

Finance Minister Nirmala Sitharaman on 23rd July presented Union Budget. Finance Minister announced that the Budget is focused on Poor, Women, Youth and Farmers. Budget theme is on Employment, Skilling, MSMEs and Middle Class. Finance Minister announced plans to raise spending, create jobs and provide relief to the middle class. Finance Minister announced revised income tax slabs that could potentially help tax payers see a net gain of around Rs 17,500 in a year. For the year 2024-25, the total receipts other than borrowings and the total expenditure are estimated at 32.07 lakh crore and 48.21 lakh crore respectively. The net tax receipts are estimated at 25.83 lakh crore. The fiscal deficit is estimated at 4.9 per cent of GDP.

Key Highlights:

Economic Agenda & Budget Priorities: In the interim budget, we promised to present a detailed roadmap for our pursuit of 'Viksit Bharat'. In line with the strategy set out in the interim budget, this budget envisages sustained efforts on the following 9 priorities for generating ample opportunities for all.

Priority 1- Productivity and resilience in Agriculture

- Government will undertake a comprehensive review of the agriculture research setup to bring the focus on raising productivity and developing climate resilient varieties
- New 109 high-yielding and climate-resilient varieties of 32 field and horticulture crops will be released for cultivation by farmers
- In the next two years, 1 crore farmers across the country will be initiated into natural farming supported by certification and branding. 10,000 need-based bio-input resource centres will be established
- Government, in partnership with the states, will facilitate the implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in 3 years. During this year, digital crop survey for Kharif using the DPI will be taken up in 400 districts
- Government will bring out a National Cooperation Policy for systematic, orderly and all-round development of the cooperative sector

Priority 2- Employment & Skilling

- Government will implement following 3 schemes for 'Employment Linked Incentive' as part of the Prime Minister's package. These will be based on enrolment in the EPFO and focus on recognition of first-time employees and support to employees and employers
- Facilitate higher participation of women in the workforce through setting up of working women hostels in collaboration with industry, and establishing creches
- 20 lakh youth will be skilled over a 5-year period
- 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation
- Financial support for loans upto ₹10 lakh for higher education in domestic institutions
- The Model Skill Loan Scheme will be revised to facilitate loans up to 7.5 lakh with a guarantee from a government promoted Fund

Priority 3- Inclusive Human Resource Development and Social Justice

- Purvodaya- Plan for endowment rich states in the Eastern parts covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh for generation of economic opportunities to attain Viksit Bharat
- More than 100 branches of India Post Payment Bank will be set up in the North East region
- Andhra Pradesh Reorganization Act- Financial support of ₹15,000 crores will be arranged in FY 24-25
- Essential infrastructure such as water, power, railways and roads in Kopparthy node on Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor

Priority 4- Manufacturing & Services

- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector
- The limit of Mudra loans will be enhanced to ₹ 20 lakh from the current ₹ 10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category
- SIDBI will open new branches to expand its reach to serve all major MSME clusters within 3 years, and provide direct credit to them
- Scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years
- Twelve industrial parks under the National Industrial Corridor Development Programme also will be sanctioned

Priority 5- Urban Development

- Transit Oriented Development plans for 14 large cities with a population above 30 lakh
- Encouraging states to lower stamp duties for properties purchased by women
- PM Awas Yojana Urban 2.0- Needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹10 lakh crore
- Government will facilitate development of Cities as Growth Hubs
- Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects

Priority 6- Energy Security

- Nuclear energy is expected to form a very significant part of the energy mix for Viksit Bharat
- PM Surya Ghar Muft Bijli Yojana has been launched to install rooftop solar plants to enable 1 crore households obtain free electricity up to 300 units every month
- The development of indigenous technology for Advanced Ultra Super Critical (AUSC) thermal power plants with much higher efficiency has been completed
- A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant

Priority 7- Infrastructure

- Provision of ₹11,11,111 crore for infrastructure (3.4% of GDP)
- A provision of 1.5 lakh crore for long-term interest free loans has been made this year also to support the states in their resource allocation
- Phase IV of PMGSY will be launched to provide all- weather connectivity to 25,000 rural habitations
- Comprehensive development initiative for Rajgir will be undertaken which holds religious significance for Hindus, Buddhists and Jains
- Assistance for flood management and related projects in Assam, Sikkim & Uttarakhand

Priority 8- Innovation, Research & Development

- Space Economy a venture capital fund of ₹1,000 crore is to be set up
- Private sector-driven research and innovation at commercial scale with a financing pool of ₹1 lakh crore
- Operationalization of the Anusandhan National Research Fund for basic research and prototype development

Priority 9- Next Generation Reforms

- Taxonomy for climate finance: Enhancing the availability of capital for climate adaptation and mitigation related investments
- FDI and Overseas Investments: Simplified to facilitate FDIs 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
- New Pension Scheme (NPS): A solution that address the relevant issues, protects the common citizen and maintains fiscal prudence will be formed

Taxation:

- New slabs and tax rates as follows:

Total Income (Rs)	Rate (%)
Upto 3,00,000	NIL
From 3,00,001 to 7,00,000	5
From 7,00,001 to 10,00,000	10
From 10,00,001 to 12,00,000	15
From 12,00,001 to 15,00,000	20
Above 15,00,000	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

Changes in Custom Duty:

- Reduce custom duty on gold and silver to 6% and platinum to 6.4%
- Fully exempt 3 more cancer medicines from custom duties
- Reduce BCD to 15% on Mobile phone, Mobile PCBA and charger
- Fully exempt custom duties on 25 critical minerals
- Exempted more capital goods for manufacturing of solar cells & panels

Direct Tax Proposals:

- Short term gains of financial assets to attract 20% tax rate
- Long term gains on all financial non-financial assets to attract a tax rate of 12.5%
- Increase in limit of exemption of capital gains on financial assets to ₹1.25 lakh per year
- Simpler tax regime to operate domestic cruise
- The indexation benefit on real estate has been removed
- Abolish of Angel tax for all classes of investors

- Listed financial assets held for more than a year will be classified as long term, while unlisted financial assets and all non- financial assets will have to be held for at least two years to be classified as long-term
- Unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period, will attract tax on capital gains at applicable rates
- Provide for safe harbour rates for foreign mining companies for selling raw diamonds
- Corporate tax rate on foreign companies reduced from 40% to 35%

Disclaimer: The information contained in this report has been obtained from sources considered to be authentic and reliable. However, RNB Corporate Services Pvt. Ltd. is not responsible for any error or inaccuracy or for any losses suffered on account of this information. Mutual Fund investments are subject to market risks, read all scheme related documents carefully.