



Budget 2024 – An Overview Beyond Numbers

By CA Aravinda Garikipati

What is special in the Election year budget?

- During the Election year we will not get full budget, it will be interim or Vote on Account Budget .
- During election years, the incumbent government typically presents an interim budget instead of a comprehensive one. In India, a comparable interim budget was introduced in 2019.
- An **interim budget** encompasses all components of a complete budget, including income and expenditure projections. However, it is designed for a brief period or a segment of the financial year.
- A "**Vote on Account**" is an advance grant acquired by the Central Government to cover urgent expenses. In this interim period, the current government must secure approval from Parliament to access funds, limiting its ability to introduce new schemes or projects.
- The Interim Budget includes announcements by the government regarding policies it aimed to develop or endorse in the upcoming period.





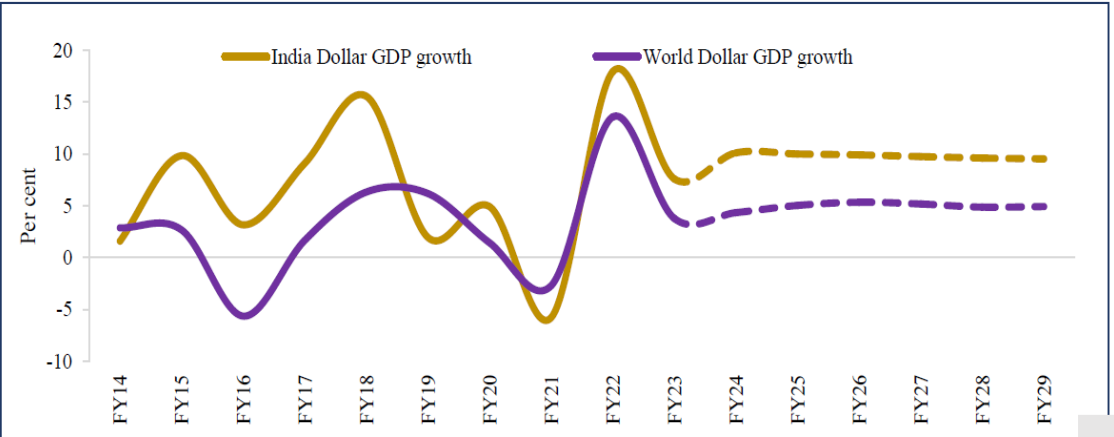
What is special in the Election year budget?

- Article 116 of the Constitution enables the Lower House to approve and pass legislation, allowing for the anticipation of estimated expenditures for a portion of any financial year. This process is referred to as a "vote on account."
- It is devoid of the power to modify tax rates and has a validity of up **to two months, extendable to a maximum of four months as we will get the new government before June 2024.**
- So, the reason behind no change in tax rates is due to the Article 116 of the Constitution.

Intermission to India 's story of “VIKSIT BHARAT” by 2047

“YOUNG INDIA” resonates with this ideology as it says “This is NOT THE END; it is just THE BEGINNING. Not only does this decade but indeed the entire century belongs to INDIA.*

India and World Dollar GDP growth





Emerging Technologies- Long term Goals

- The government has placed a renewed emphasis on sunrise sectors such as Electric Vehicles (EVs), renewable energy, semiconductors, electronics manufacturing, and other transformative industries with the potential to reshape the country's economic landscape, aiming to achieve a \$5 trillion economy by 2025.
- This upcoming period is set to be a golden era for our tech-savvy youth. A fund of Rs 1 lakh crore will be created through a 50-year interest-free loan. This fund aims to offer long-term financing or refinancing with extended tenors and minimal to zero interest rates.
- The introduction of the new bio-manufacturing and bio-foundry scheme is a positive move in fostering sustainable and environmentally friendly manufacturing practices. This initiative bodes well for both large enterprises and MSME units, facilitating the swift adoption of green manufacturing practices throughout the production process.
- Government initiatives like the Faster Adoption and Manufacturing of (Hybrid &) Electric Vehicles (FAME) scheme further incentivize EV adoption.

Policy Announcements-

***Strategy For Amrit Kaal-
Emphasis on holistic
Development***

and

***Fostering opportunities
for growth***

Electronic Vehicles

Sustainability

Technology

Bio Manufacturing

First Develop India (FDI)

PM Gati Shakti

Agriculture and Aquaculture

Health Benefits to Unorganized Sector

Housing

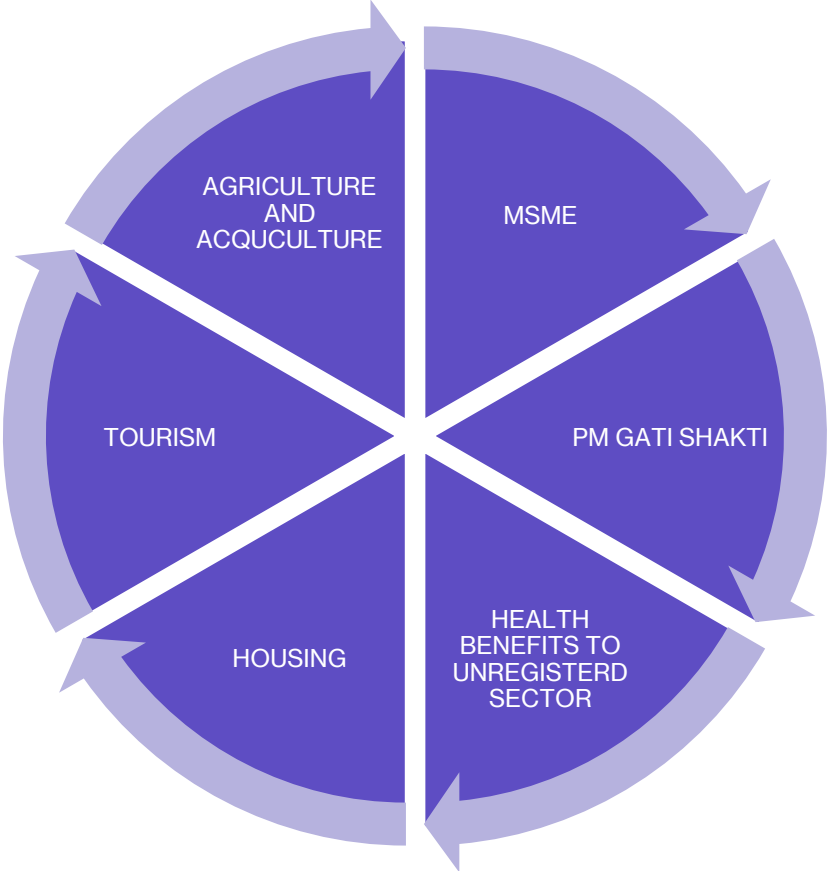
Tourism

MSME

Area of Industries Given Priority in the Budget



Area of Industries Given Priority in the Budget





Area of Industries Given Priority in the Budget

- Government will launch a scheme to help deserving sections of the middle class “living in rented houses, or slums, or chawls and unauthorized colonies” to buy or build their own houses in relation to **Housing**.
- Government will expand and strengthen the e-vehicle ecosystem by supporting manufacturing and charging infrastructure. Greater adoption of e-buses for public transport networks will be encouraged through payment security mechanism with regard to **EV**.
- Promoting green growth, a new scheme of bio-manufacturing and bio-foundry will be launched. This will provide environment friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals and bio-agri-inputs with regard to **Bio-Manufacturing**
- climate resilient activities for **blue economy 2.0**, a scheme for restoration and adaptation measures, and coastal aquaculture and mariculture with integrated and multi-sectoral approach will be launched.
- Government is negotiating bilateral investment treaties with our foreign partners, in the spirit of '**first develop India**'. FDI inflow during 2014-23 was USD 596 billion.
- **Tourism** -The finance minister has increased allocation for the tourism sector to Rs 2,449.62 crore in the interim Budget 2024-25 announced on February 1, about 44.7 percent more than the revised figure for the current fiscal . The budget allocation for the Ministry of Tourism is mainly divided into two categories – the center's establishment expenditure and central sector schemes.



Area of Industries Given Priority in the Budget

- **Solar Energy** -Under the new Pradhan Mantri Suryoday Yojana, the government is poised to raise the subsidy for rooftop solar installations from the existing 40% to approximately 60%.
- **PM Gati Shakti**- The announcement in the Interim Budget for 2024-25 regarding the implementation of three Economic Railway Corridors identified under the PM GatiShakti, including **energy, mineral, and cement corridors, port connectivity corridors, and high traffic density corridors**, represents a significant initiative to enhance logistics efficiency and decrease the logistics cost associated with rail transportation.
- **Agriculture and Acqua** - The implementation of the Pradhan Mantri Matsya Sampada Yojana (PMMSY) will be intensified with the aim of increasing aquaculture productivity from the current three to five tonnes per hectare. The objective is to double exports to ₹1 lakh crore and create 55 lakh employment opportunities in the near future. The allocated budget for the department is ₹2,584.50 crore.



Fostering opportunities for growth

- **₹11.1 trillion**: Capital expenditure budgeted for 2024-25, up 11.1% from 2023- 24 allocation
- **₹1.3 trillion**: Total outlay for the 50-year interest-free loans for capex to states
- **₹86,000 crore**: Budgeted expenditure for MGNREGS in 2024-25
- **300 units**: Free electricity to be provided per month to **10 million** households through rooftop solarization which helps to drive towards sustainability and using the funds towards other developmental activities.
- Substantial investment in capital expenditures, the establishment of key railway corridors, and the growth of the aviation sector.



What's there for women in Budget ?

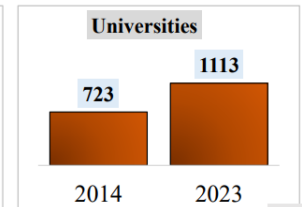
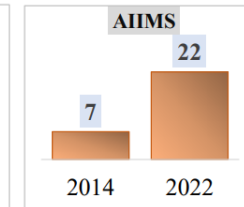
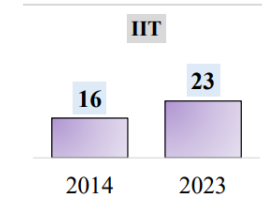
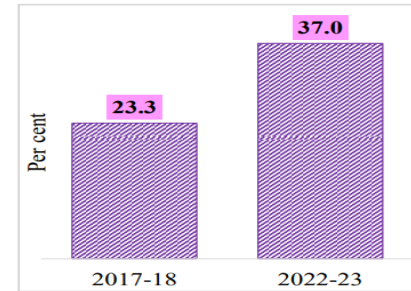
- Female enrolment in higher education is up by 28% in 10 years, in STEM courses, girls and women make up 43% of enrolment, one of the highest in the world.
- Over 70 % houses under PM Awas Yojana given to women have increased their dignity.
- The last decade, a remarkable 30 crore Mudra Yojana loans have been specifically provided to women.
- Government will encourage vaccination for girls in the age group of 9 to 14 years for the prevention of cervical cancer.
- Eighty-three lakh self-help groups (SHGs) consisting of nine crore women, who are playing a significant role in improving the socio-economic conditions in rural areas.
- The government has decided to increase the target for **Lakhpati Didi** from 2 crore to 3 crore.
- Ayushman Bharat scheme will be extended to all ASHA and Anganwadi workers and helpers



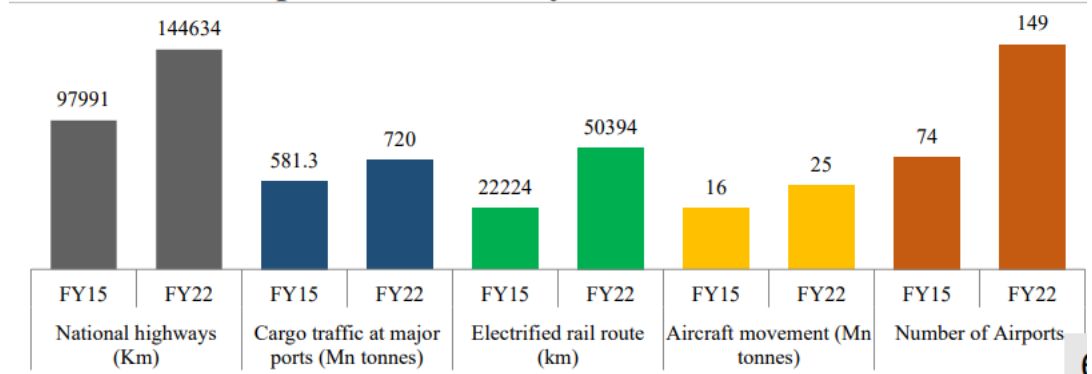
Achievements so far

- **25 crore people** have been moved out of multidimensional poverty. This is a significant achievement in improving the quality of life for a large number of people.
- Credit assistance has been provided to **78 lakh street vendors**. This support can help them grow their businesses and improve their livelihoods.
- **1.4 crore youth** have been trained under the Skill India Mission. This initiative can equip them with the skills needed for better job opportunities.
- **43 crore loans** have been sanctioned under PM Mudra Yojana. This scheme can provide financial support to small businesses, thereby promoting entrepreneurship.
- Enhancing educational facilities, skill development programs, capital investment, and infrastructure development contributes to the generation of employment and self-employment opportunities, ultimately fostering economic growth..

 **Rise in Female Labour Force Participation Rate**



Improvement in Physical Infrastructure



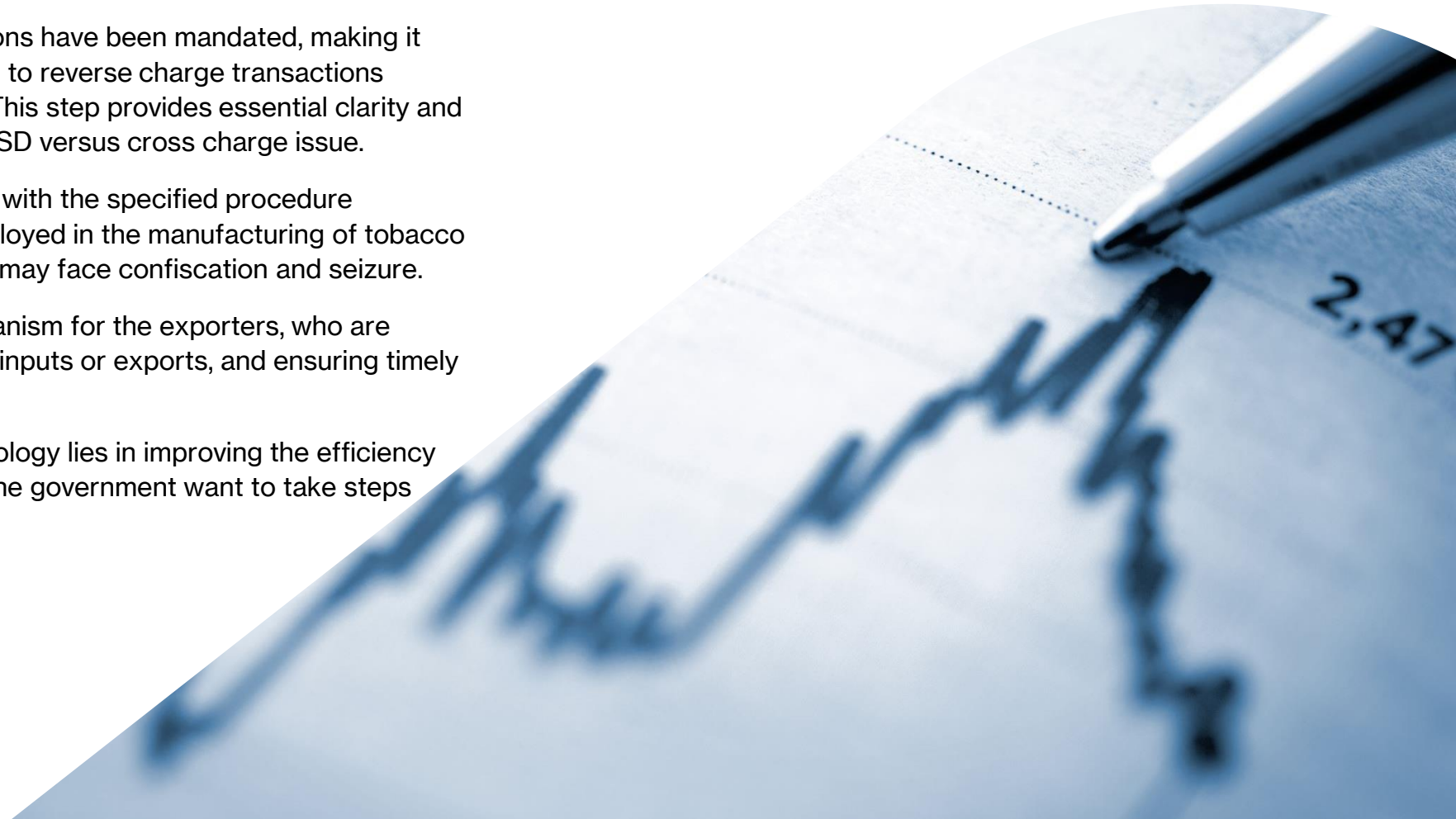
Tax

- No Changes in Corporate, Indirect (including Import duties) and personal tax rates
- The initiation of operations by the investment division of offshore banking units (Category I FPIs) situated in the International Financial Services Centre (IFSC) has been extended until March 31, 2025, for the exemption of specific incomes.
- The exemption will persist for non-residents earning royalty or interest from the lease of an aircraft or a ship, paid by the IFSC unit. Additionally, a deduction of income from the transfer of such leased aircraft or ship is allowed if the unit commences operations by March 31, 2025.
- The exemption for specific incomes earned by eligible wholly-owned subsidiaries of the Abu Dhabi Investment Authority, sovereign wealth fund, and foreign pension funds is prolonged for investments made up to March 31, 2025.
- The deadline for implementing a faceless scheme for transfer pricing audits, Dispute Resolution Panel (DRP) proceedings, and a scheme aimed at enhancing efficiency, transparency, and accountability in the Tribunal has been extended until March 31, 2025.
- Circular no. 10 of 30 June 2023 related to changes in TCS rates on foreign remittances is codified.
- Extension for concessional u/s115BAB to entities commencing operation after March31,2024,not yet announced



Tax

- Administrative measures have been proposed to enhance the ease of living, doing business, and taxpayer services. This includes the withdrawal of outstanding demands, with limits set at INR 25,000 for years up to FY09-10 and up to INR 10,000 for FYs 10-11 to 14-15.
- The Input Service Distribution (ISD) provisions have been mandated, making it obligatory. The distribution of credit related to reverse charge transactions through the ISD mechanism is suggested. This step provides essential clarity and helps in minimizing litigation regarding the ISD versus cross charge issue.
- A penalty is suggested for non-compliance with the specified procedure regarding the registration of machines employed in the manufacturing of tobacco and its substitutes. Unregistered machines may face confiscation and seizure.
- Streamlining the refund process and mechanism for the exporters, who are entitled to claim refund of the GST paid on inputs or exports, and ensuring timely and hassle-free disbursement of the refunds.
- The significance of digitalization and technology lies in improving the efficiency and transparency of the GST system and the government want to take steps towards the same.



Closing Remarks

- As discussed, the scope to include new things is not possible as per the Constitutional framework in “Vote on Account” budget lets all work towards attaining the “developed nation by 2047” which is 23 years a long-term vision and commitment is required from each one of us to make it happen. Hoping more schemes/programs/allotment in the normal budget towards the same.
- The Interim Budget for 2024-25 underscores the government's sustained commitment to inclusive growth, economic stability, strategic global positioning, sector-specific advancements, environmental sustainability, and tax reforms. The overarching vision is to transform India into a developed nation by 2047.



Thank You!

9000988729

Aravinda.Garikipati@gmail.com