



SECTOR SPECIFIC REPORT

Finance

- 1** Highlights from Interim Union Budget 2024-25
- 2** Highlights of Ministry of Finance Year-end Review 2023
- 3** Sixteenth Finance Commission Constituted to Review Financing Disaster Management Initiatives by 2025
- 4** CBDT Notifies Changes in Rules Related to Angel Tax
- 5** The India-Japan Fund with a value of US\$ 600 million has been Launched under the National Investment and Infrastructure Fund
- 6** Eminent's Insight

01



Highlights from Interim Union Budget 2024-25

The Union Finance Minister (FM), Government of India presented the Interim Union Budget 2024 on 1st February 2024. The budget prioritizes viable development, generating employment, enhancing work capital productivity, and reforming financial policies boosting overall growth with the mantra of 'Sabka Sath, Sabka Vikas, and Sabka Vishwas' to extend further to complement the whole-nation approach with 'Sabka Prayas'. The interim budget has served basis of the comprehensive post-election financial roadmap.

Key Budget Estimates

S. No.	Category	Estimates 2024-25
1	Total Receipts (Other than Borrowings)	Rs 30.80 Lakh Crore
2	Total expenditure	Rs 47.66 Lakh Crore
3	Tax Receipts	Rs 26.02 Lakh Crore
4	Fiscal Deficit	5.1 % of GDP
5	Gross Market Barrowings	Rs 14.13 Lakh Crore
6	Net Market Barrowings through Dated Securities	Rs 11.75 Lakh Crore

The budget offered great relaxation by eliminating unsettled direct taxes, FY 2009-10 is up to INR 25000, and FY 2010-11 to FY 2011-15 is INR 10000. This Interim Budget for FY 2024-25 highlighted the four priority castes for development i.e. Garib, Nari Shakti (Women), Yuva Peedhi (Youth), and Annadata (Farmer).

01

Initiatives under Garib Kalyan, Desh ka Kalyan

- Gol in last 10 years helped 25 crore people to move above multi-dimensional poverty.
- Using PM-Jan Dhan accounts a DBT of INR 34 lakh crore was done saving INR 2.7 lakh crore.
- PM-SVANidhi benefitted 78 lakh street vendors by providing credit assistance, and for the 3rd time 2.3 lakh people got the credit.
- PM-Vishwakarma Yojana help artisans and crafts people associated in 18 trades by providing end-to-end support.
- PM-JANMAN Yojana to assist the development of particularly vulnerable tribal groups (PVTG).

02

Initiatives to Support Annadata

- 4 crore of Crop insurance given to farmers under PM Fasal Bima Yojana
- 11.8 crore farmers received financial aid under PM-KISAN SAMMAN Yojana
- Using Electronic National Agriculture Market (e-NAM), 1361 mandis were integrated to impart services with trading size of INR 3 lakh crore to 1.8 crore farmers.

03

Initiatives Support Nari Shakti

- Mudra Yojana offered a loan of 30 crore to women entrepreneurs.
- Female based higher education hiked by 28% where women and girls enrolment accounts for 43% in STEM courses.
- PM Awas Yojana offered 70% houses to rural area womens.

Infrastructure development witnessed a surge in the last four years tripling the capital disbursement therefore for the coming year and **is revised to Rs 11,11,111 crore with an increase of 11.1% to make it around 3.4% of India's GDP**. It will bring a major add-onto the employment opportunities in the sector.

For the investors and startups, an extension is granted to some of the selected tax benefits up to 31 March 2025 against 31 March 2024. In the current year, gross GST collection on a monthly average basis has grown to almost twice to INR 1.66 lakh crore, also the GST tax base has doubled. The estimated fiscal deficit in FY 2024-25 is around 5.1% of GDP. However, the FM is determined to reduce it to around 4.5% in FY 2025-26.

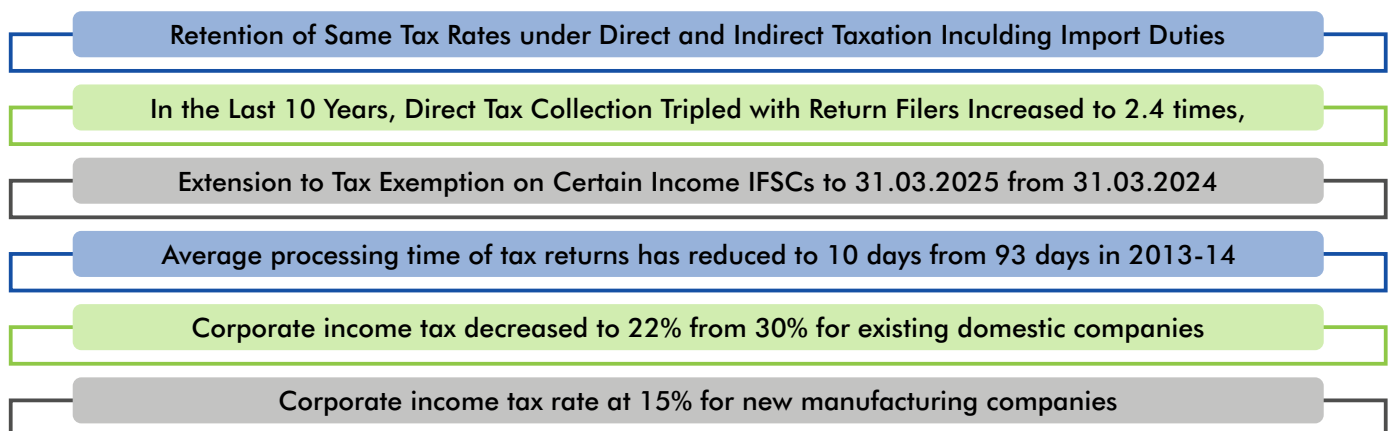
04

Other Key Initiatives

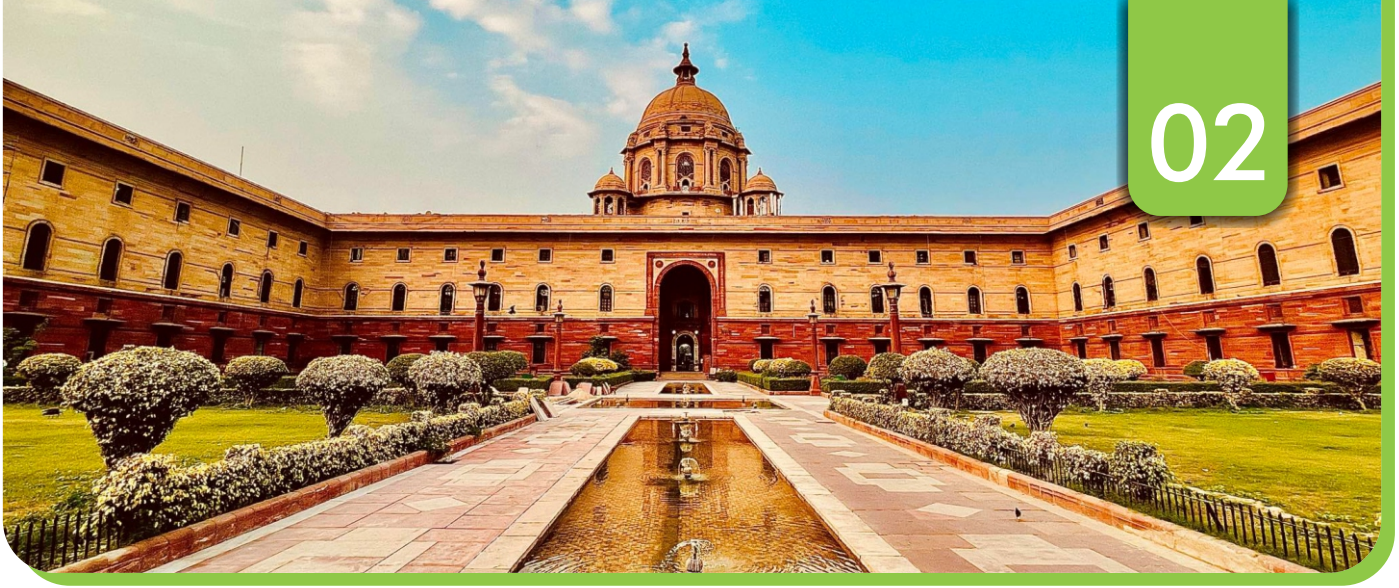
- Emphasises on the promotion of four crucial categories namely 'Mahilayen' (Women), 'Annadata' (Farmer), 'Garib' (Poor) and 'Yuva' (Youth).
- Rooftop Solarization enables saving of INR 15000 to INR 18000 annually by having 300 units of electricity free for one crore houses.
- Ayushman Bharat Scheme provided healthcare protection to every ASHA, Anganwadi Workers and Helpers.
- Pradhan Mantri Kisan Sampada Yojana assisting 38 lakh farmers and creating 10 lakh jobs.
- Pradhan Mantri Formalisation of Micro Food Processing Enterprises Yojana: Helping 2.4 lakh SHG and credit linkage to 60000 people.
- Many programs are launched in Railways, Infrastructure, Aviation and Tourism sector, Green energy etc.

The FM suggested holding on to the old tax regime of the preceding year with **further easing and simplifying the process of filling the tax returns with the introduction of a brand-new Form 26AS**. The no income-tax liability up to Rs 7 Lakh has been maintained and **tax collection revenue under the interim budget is estimated at around INR 26.02 lakh crore**. The loan scheme for states having **the interest-free advantage for 50 years for capital expenditure has been also extended for another year with a fund capacity of INR 1.3 lakh crore**.

Major Tax Updates In Interim Union Budget





The budget has ensured India's all-inclusive development and growth leading to the path of technological innovation and flourishing infrastructure for connectivity to further move on to achieve Vision 2047.



Highlights of Ministry of Finance Year-end Review 2023

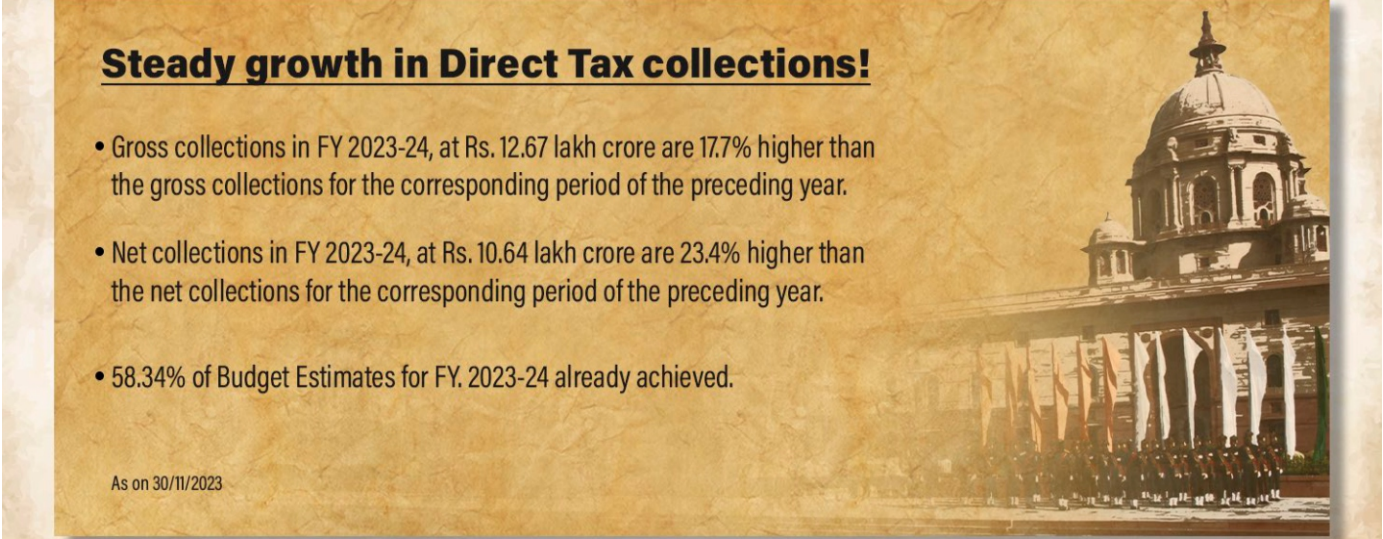
The Ministry of Finance (MoF), Government of India stated that in the year 2023, the country has witnessed overall growth as a result of a holistic socio-economic development plan. This year has achieved many milestones and surpassed gross and net direct tax collection corresponding to the previous years.

Steady growth in Direct Tax collections!

- Gross collections in FY 2023-24, at Rs. 12.67 lakh crore are 17.7% higher than the gross collections for the corresponding period of the preceding year.
- Net collections in FY 2023-24, at Rs. 10.64 lakh crore are 23.4% higher than the net collections for the corresponding period of the preceding year.
- 58.34% of Budget Estimates for FY. 2023-24 already achieved.

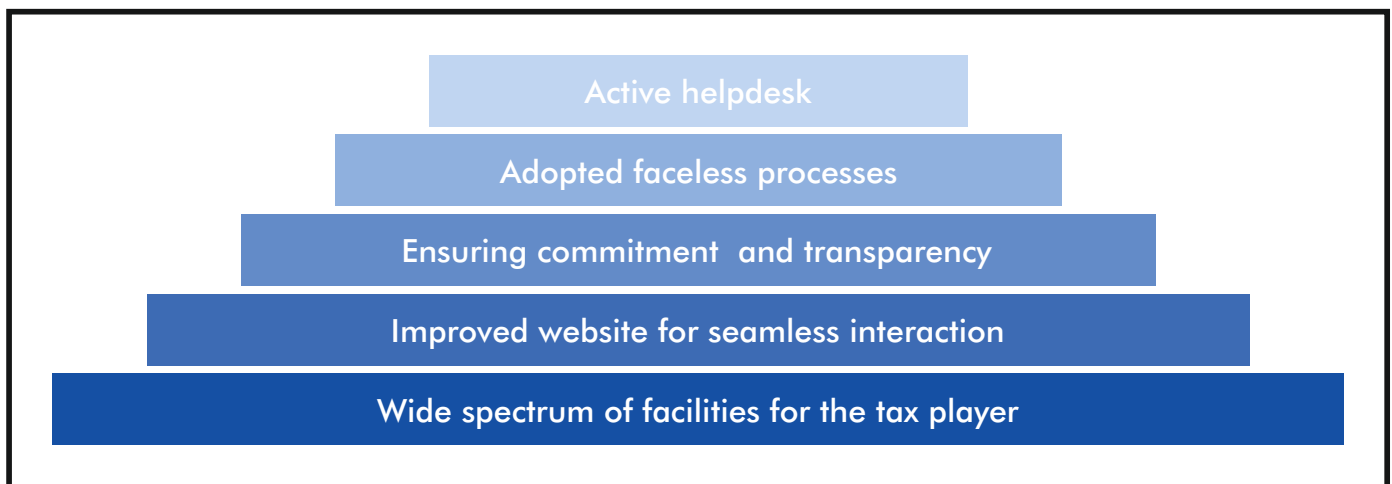
As on 30/11/2023



Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1990977#:~:text=Gross%20collections%20in%20FY%202023,period%20of%20the%20preceding%20year>

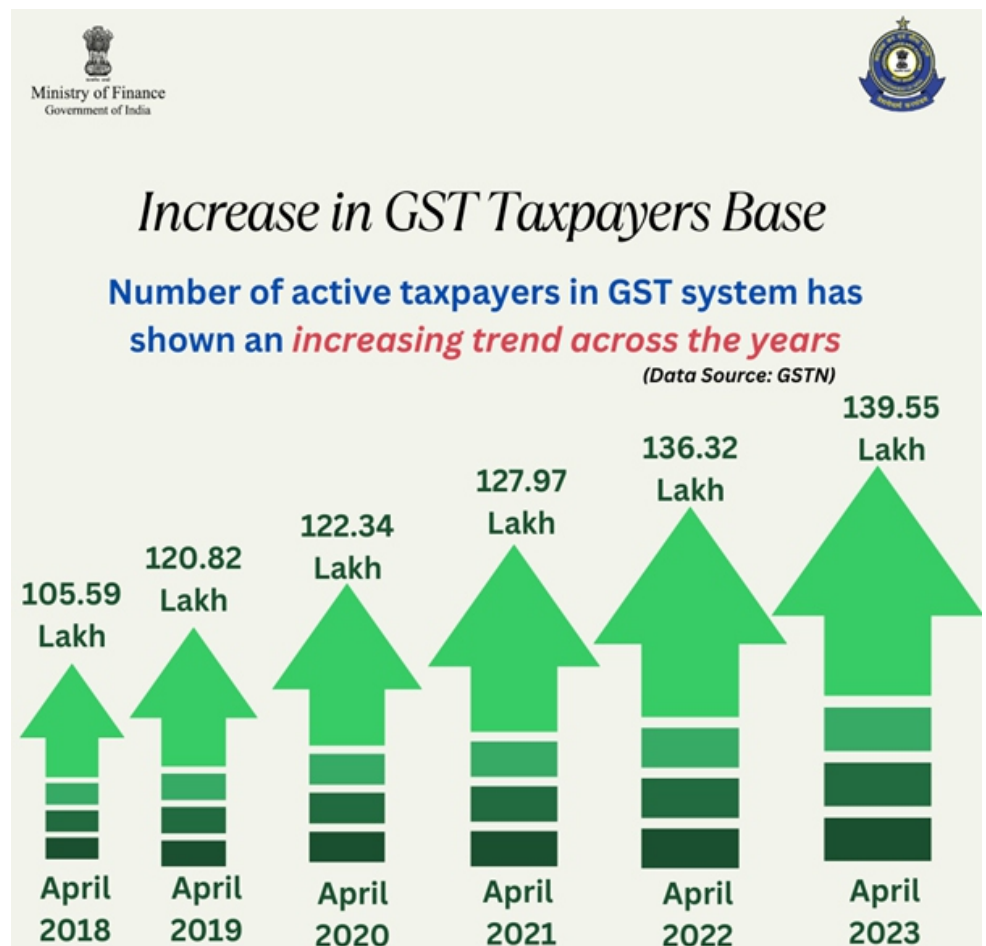
The Central Board of Direct Taxes (CBDT) part of the Department of Revenue in MoF has also launched various citizen-friendly initiatives and services boosting the overall experience of the taxpayers.

CBDT Initiatives

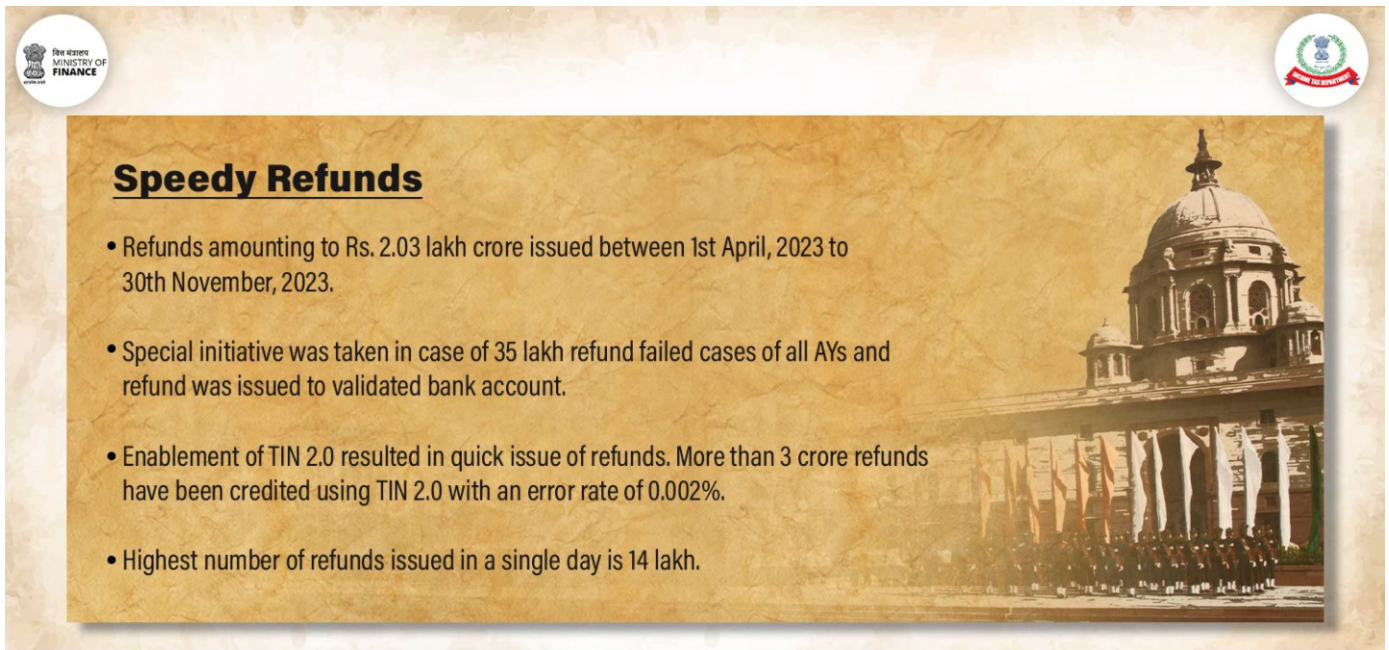


Similarly, the Central Board of Indirect Taxes and Customs (CBIC) witnessed a substantial breakthrough in the Goods and Services Tax (GST) system. It not only accomplished six years of implementation but also broke all previous records of collections and **attained new heights by receiving the all-time highest tax collection of INR 1.87 lakh crore for April 2023.**

It used the advantage of artificial intelligence (AI) and data analytics to build a robust framework for the registration process by executing a rating system for different risks to avoid frauds, enabling business premises geo-tagging, voiding registrations of non-filers systematically, and executing risk-related refund applications.



Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1990977#:~:text=Gross%20collections%20in%20FY%202023,period%20of%20the%20preceding%20year>



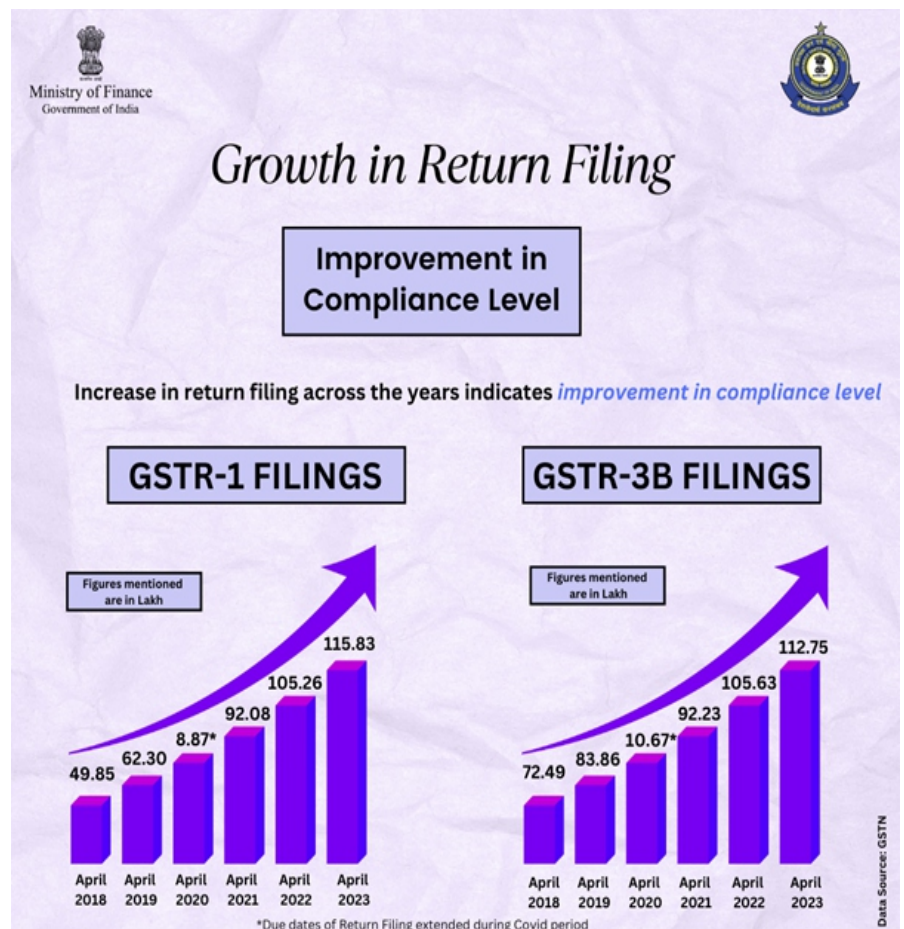
Speedy Refunds

- Refunds amounting to Rs. 2.03 lakh crore issued between 1st April, 2023 to 30th November, 2023.
- Special initiative was taken in case of 35 lakh refund failed cases of all AYs and refund was issued to validated bank account.
- Enablement of TIN 2.0 resulted in quick issue of refunds. More than 3 crore refunds have been credited using TIN 2.0 with an error rate of 0.002%.
- Highest number of refunds issued in a single day is 14 lakh.



Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1990977#:~:text=Gross%20collections%20in%20FY%202023,period%20of%20the%20preceding%20year>

To ensure accessibility of input tax credit and on-time returns, filling of GSTR-1 and then GSTR-3B has been made mandatory. To tackle fake registrations purpose-built initiatives were launched by applying techniques for raising discrepancies and provisions for applying temporary registration for unregistered users.

To assist commerce and revamp cash flow initiatives like freedom for trivial taxpayers, electronic-based cash ledgers receiving the balance, and e-commerce-based intra-state supply boosting cash flows. The late fee framework is simplified by the ministry and the scope of GST exemption was broadened for satellite-based services.



Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1990977>

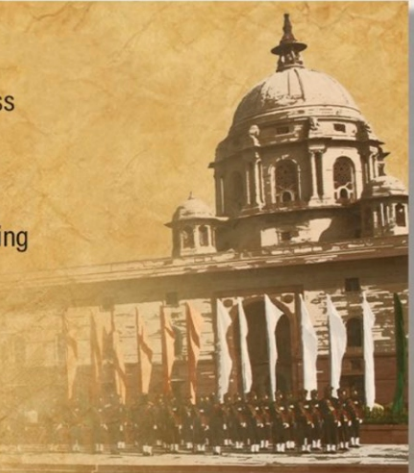





Faceless Processes

- One of the key achievements of ITD has been the enablement of the Faceless regime.
- The process of Faceless assessment, penalty & appeals has been continuously streamlined with issue of SOPs, provision of video - conferencing & dedicated emails for grievance redressal.


No. of Faceless Assessment completed	4.58 lakh
No. of Faceless Faceless Penalties disposed	4.80 lakh
No. of Faceless Faceless Appeals disposed	2.25 lakh

(Data as on 22.11.2023)

Speedy Processing

- More than 7.43 crore ITRs for A.Y. 2023-24 processed including 3.26 crore ITRs in which refunds were claimed.
- More than 1.66 crore ITRs for A.Y. 2023-24 were processed in a single day.
- Average processing time reduced from 16 days (FY. 2022-23) to 10 days (FY. 2023-24).
- Approximately 23% of ITRs were processed within 24 hours of filing.
- More than 3.43 crore ITRs which is 43% of ITRs processed within 7 days of filing.



The initiatives and reforms announced by the MoF followed by comprehensive action will ensure another promising year in 2024 achieving some more milestones, bringing more comfort to the taxpayers, and boosting the country's economy for all-inclusive development.

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16TH FINANCE COMMISSION

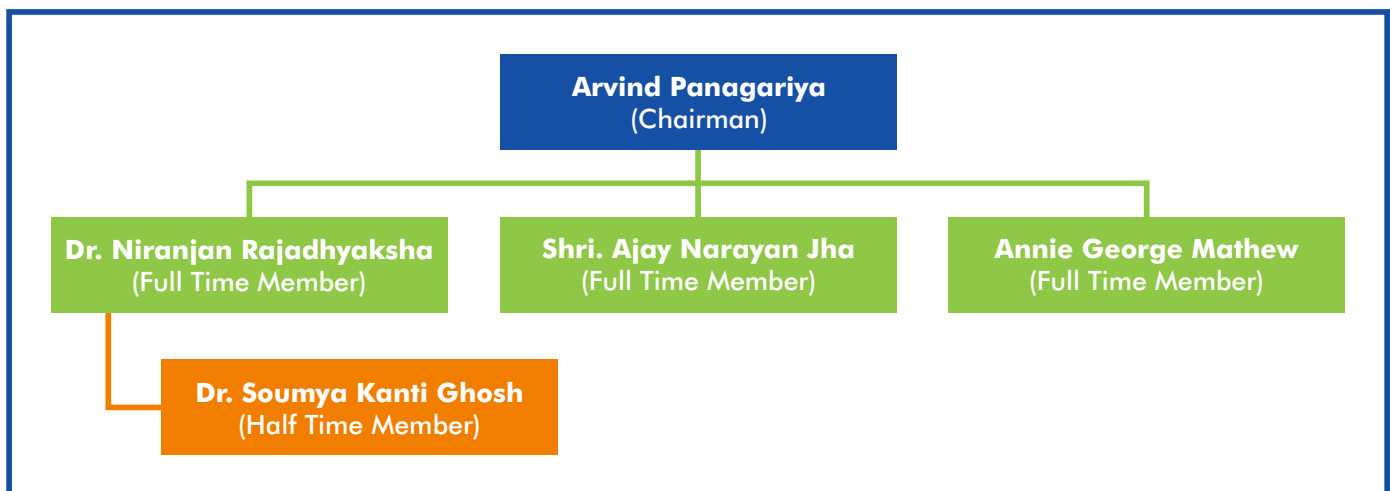
Sixteenth Finance Commission Constituted to Review Financing Disaster Management Initiatives by 2025

The term of reference for the 16th Finance Commission was notified on 31st December 2023. Its recommendations will cover a five-year term commencing from April 1, 2026. The 16th FC, headed by Mr Arvind Panagariya will review the arrangements related to disaster management financing under the Disaster Management Act, 2005. It will help the government to take appropriate action for improvement in the area.



Source: [HTTps://thewire.in/economy/amid-indias-silent-fiscal-crisis-and-fragile-federalism-16th-finance-](https://thewire.in/economy/amid-indias-silent-fiscal-crisis-and-fragile-federalism-16th-finance-)

The recommendations will also include the steps needed to increase the share of consolidated funds of a State for the increased resources of the Panchayats and Municipalities on the recommendations made by the Finance Commission of the State. To serve this purpose, the government has recently appointed the members of the 16th FC.



The **Finance Commission constituted under Article 280 of the Indian Constitution**, usually takes about two years to make their recommendations. However, **the 15th FC covers the six years up to 31st March 2026.**



Source: https://www.hindustantimes.com/ht-img/img/2024/01/18/550x309/The-commission-has-been-tasked-with-providing-reco_1705572110302.jpg

As per Chapter I, Part XII of the Indian constitution, the net proceeds of taxes must be distributed between the Union and the States. The commission therefore forms rules that should decide the distribution of revenues of the States out of the Consolidated Fund of India and the proceeds to be granted to the States by way of **contribution or grants-in-aid under Article 275 of the Indian Constitution**. It will help in providing a suitable fiscal consolidation strategy for high debt-affected states to reduce their obligation while balancing their spending priorities and welfare needs to further contribute to India's development quest.



CBDT Notifies Changes in Rules Related to Angel Tax

The Ministry of Finance, Government of India has introduced amendments in the rules related to Angel Tax under the Finance Act, 2023. The changes included the suggestions received from non-residents **for the issue of unlisted companies' shares in the jurisdiction of section 56 (2) (viib) of the Income-tax Act (1961) also known as 'Angel Tax'**.



Source: <https://images.app.goo.gl/fY78Fj9diiaHfyXq5>

As per the stated section, **if the to-be-issued shares overstep the Fair Market Value (FMV), they will become eligible under income tax to be chargeable and regarded as "Income from other sources"**.

Amendments in Rule 11UA


Five valuation methods for non-residents: Probability Weighted Expected Return Method, Milestone Analysis Method, Comparable Company Multiple Method, Replacement Cost Method and Option Pricing Method.

Issues reported against any consideration from any non-residents notified by the Gol the equity shares price for such consideration would be regarded as the FMV of it for both resident and non-resident under the following conditions. (a) Scope of consideration from such FMV should not exceed the aggregate consideration that is received from the disclosing entity (b) Consideration received by the company from the revealing entity in a period of ninety days before or after the date of issue of shares a subject matter of valuation.

Resident and non-resident investors will witness similar price matching with reference to investment by Venture Capital Funds or Specified Funds.

Calculation of FMV for Compulsorily Convertible Preference Shares (CCPS) was provided with valuation methods.

Suggestions and feedback were requested from the common public and the stakeholders for finalizing the valuation methods for determining the price of FMV for the 11UA drafting rule via a press release on 19 May 2023.



Fair Valuation

Final rules notified for angel tax | Rules effective from Sept 25

Offers five additional valuation methods for determining fair price

Valuation method applicable for compulsorily convertible preference shares (CCPS) | New valuation not available to resident investors for equity shares

10% safe harbour extended to CCPS investments

This will accommodate variation due to forex fluctuations

Centre issued draft ruled in May, had invited public comment

Source: <https://images.app.goo.gl/7X4YsDNDfA2XVvbW6>

Post obtaining the concerns and views from the stakeholders **section 56 (2) (viib) of the Income-tax Act (1961) has been amended for shares valuation via notification on 25 September 2023.**



Angel tax rules also provide a safe harbor of 10% variation from the determined value.

Source: <https://economictimes.indiatimes.com/news/economy/policy/angel-tax-5-valuation-methods-added-to-determine-fair-price/articleshow/103969607.cms?from=mdr>

The modifications in the Angel Tax will serve as the doorway for the diversification of valuation methods that will constitute worldwide accepted methods witnessing equality for both resident and non-resident capitalists.

How AG Group Can be a Help

To receive assistance in mobilizing funds from multilateral funding agencies [Click Here](#)

INDIA-JAPAN FUND (IJF)

05

The India-Japan Fund has been Launched under the National Investment and Infrastructure Fund

The alliance between the National Investment and Infrastructure Fund (NIIF) and the Japan Bank for International Cooperation (JBIC) has announced the launch of the India-Japan Fund (IJF) with the outlay of US\$ 600 million, witnessing Government of India (GoI) and JBIC as the anchor investors. The Alliance between the two prioritizes the common concern of environment and climate.

The India-Japan Fund will focus on investing in environmental sustainability and low carbon emission strategies



The Indian government will contribute 49% to the target corpus for the India-Japan fund. REUTERS/Gary Cameron/File Photo (Reuters)

Source: <https://www.livemint.com/money/india-japan-launch-600-million-fund-for-environment-projects-11696399145446.html>

The fund showcases the partnership between India and Japan with contributions of 49% and 51% respectively. The NIIF was started in 2015 and is considered a Quasi-sovereign wealth fund of India. The JBIC IG (JBIC Subsidiary) under this fund will assist NIIF in advancing the investment by Japan in India and witness outstanding results in the domain.



Source: <https://news.abplive.com/business/niif-and-jbic-launch-600-million-india-japan-fund-for-environmental-sustainability-low-carbon-emission-1633729>

The alliance aims for energy transition so that the IJF can be utilized for achieving environmental and climate sustainability through diverse strategies for lowering carbon emissions. The fund guidelines are designed to focus on India's viable energy projects across all sectors, promising biosphere preservation verticals like water and waste management for the circular economy, renewable energy, and e-mobility leading towards attaining a greener planet.



Source: <https://www.livemint.com/news/india/niifl-signs-pact-with-jbic-to-boost-japanese-investments-in-india-11668070500751.html>

To have the optimized resources, expertise, and innovation under a single roof from India and Japan, NIIFL and JBIC united to invest in the IJF to expedite collaborative efforts in this business segment. This is a significant move for the partner countries to work for a common vision through viable investments to nurture adaptable futures and prosperous relations.

UNION
BUDGET

Eminent's Insight

“

The multi pronged economic management over the past ten years has complemented people-centric inclusive development. Our Government will adopt economic policies that foster and sustain growth, facilitate inclusive and sustainable development, improve productivity, create opportunities for all, help them enhance their capabilities, and contribute to the generation of resources to power investments and fulfil aspirations.

Smt Nirmala Sitharaman
Minister of Finance
Government of India

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RESOURCES

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Chennai



Delhi



Gurugram



Guwahati



Hyderabad



Imphal

OUR SERVICES



Policy Support



Business Acceleration & Growth



Transaction Advisory



Programme Management Unit

OUR SECTORS

Transport

Railway
Aviation
Ropeway
Electric Vehicle
Traffic Management

Engineering

Textile
IT & Telecom
Power & Renewable Energy
Infrastructure: Highway/Tunnels

Environmental

Water
Irrigation
Agriculture
Animal Husbandry
Horticulture & Forestry

Social & Public Sector

Sports
Tourism
Education
Healthcare

Sustainability

ESG
SDG
Carbon Credit
Climate Change



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