

OVERVIEW OF INDIA'S UNION BUDGET 2024-2025

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ABSTRACT

The Union Budget 2024 of India has implemented initiatives focused on education, employment, skill development, and the middle class. Nine priority sectors have been delineated, and significant modifications have been implemented in the capital gains tax framework. The Union Budget in India is a procedure through which the central government presents its financial condition to parliament, encompassing income, expenditure, and borrowing. A budget, issued at the conclusion of one financial year and the commencement of another, delineates the funds raised and expended in the preceding year, together with the borrowing required to address any deficits. Furthermore, it offers projections for the forthcoming financial year, outlining expected revenues, proposed expenditures, and projected borrowing to address any deficits. It is important to note that in a general election year, the ruling coalition at the centre prepares an interim budget. Subsequent to the conclusion of general elections and the establishment of a new administration, a comprehensive union budget is presented in parliament. Consequently, in February 2024, the finance minister presented an interim budget to Parliament.

Keywords: Union Budget, Priority Sectors, Tax Regime, Income and Expenditures.

1. INTRODUCTION

The third consecutive Narendra Modi administration ('Modi 3.0') commenced its term after the conclusion of the general elections in June. On July 23, 2024, India's finance minister Nirmala Sitharaman presented the inaugural union budget of the Modi 3.0 government, highlighting the themes of education, employment, skill development, Industry 4.0, and the middle class. The entire expenditure in the Budget Estimates (BE) year 2024-25 is projected at ₹48,20,512 crore, with total capital expenditure amounting to ₹11,11,111 crore. The government is projected to receive Rs 32,07,200 crore in 2024-25, reflecting a 15% increase compared to 2023-24. The government is projected to borrow Rs 16,13,312 crore in 2024-25, representing a 2.4% decrease from 2023-24.

2. REVIEW OF LITERATURE

A literature review is a scholarly document that encapsulates the current understanding of a specific topic, highlighting significant findings along with theoretical and methodological advancements. A literature review constitutes the cornerstone of nearly every academic discipline's research. Consequently, the literature review section has been constructed to examine a range of works pertinent to the current review, encompassing four primary aspects closely related to the research endeavour.

1. Tax Benefits
2. Tax Rebate
3. Budget Benefits
4. Economic Growth

Kirti Makwana (2024) observed that the budget prioritises fostering business expansion, enhancing living standards, and offering relief to many sectors impacted by the COVID-19 epidemic. Terms such as "India," "Government," "Infrastructure," and "Sector" are frequently reiterated in each budget presentation.

Ramalingam and Kamaraj (2023) noted that India has emerged as one of the fastest emerging nations globally. The Indian economy is described as a "bright star" in this context. The anticipated economic growth for the current year is projected to be 7%. This is noteworthy as it represents the apex among the key economies. We are executing multiple initiatives for sustainable fuel, renewable energy, eco-friendly agriculture, sustainable transportation, green architecture, and environmentally conscious equipment, with regulations for energy efficiency throughout diverse economic sectors. These green growth efforts mitigate the carbon intensity of the economy and generate substantial green employment opportunities.

Hitesh I. Bhatia (2016) observed that increasing debt-to-GDP ratios are sustainable if they foster economic growth. Thus, the nature of government expenditure financed through borrowed resources, rather than the overall amount borrowed, delineates fiscal sustainability. Consequently, forthcoming deficit values will be influenced by expenditure as well as anticipated inflation, interest rates, investment rates, reserves, and growth rates.

Neelam Kaushal (2021) noted that the Union Budget 2017 reflects the government's dedication to addressing black money, corruption, and related concerns. Instead of increasing tax rates, the finance minister has sought to augment excess funds through enhanced tax compliance. The 2018 budget concurrently addressed various segments of the economy. The finance minister's Budget statement on February 1, 2017, highlighted ten principal topics: farmers, rural demographics, youth, digital economy, public service, financial sector, impoverished and disadvantaged groups, prudent fiscal management, infrastructure, and tax administration.

3. OBJECTIVES OF THE STUDY

1. To ascertain the significance of the Union Budget 2024-2025.
2. To analyse the revenue and expenditure of the Union Budget for 2024-2025.

RESEARCH METHODOLOGY

The present research study is descriptive and relies on secondary data. Secondary data was obtained from the Ministry of Finance and the Union Budget 2024-25; PRS.

Nine key segments have been identified in the Union Budget 2024-25:

1. Efficiency and adaptability in farming.
2. Workforce development and training.
3. Comprehensive human resource development and social equity.
4. Production and service sectors.
5. Urban development.
6. Energy securities.
7. Infrastructure.
8. Advancement and Exploration in Development.
9. Next-generation reforms.

Taxation

The Union Budget 2024 has introduced some modifications to India's taxation systems. These include offering income tax relief, boosting expenditure, and standardising capital gains tax rates and holding durations for different asset categories.

Individual income taxation

The government has lowered income tax rates for specific income brackets to stimulate consumption. Annual incomes ranging from INR 300,000 to INR 700,000 will henceforth be subject to a 5 percent tax, modifying the prior maximum threshold of INR 600,000.

Table Number – 01- Changes to New Tax Regime – Union Budget 2024-25

Revised Structure	Rate	Compared to Earlier
INR 0-300,000	Nil	Unchanged
INR 300,000 to INR 700,000	5 percent	5 percent for INR 300,000 to INR 600,000
INR 700,000 to INR 1 million	10 percent	10 percent for INR 600,000 to INR 900,000
INR 1 million to INR 1.2 million	15 percent	15 percent for INR 900,000 to INR 1.2 million
INR 1.2 million to INR 1.5 million	20 percent	Unchanged
Above INR 1.5 million	30 percent	Unchanged

Source: <https://www.india-briefing.com/news/indias-union-budget-2024-25>

Modifications to the new income tax system: The tax brackets within the revised tax regime have been altered. The suggested tax framework is illustrated in Table 1. The standard deduction for salaried individuals and seniors is proposed to rise from Rs 50,000 to Rs 75,000 under the new tax regime. The proposed increase in the deduction from family

pension is from Rs 15,000 to Rs 25,000. Pension contributions will be tax-deductible for both the employer and the employee up to 14% of the salary, an increase from the previous limit of 10%.

Table Number-2 Budget at a glance 2024-2025 (Rs. Crore)

Particulars	Actual 2022-2023	Budgeted 2023-2024	Actual 2023-2024	Budgeted 2024-2025	% change (2023-24 Actual to 2024-25 BE)
Revenue Expenditure	34,53,132	35,02,136	34,94,036	37,09,401	6.2
Capital Expenditure	7,40,025	10,00,961	9,48,506	11,11,111	17.1
Capital Outlay	6,24,757	8,37,127	7,87,411	9,18,695	16.7
Loans and Advances	1,15,268	1,63,834	1,61,095	1,92,416	19.4
Total Expenditure	41,93,157	45,03,097	44,42,542	48,20,512	8.5

Note: *Recovery of Loans and Disinvestment for 2023-24 Actuals from Controller General of Accounts. Sources: Budget at a Glance, Union Budget Documents 2024-25; PRS.

Table Numbers 2 elucidate that budget expenditure, in relation to revenue expenditure, is projected to rise from 35,02,136 crores in the year 2023-2024 to 37,09,401 crores in 2024-2025, indicating an increase of 6.2% in revenue expenditure. Capital expenditure is projected to rise from 10,00,961 crores in 2023-2024 to 11,11,111 crores in 2024-2025, reflecting an increase of 17.1%.

Table Number- 3- Ministry-Wise Expenditure in 2024-25 (Rs crore)

Particulars	Actual 2022- 2023	Budgeted 2023-2024	Actual 2023-2024	Budgeted 2024-2025	% change (2023-24 Actual to 2024-25 BE)
Defence	5,73,098	5,93,538	6,09,799	6,21,941	2.0
Road Transport and Highways	2,17,089	2,70,435	2,75,715	2,78,000	0.8
Railways	1,62,410	2,41,268	2,45,794	2,55,393	3.9
Consumer Affairs, Food and Public Distribution	2,83,954	2,05,765	2,32,498	2,23,323	-3.9
Home Affairs	1,86,839	1,96,035	1,96,886	2,19,643	11.6
Rural Development	1,77,840	1,59,964	1,63,643	1,80,233	010.1
Chemicals and Fertilisers	2,53,563	1,78,482	1,91,165	1,68,500	-11.9
Communications	1,40,976	1,23,393	1,11,327	1,37,294	23.3
Agriculture and Farmers' Welfare	1,08,277	1,25,036	1,18,147	1,32,470	12.1
Education	97,196	1,12,899	1,23,364	1,20,628	-2.2
Jal Shakti	71,618	97,278	95,365	98,714	3.5
Health and Family Welfare	75,731	89,155	83,149	90,959	9.4
Housing and Urban Affairs	77,310	76,432	68,565	82,577	20.4
Other Ministries	17,67,256	20,33,419	19,27,124	22,10,838	14.7
Total Expenditure	41,93,157	45,03,097	44,42,542	48,20,512	8.5

Sources: Expenditure Budget, Union Budget 2024-25, Controller General of Accounts; PRS.

Table Number 3 illustrates the expenditure by ministry for the fiscal year 2024-25. The communication department received the biggest budget allocation with a 23.3% rise for 2024-2025, followed by the Home Affairs department with

an 11.6% allocation, while the Road Transport and Highways department received the lowest at 0.8%. The Indian Government's total expenditure allocated for the year 2024-2025 is 48,20,512 crores. The Indian Government has proposed an 8.5% rise in the Union Budget for 2024-2025.

Table Number- 4- Subsidies in 2024-25 (Rs crore)

Particulars	Actual 2022-2023	Budgeted 2023-2024	Actual 2023- 2024	Budgeted 2024-2025	% change (2023-24 Actual to 2024-25 BE)
Food	2,72,802	1,97,350	2,11,814	2,05,250	-3.1%
Fertilizer	2,51,339	1,75,100	1,89,487	1,64,000	-13.5%
Interest	41,676	27,565	23,980	29,550	23.2%
LPG Subsidy	6,817	2,257	12,240	11,925	-2.6%
Others	5,281	812	3,090	17,698	472.6%
of which allocation to Price Stabilization Fund	0	0	0	10,000	
Total	5,77,916	4,03,084	4,40,612	4,38,423	-0.5%

Source: Expenditure Budget, Union Budget 2024-25, Controller General of Accounts; PRS.

Table Number 4 indicates that the allocation for food subsidies in 2024-25 is projected at Rs 2,05,250 crore, reflecting a 3.1% reduction compared to the actual spending in 2023-24. An increased food subsidy was allocated in the budgets for 2021-22 and 2022-23. The Union Budget for 2024-2025 allocates expenditures amounting to 4,384.23 crores.

Table Number- 5- Scheme wise allocation in 2024-25 (Rs crore)

Particulars	Actual 2022-2023	Budgeted 2023-2024	Actual 2023-2024	Budgeted 2024-2025	% change (2023-24 Actual to 2024-25 BE)
MGNREGS	90,806	60,000	86,000	86,000	0%
Pradhan Mantri Awas Yojana	73,615	79,590	54,103	84,671	56.5%
Jal Jeevan Mission/National Rural Drinking Water Mission	54,700	70,000	70,000	70,163	0.2%
PM-KISAN	58,254	60,000	60,000	60,000	0%
Samagra Shiksha	32,515	37,453	33,000	37,500	13.6%
National Health Mission	31,279	29,085	31,551	36,000	14.1%
Modified Interest Subvention Scheme	17,998	23,000	18,500	22,600	22.2%
Saksham Anganwadi and POSHAN 2.0	19,876	20,554	21,523	21,200	-1.5%
Pradhan Mantri Gram Sadak Yojana	18,783	19,000	17,000	19,000	11.8%
National Livelihood Mission-Ajeevika	11,536	14,129	14,129	15,047	6.5%
Pradhan Mantri Fasal Bima Yojana	10,296	13,625	15,000	14,600	-2.7%
Reform Linked Distribution Scheme	2,738	12,072	10,400	12,585	21.0%
Pradhan Mantri Poshan Shakti Nirman (PM POSHAN)	12,681	11,600	10,000	12,467	24.7%

Sources: Expenditure Profile, Union Budget 2024-25; PRS.

Table Number 5 delineates the scheme-wise allocation for 2024-25, indicating that MGNREGS receives the largest allocation at Rs 86,000 crore. This figure corresponds to the updated forecast for 2023-24. In 2023-24, the allocation for the scheme is projected to rise by 43% compared to the budget projection. In the fiscal year 2024-25, the Pradhan Mantri Awas Yojana receives the second largest allocation of Rs 84,671 crore, reflecting a 56.5% increase from the revised projection of 2023-24. In 2023-24, the spending for the project is anticipated to be 32% lower than the budget estimates. This was primarily due to the rural component underperforming relative to initial projections. The allocation for 2024-25 is Rs 5,038 crore (6.4%) greater than the budget estimates for 2023-24 due to an increased allocation for the urban component of the scheme.

Budget Highlights

Expenditure: The government is projected to allocate Rs 48,20,512 crore in 2024-25, reflecting an 8.5% increase over the actual expenditure of 2023-24. Interest payments constitute 24% of total expenditure and 37% of revenue receipts. In 2024-25, receipts (excluding borrowings) are projected to be Rs 32,07,200 crore, reflecting a 15% increase compared to the collections in 2023-24. Tax revenue, a significant component of the collections, is anticipated to rise by 11% compared to the receipts in 2023-24. The government projects a nominal GDP growth rate of 10.5% for 2024-25, encompassing both real growth and inflation. The revenue deficit for 2024-25 is projected to be 1.8% of GDP. This figure is inferior to the real revenue deficit of 2.6% of GDP for the fiscal year 2023-24. The fiscal deficit for 2024-25 is aimed at 4.9% of GDP, a reduction from the actual fiscal deficit of 5.6% of GDP in 2023-24.

New Initiatives: An allocation of Rs 62,593 crore has been designated for the Department of Economic Affairs for new initiatives (details unavailable). The allocation pertains to capital spending and constitutes 6.8% of the total capital expenditures.

4. CONCLUSION

The budget prioritized 'employment' and 'Ease of Doing Business' in India, featuring policies like a thorough review of the Income-tax Act, an amnesty policy for income tax, restricted reassessment reopening, and incentives for enterprises to generate jobs. It also recommended a streamlined structure for Foreign Direct Investment and Overseas Investment, facilitating foreign investments and the utilization of the Indian Rupee for international transactions. Focusing on the Budget topic, Finance Minister Smt Sitharaman stated that, looking into the full year and beyond, this budget emphasizes employment, skill development, MSMEs, and the middle class. She unveiled the Prime Minister's plan comprising five projects designed to promote employment, skill development, and additional possibilities for 4.1 crore youngsters over a five-year span, with a government allocation of ₹2 lakh crore. This year, ₹1.48 lakh crore has been designated for education, employment, and skill development.

5. REFERENCE

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