUDGET 2024 PRIORITY AREAS



Infrastructure

- Provision of ₹11,11,111 crore for infrastructure, amounting to 3.4% of GDP.
- ₹1.5 lakh crore in the form of long-term interest-free loans to states.
- Private sector involvement in infrastructure will be increased through funding and new policy and market-based frameworks.
- Financial support of ₹11,500 crore to ongoing schemes, assistance for flood management and for reconstruction and rehabilitation.
- Development of tourism with special focus on temple corridors in Bihar, Rajgir, Nalanda and Odisha.



Innovation, Research and Development

- The Anusandhan National Research Fund for basic research and prototypes to be launched, supporting private sector innovation with a ₹1 lakh crore fund
- ₹1,000 crore venture capital fund to expand the space economy by five times in the next decade



Next Generation Reforms

- Reforms to boost productivity and efficiency across land, labour, capital, entrepreneurship, and technology, supported by a ₹1 lakh crore financing pool.
- Allocation of a 50-year interest-free loan to incentivize states for timely completion of land and urban planning reforms.
- Simplified rules for Foreign Direct Investment and promote use of Indian Rupee for overseas investments.
- Introduction of NPS-Vatsalya for minors with seamless conversion to regular NPS accounts.

DIRECT TAXES

Revision of Personal Income tax slab in new tax regime

Current tax structure

Taxable Income Slab	Tax rate
Up to 3 Lakh	Nil
3 – 7 Lakh	5%
7 – 10 Lakh	10%
10 – 12 Lakh	15%
12 – 15 Lakh	20%
Above 15 Lakh	30%

Previous tax structure

Taxable Income Slab	Tax rate
Up to 3 Lakh	Nil
3 – 6 Lakh	5%
6 – 9 Lakh	10%
9 – 12 Lakh	15%
12 – 15 Lakh	20%
Above 15 Lakh	30%

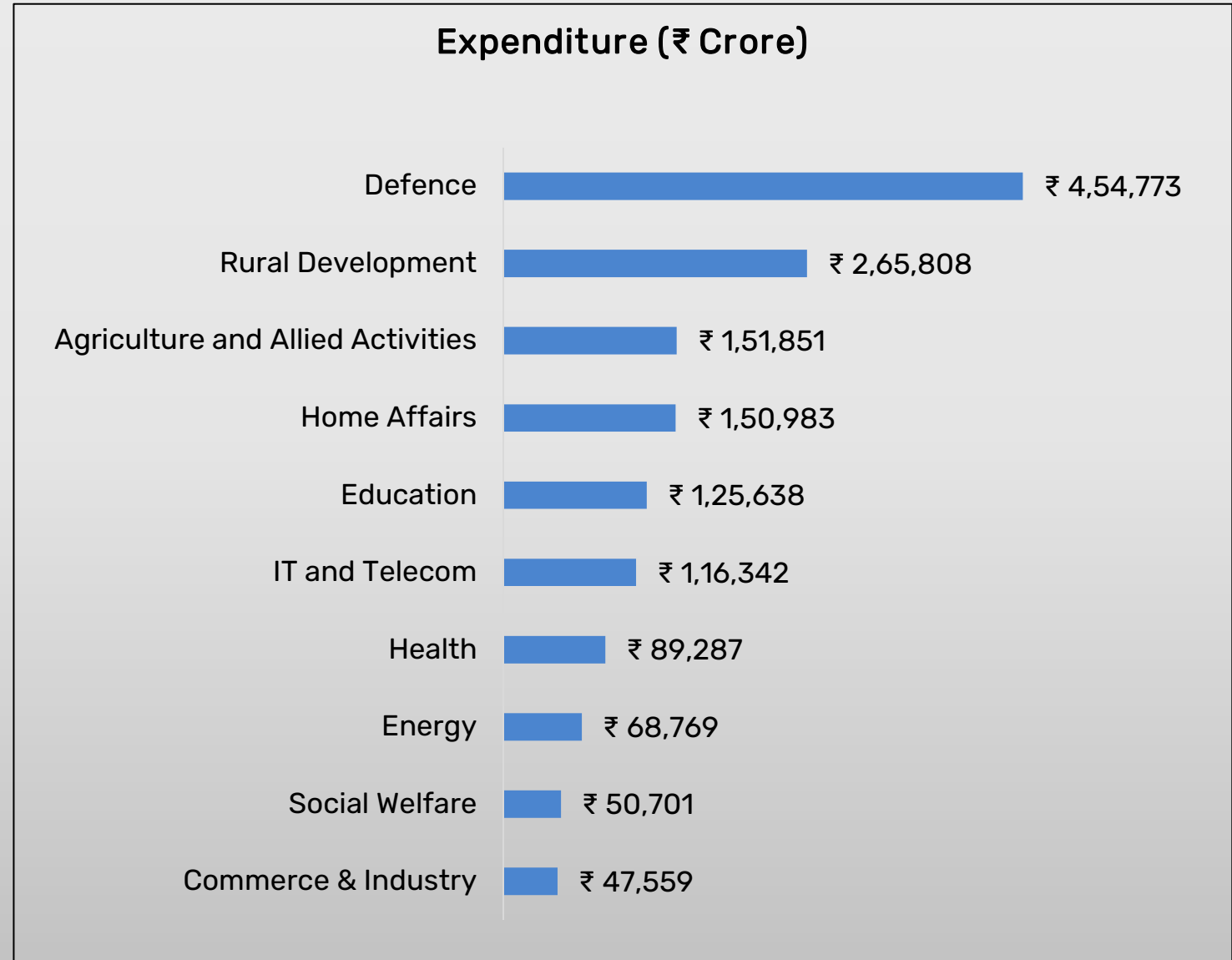
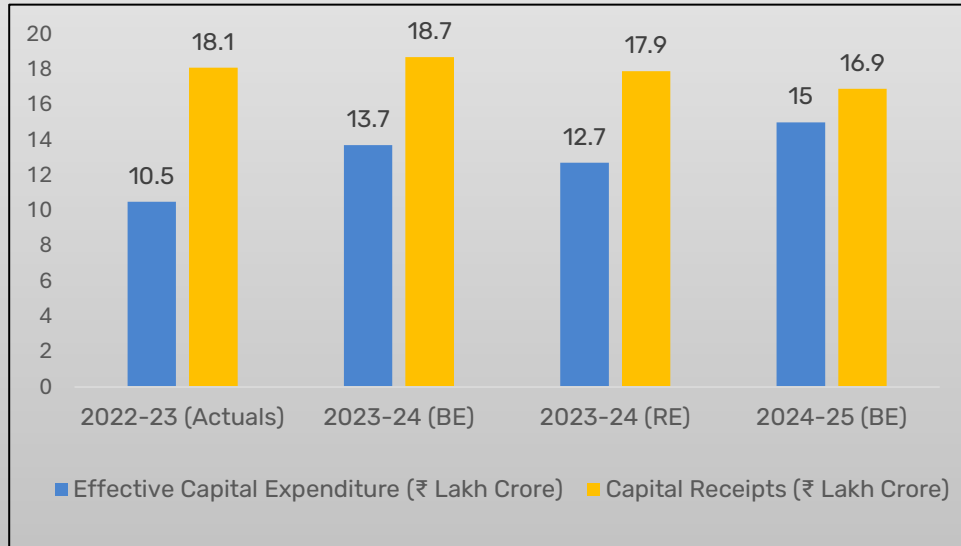
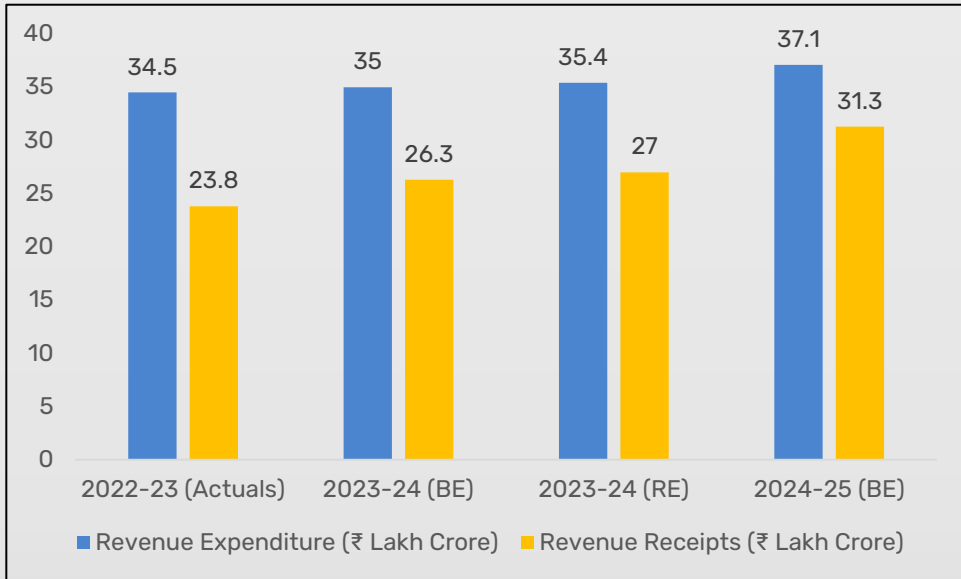
- Standard deduction for salaried employees increased from ₹50,000 to ₹75,000
- Deduction on family pension for pensioners increased from ₹15,000 to ₹25,000

EXCLUSIVE DIRECT TAX REVISIONS

Asset Class	STCG	LTCG	Holding period for STCG	Holding period for LTCG
Equity Oriented MF Units	Previous: 15% New: 20%	Previous: 10% New: 12.5%	Less than 12 Months	More than 12 Months

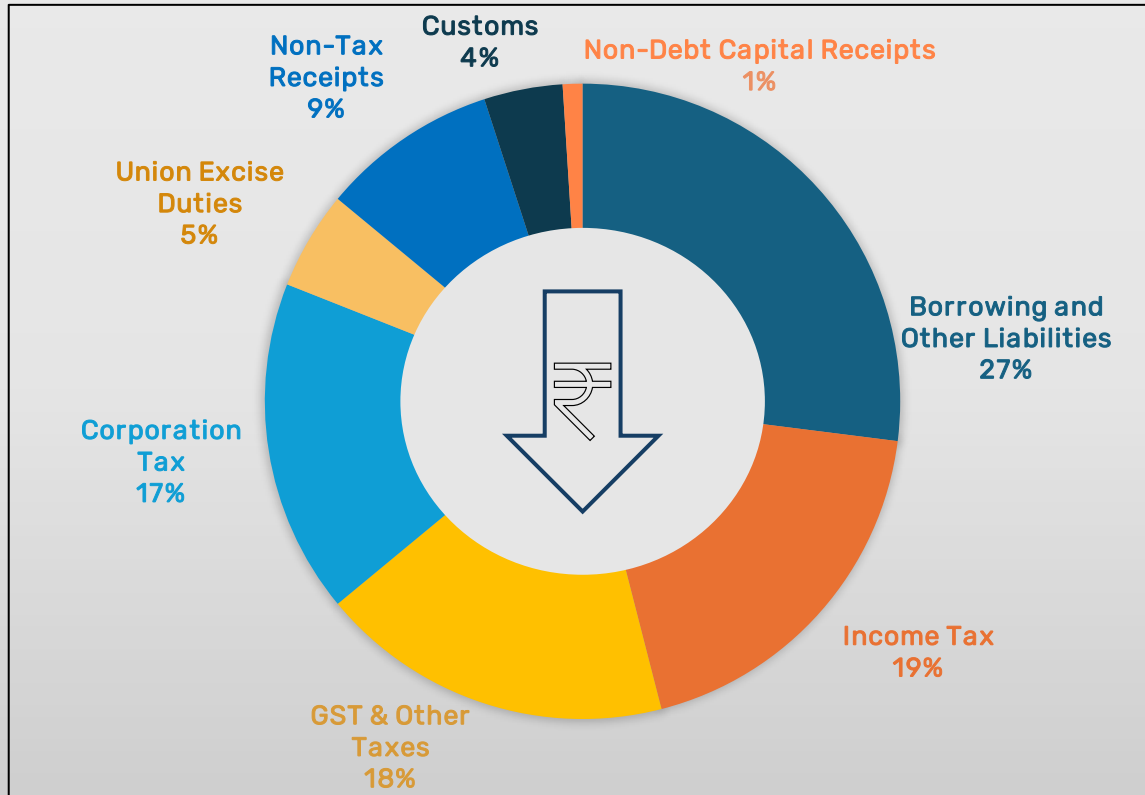
- LTCG threshold increased to ₹1.25 lakh for equity mutual funds.
- 20 per cent TDS on repurchase of units by mutual funds is withdrawn.
- STT rates on sale of an option in securities is increased to 0.1 per cent of the option premium, and on sale of futures in securities to 0.02 per cent. *(This is only applicable for Futures and Options and not for ETFs or mutual funds)*

GOVERNMENT'S INCOME AND SPENDING

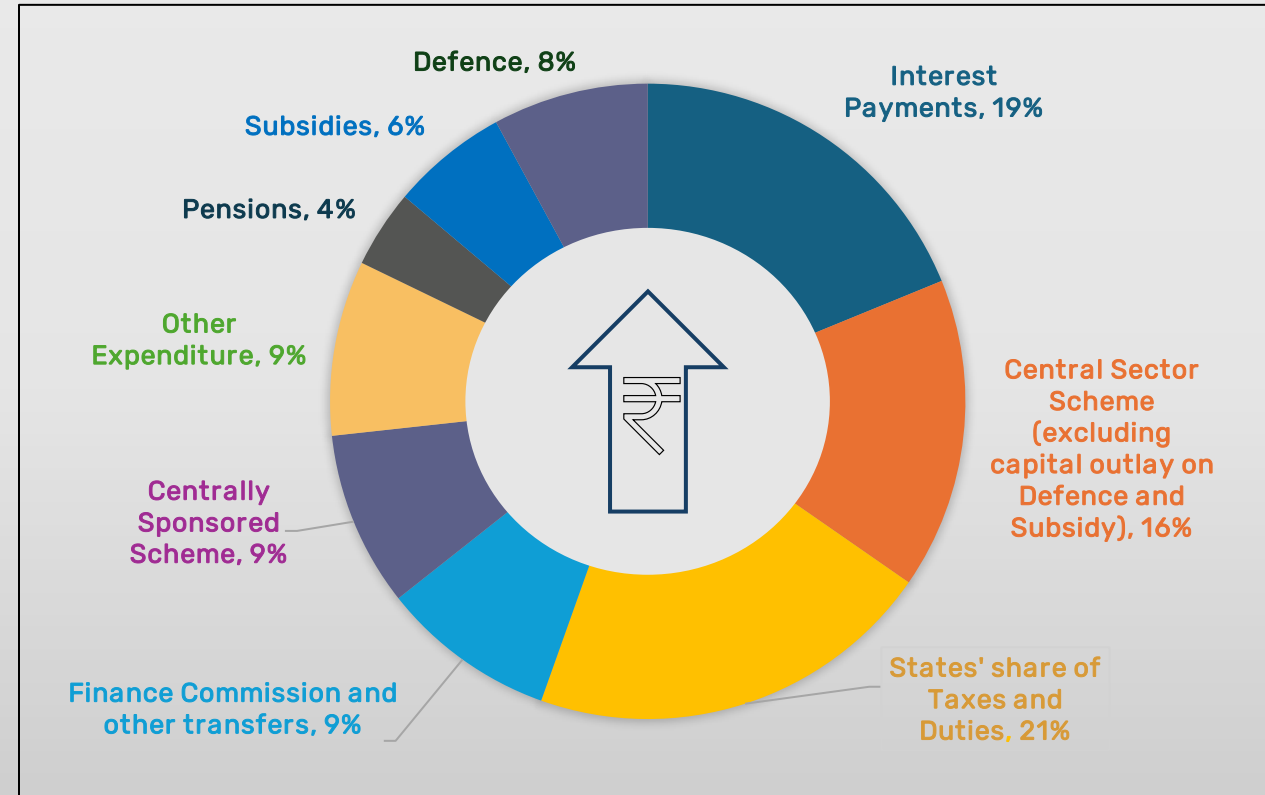


RUPEE: COMES FROM & GOES TO

Rupee Comes From



Rupee Goes To



Budget Estimates 2024-25:

Total receipts other than borrowings: `32.07 lakh crore. Total expenditure: `48.21 lakh crore.

Our View: GOVERNMENT STICKS TO PATH OF GRADUAL FISCAL PRUDENCE

- **Borrowing Reduction:** The government has revised its gross market borrowing estimate for 2024-25 to ₹14.01 trillion from ₹14.13 trillion and net borrowing to ₹11.63 trillion from ₹11.75 trillion, reflecting a commitment to fiscal prudence.
- **Fiscal Deficit Target:** The fiscal deficit for FY25 is targeted at 4.9%, improved from the 5.1% forecast in the interim budget.
- **Bond Yields:** Post-announcement, the 10-year government bond yield fell to a low of 6.9260% but recovered to 6.9687%, compared to 6.9633% previously.
- **Interest rate outlook:** With gradual borrowing as a percentage of GDP on a downward path, we believe the central bank will have more room to implement rate cuts in the coming period. However, the central bank may wait for further data to fully anchor inflation expectations and to consider the potential effect of a likely US Fed rate cut around September. We believe the market is pricing in a 25-50 bps cut in FY25 based on the current scenario.
- **From an equity perspective:** The budget expenditure has shown a shift towards boosting rural income and spending while maintaining the capex level from previous estimates. How this may affect FII and other allocations could be a key indicator of the market direction going forward.

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

THANK YOU

Budget Key Terms

Union Budget of India

Presented annually by the Finance Minister of India, it is a comprehensive financial statement that outlines the government's revenue and expenditure for the upcoming fiscal year.

Economic Survey

It is an annual document prepared under the guidance of the Chief Economic Advisor of India and is presented by the Department of Economic Affairs, Ministry of Finance a day before the Union Budget.

Gross Domestic Product

It is the total monetary value of all the goods and services produced within a country in a specified time.

Inflation

It is the rate at which the general level of prices for goods and services is rising leading to a decrease in the purchasing power of money.

Fiscal Deficit

It is the gap between the government's total revenue and total expenditure. It arises when the government's expenditure exceeds its revenue for the fiscal year.

Budget Key Terms

Current Account Deficit

It measures the country's trade where the value of the goods and services it imports exceeds the value of its exports.

Primary Deficit

It is the difference between the fiscal deficit and the interest payment of the previous year. It indicates how much the government requires to borrow for purposes other than interest payment.

Direct Taxes

One of the biggest source of revenue to the government, direct tax is a charge that is levied directly on the taxpayer by the government.

Indirect Taxes

An indirect tax is one that is not paid directly by a person to the government but collected by an intermediary and passed on to the government. Indirect tax leads to an increase in the prices of products on which they are imposed. E.g. GST

Budget Key Terms

Capital Expenditure

Long-term investments that generate future profits or dividends. Government capex refers to government spending on the development of infrastructure, such as machinery, equipment, buildings, health facilities, and education.

Revenue Expenditure

It is the expenditure that does not lead to the creation of fixed assets. The government's expenses include paying interest on loans, salaries and pensions, subsidies, etc.

Disinvestment

It is the process by which the government sells its stakes in public sector enterprises or assets. The primary objectives are to raise revenues, promote competition, reduce fiscal deficit.

Balance of Payment

It is a comprehensive statement of a country's economic transactions with the rest of the world over a specific period. It includes 2 main components- current account and capital account.