



Union Budget 2024-2025

For Prelims: [Union Budget](#), [Parliament](#), [Pradhan Mantri Gram Sadak Yojana \(PMGSY\)](#), [Mudra loan](#), [Interim Budget](#), [Digital Public Infrastructure \(DPI\)](#), [India Post Payment Bank](#), [Mudra loan](#), [Vivad se Vishwas Scheme](#)

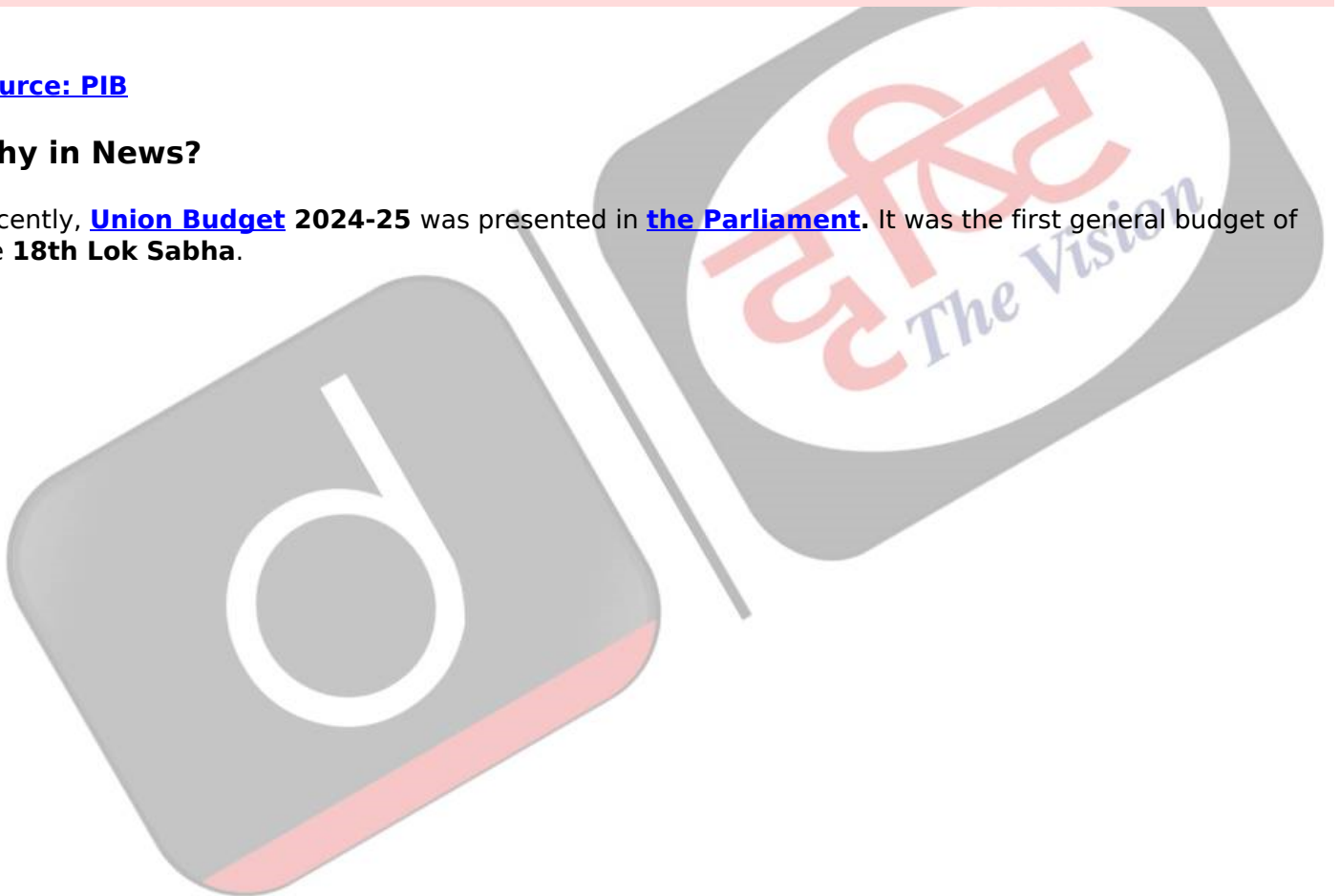
For Mains: Significance of Parliament and Government Policies & Interventions for Indian Economy.

Source: [PIB](#)

Why in News?

Recently, [Union Budget 2024-25](#) was presented in [the Parliament](#). It was the first general budget of the **18th Lok Sabha**.

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UNION BUDGET

A statement of the estimated receipts and expenditure of the Govt in an FY

ARTICLE 112 (PART V)

- President of India to present the Annual Financial Statement for each FY before both Houses of Parliament

The term 'Budget' is not mentioned anywhere in the Constitution of India

NODAL BODY FOR PREPARING BUDGET

- Budget Division (Dept of Economic Affairs, Ministry of Finance) in consultation with NITI Aayog and concerned Ministries

The first Budget of Independent India was presented in 1947

MAJOR COMPONENTS OF BUDGET

- Estimates of revenue and capital receipts
- Ways and means to raise the revenue
- Estimates of expenditure
- Actual receipts/expenditures of closing FY (+ deficit/surplus)
- Economic/financial policy of upcoming FY

Till 2017, the Govt of India had 2 budgets - Railway Budget and General Budget

STAGES OF BUDGET ENACTMENT

- Presentation
- General discussion
- Scrutiny by Dept Committees
- Voting on Demands for Grants
- Passing an Appropriation Bill
- Passing of Finance Bill

What else does the Constitution of India provide for the Budget?

- Without the recommendation of the President:
 - No demand for a grant can be made
 - No money bill imposing tax can be introduced
- No money can be withdrawn from the Consolidated Fund of India except under appropriation made by law
- Role of Parliament:
 - Money/Finance Bill (involving taxation) - introduced only in LS
 - Vote on the demand for grants - RS has no such power
 - Money/Finance Bill - to be returned to LS by RS in 14 days
 - LS may/may not accept the recommendations made by RS

What are the Major Highlights of the Union Budget 2024-25?



Budget at a Glance

- 2022-23 (Actuals)
- 2023-24 (Revised Estimates)
- 2023-24 (Budget Estimates)
- 2024-25 (Budget Estimates)

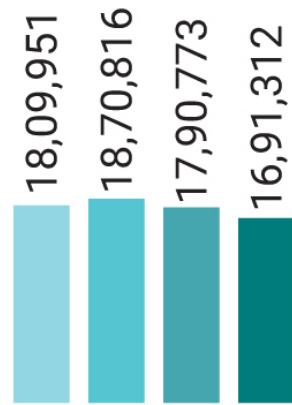
In ₹ crore

Receipts

Revenue



Capital

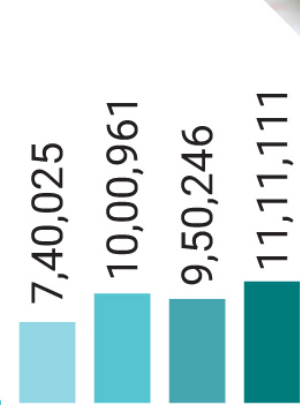


Expenditure

Revenue



Capital



- **Focus Area:**
 - As outlined in the [Interim Budget](#), the focus of the budget remains on four major groups: 'Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth), and 'Annadata' (Farmers) .
- **Budget Theme:**
 - The **Union Budget 2024-25** emphasises **employment, skilling, support for MSMEs, and the middle class**. A significant allocation of **Rs 1.48 lakh crore** is earmarked for **education, employment, and skilling**.
- **Budget Priorities:**
 - The budget prioritizes **nine areas** including **agriculture, employment, human resource development, manufacturing, services, urban development, energy security, infrastructure, innovation, research & development, and next-generation reforms**.

guarantee from a government promoted fund, which is expected to help **25,000 students** every year.

▪ **Priority 3: Inclusive Human Resource Development and Social Justice:**

- Enhanced support for economic activities among marginalised groups, including tribal communities and women entrepreneurs, is emphasized.
- The government's **Purvodaya initiative** aims to comprehensively develop the eastern region of India- including **Bihar, Jharkhand, West Bengal, Odisha, and Andhra Pradesh**, focusing on **human resource development, infrastructure enhancement, and economic growth** to advance towards a developed nation.
- The Finance Minister announced the launch of the **Pradhan Mantri Janjatiya Unnat Gram Abhiyan** to enhance the socio-economic conditions of tribal communities, covering **63,000 villages in tribal-majority areas** and **aspirational districts**, benefiting approximately **5 crore tribal people**.
- Over **100 branches of India Post Payment Bank** will be established in the **North East region** to enhance banking services, alongside a provision of **Rs 2.66 lakh crore** allocated for rural development and infrastructure this year.

▪ **Priority 4: Manufacturing & Services:**

- The budget emphasises support for **MSMEs**, focusing on labour-intensive manufacturing, with a new self-financing guarantee fund offering up to **Rs 100 crore** per applicant.
- **Public sector banks** will enhance their internal assessment capabilities for **MSME credit**. Additionally, **Mudra loan** limits will increase to **Rs 20 lakh** for previous 'Tarun' category borrowers.
- The budget also includes initiatives like setting up **50 food irradiation units, establishing 100 food quality labs, and creating E-Commerce Export Hubs**.
- Furthermore, a **scheme for internships** in 500 top companies aims to benefit **1 crore youth over 5 years**.

▪ **Priority 5: Urban Development:**

- **PM Awas Yojana Urban 2.0**, has been allocated **Rs 10 lakh crore** to address housing needs of **1 crore** urban poor and middle-class families, with **Rs 2.2 lakh crore** in central assistance over 5 years.
- The government will also collaborate with **State Governments and Multilateral Development Banks** to promote **water supply, sewage treatment, and solid waste management** in 100 large cities through bankable projects.
- Additionally, building on the success of **PM SVANidhi**, the government plans to establish **100 weekly street food hubs (haats)** annually over the next five years.

▪ **Priority 6: Energy Security:**

- **PM Surya Ghar Muft Bijli Yojana** aims to install rooftop solar plants for free electricity to **1 crore** households (up to 300 units every month).
- **Nuclear energy** is highlighted as a significant part of India's energy mix.

▪ **Priority 7: Infrastructure:**

- Government will try to maintain strong fiscal support for infrastructure over the next 5 years on this line **Rs 11,11,111 crore** for **capital expenditure** has been allocated this year, which is **3.4% of our GDP**.
- **Phase IV of Pradhan Mantri Gram Sadak Yojana (PMGSY)** to connect **25,000 rural habitations** with all-weather roads due to population growth has been announced.
- For Bihar, under the **Accelerated Irrigation Benefit Programme** and other sources, the government will allocate **Rs 11,500 crore** for projects like the **Kosi-Mechi intra-state link** and 20 other schemes including barrages, river pollution abatement, and irrigation.
- Additionally, financial assistance will be provided to **Assam, Himachal Pradesh, Uttarakhand, and Sikkim for flood management, landslides, and related projects**.

▪ **Priority 8: Innovation, Research & Development:**

- The government will establish the **Anusandhan National Research Fund** to support basic research and prototype development, allocating **Rs 1 lakh crore** to spur **private sector-driven research and innovation at a commercial scale**.
- To expand the **space economy** fivefold in the next decade, a **venture capital fund of Rs 1,000 crore** will be established.

▪ **Priority 9: Next Generation Reforms:**

- Plans for an **Economic Policy Framework, labour reforms, and simplification** of FDI

regulations are outlined to spur economic growth.

- **Jan Vishwas Bill 2.0** to improve **Ease of Doing Business** will be introduced by the government.

▪ **Other Highlights:**

- **Economic Policy Framework:**

- The government will formulate an **Economic Policy Framework** to guide economic development and reforms for enhancing employment.

- **Labour related reforms:**

- Implementing comprehensive labour reforms through integrated portals like [e-shram portal](#), **Shram Suvidha** and **Samadhan portals** will be revamped to enhance ease of compliance for industry and trade.
- Government will come up with a taxonomy for **climate finance** for enhancing the availability of capital for **climate adaptation and mitigation**.

- **Foreign Direct Investment and Overseas Investment:**

- The rules and regulations for [Foreign Direct Investment](#) and **Overseas** Investments will be simplified to facilitate foreign direct investments, nudge prioritisation, and promote opportunities for using Indian Rupee as a currency for overseas investments.

- **NPS Vatsalya**

- A plan for contribution by parents and guardians for minors and on attaining the age of majority, the plan can be converted seamlessly into a normal NPS account.

- **New Pension Scheme (NPS)**

- A Committee to review the [NPS](#) has been constituted to address the relevant issues while maintaining fiscal prudence to protect the common citizens.

- **Direct Tax Reforms:** Comprehensive review and simplification of **direct and indirect tax regimes** are proposed.

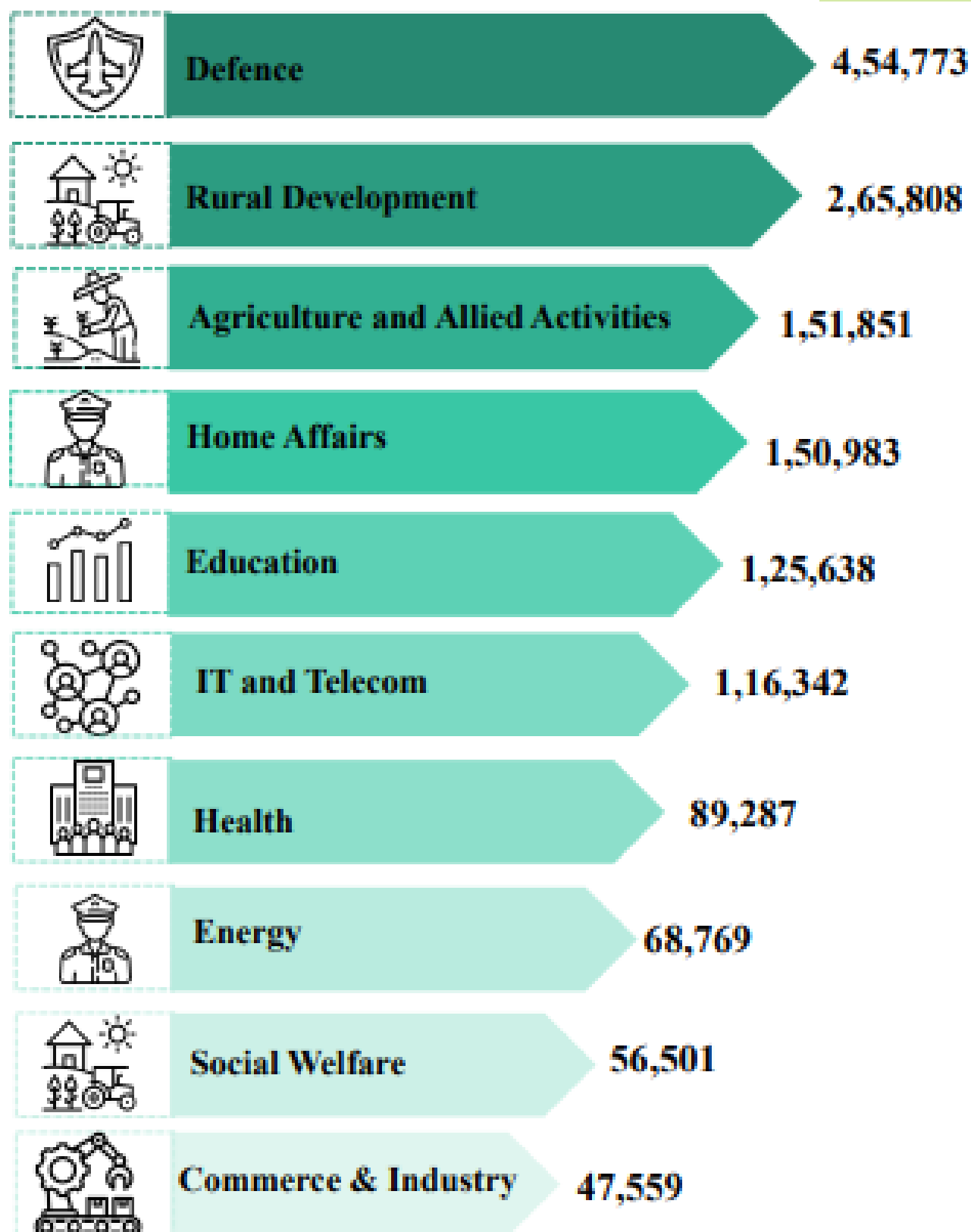
- Changes include revised income tax slabs and deductions, simplification of tax compliance, and reforms in capital gains taxation.

- **Custom Duty Reforms: Rationalization of GST and custom duty rates**, exemptions for essential medicines and critical minerals, and measures to promote domestic manufacturing are highlighted.

- **Dispute Resolution:** Initiatives like [Vivad se Vishwas Scheme](#), increased monetary limits for appeals, and measures to streamline transfer pricing assessments are aimed at reducing litigation and providing tax certainty.

Expenditure of Major Items

in ₹ Crore





Simplification of IT Act, Tax Reassessment, Capital Gains Taxation

- ❖ Income-tax Act, 1961 to be made concise and easy to read
- ❖ Opening of Reassessment beyond three years from end of assessment year only if escaped income is ₹ 50 lakh or more, up to a maximum period of five years from end of assessment year
- ❖ Time limit for search cases to be reduced from 10 years to 6 years before year of search
- ❖ Short-term gains on certain financial assets to be taxed at 20%, Long-term gains on all financial and non-financial assets to be taxed at 12.5%
- ❖ Listed financial assets held for more than a year to be classified as long-term
- ❖ Vivad Se Vishwas Scheme, 2024 for resolution of certain income tax disputes pending in appeal



Tax Relief and Revised Tax Slabs in New Tax Regime

0-3 lakh rupees	Nil
3-7 lakh rupees	5 per cent
7-10 lakh rupees	10 per cent
10-12 lakh rupees	15 per cent
12-15 lakh rupees	20 per cent
Above 15 lakh rupees	30 per cent

- Income tax saving of up to ₹ 17,500/- for salaried employee in new tax regime

Income Tax Relief for around Four Crore Salaried Individuals and Pensioners

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

Budget Estimates 2024-25

- For the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at **Rs 32.07 lakh crore** and **Rs 48.21 lakh crore** respectively.
- The **net tax receipts** are estimated at **Rs 25.83 lakh crore** and the **fiscal deficit** is estimated at **4.9%** of GDP. Also, the government will aim to reach a deficit below **4.5%** next year.
- The **gross and net market borrowings** through **dated securities** during 2024-25 are estimated at **Rs 14.01 lakh crore** and **Rs 11.63 lakh crore** respectively.
- Budget speech highlighted India's low and stable inflation moving towards the **4% target**, with specific measures to ensure adequate supply of perishable goods.

Drishti Mains Question

Discuss the constitutional provisions related to Budget in India. How does the constitutional framework ensure parliamentary control over financial matters and expenditure?

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims:

Q. Along with the Budget, the Finance Minister also places other documents before the Parliament which include 'The Macro Economic Framework Statement'. The aforesaid document is presented because this is mandated by **(2020)**

- (a)** Long standing parliamentary convention
- (b)** Article 112 and Article 110(1) of the Constitution of India
- (c)** Article 113 of the Constitution of India
- (d)** Provisions of the Fiscal Responsibility and Budget Management Act, 2003

Ans: (d)

Mains:

Q. Distinguish between Capital Budget and Revenue Budget. Explain the components of both these Budgets. **(2021)**

PDF Reference URL: <https://www.drishtiias.com/printpdf/union-budget-2024-2025>

