

ANALYSIS REPORT

UNION BUDGET 2024-25



- Overview
- Highlights from Economic Survey 2024
- Industry Expectations from the Budget
- Thematic Analysis of Union Budget 2024-25
- Performance of Key Economic Indicators and Broad Budget Allocation
- Sector-wise Budget Provisions and Impact Analysis
- Tax Provisions
- Sustainability and Climate Change Provisions
- Industry Opinion on Union Budget 2024-25

01

Overview

“The Budget for Viksit Bharat ensures inclusive growth, benefiting every segment of society and paving the way for a developed India.”

Shri Narendra Damodardas Modi
Prime Minister of India

India was eagerly waiting for the first **Union Budget post-election** which was announced on **23rd July 2024, 11:00 AM** by the **Finance Minister, Government of India, Smt. Nirmala Sitharaman** for the **7th time consecutively**. This was the first budget presented by Modi 3.0 government. The people have reinforced their belief in the vision of this government and looking forward to the continuation of structural and fundamental reforms to realize the dream of 'Viksit Bharat.'

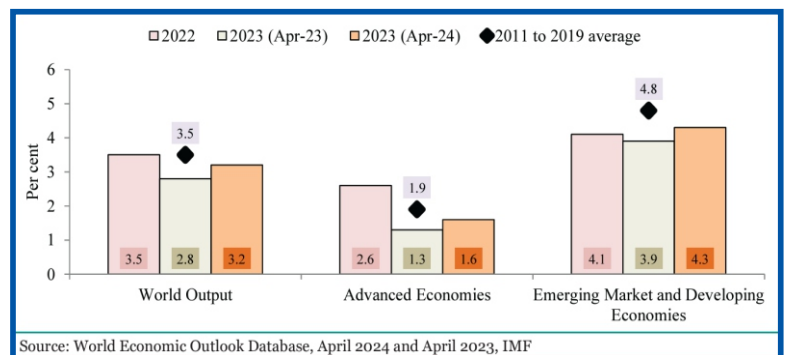


Over the years, the government has taken transformative reforms related to expenditure and has shown fiscal discipline. Thus, the outcome budget 2024-25, has tried to set the momentum with financial outlay, and clearly defined outcome-oriented provisions based on economic indicators to enhance transparency, predictability, and ease of understanding.

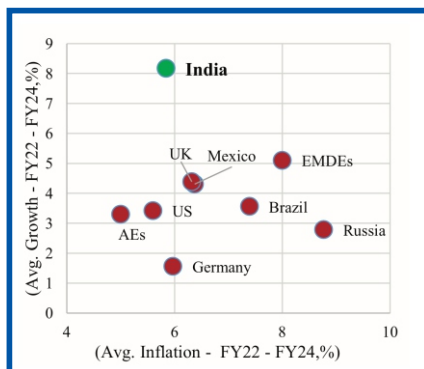


Thus, the Indian economy is heading forward optimistically and ensures broad-based inclusive growth across all sectors of the economy. This will enable the country to enjoy its status of a fastest-growing economy with a daunting commitment to counter climate change through sustainable practices.

Global Growth Scenario



India's Strong Position in Global Economy Landscape



India has a steady progression in its economic performance with a deep focus on public spending in structural reforms along with encouraging private players to pour in more investment. The growth of business enterprises, the startup ecosystem, and digitalization in service delivery have also contributed to addressing the challenges of the global economic scenario.

“India's economic growth continues to be the shining exception and will remain so in the years ahead.”

Smt Nirmala Sitharaman
Finance Minister
Government of India

02

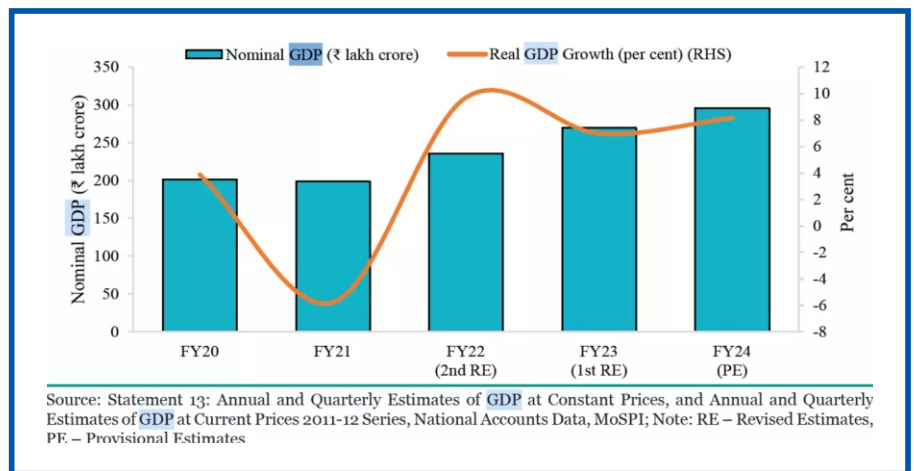
Highlights from Economic Survey 2024

The longest-serving female finance Minister of India put forth the 'Economic Survey 2024' in the Parliament on 22nd July 2024, a day before presenting the Union Budget 2024-25.

The document has highlighted the growth of the economy with mention of clear words of caution.



Year-wise Economic Growth Momentum



It shows that in 2023-24 the economy has achieved its post-pandemic recovery due to economic and financial discipline. It has proved the resilience of the Indian economy towards external challenges and global economic fluctuations.

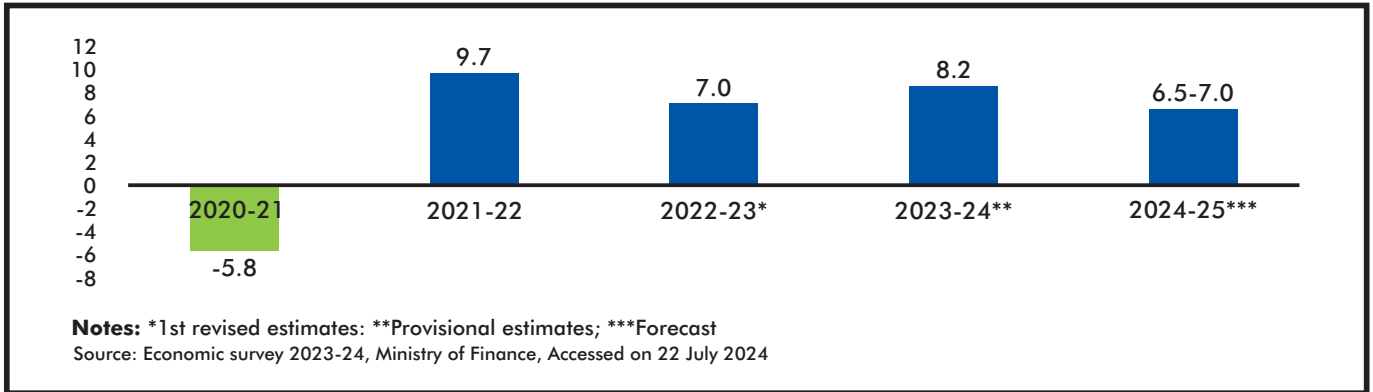
Growth Comparison from Post-Pandemic Contraction

Compounded deseasonalised growth in quarterly series (in %)	GDP	GVA	PFCE	Industrial GVA	Services GVA	GFCF
Between Q1FY12 - Q4FY20	1.5	1.5	1.4	1.1	1.9	1.3
Between Q3FY21 - Q4FY24	1.9	1.8	1.7	1.4	2.1	2.0

Source: <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap01.pdf>

The **GDP growth percentage in 2023-24** was at **8.2%** and the document has predicted it to be around **6.5% in FY 2024-25**.

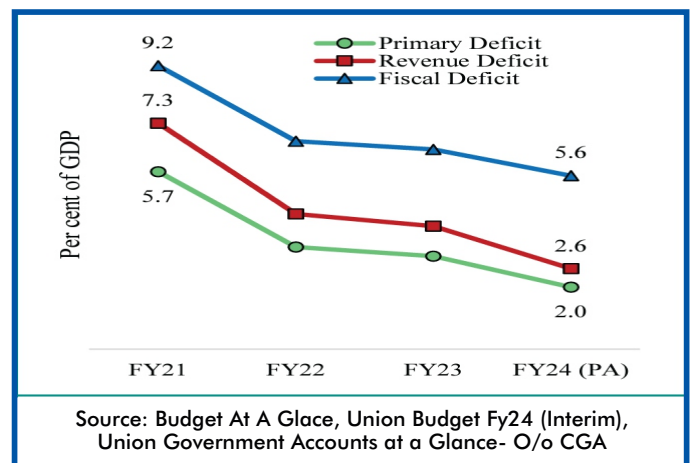
GDP Growth Percentage (At Constant Prices)



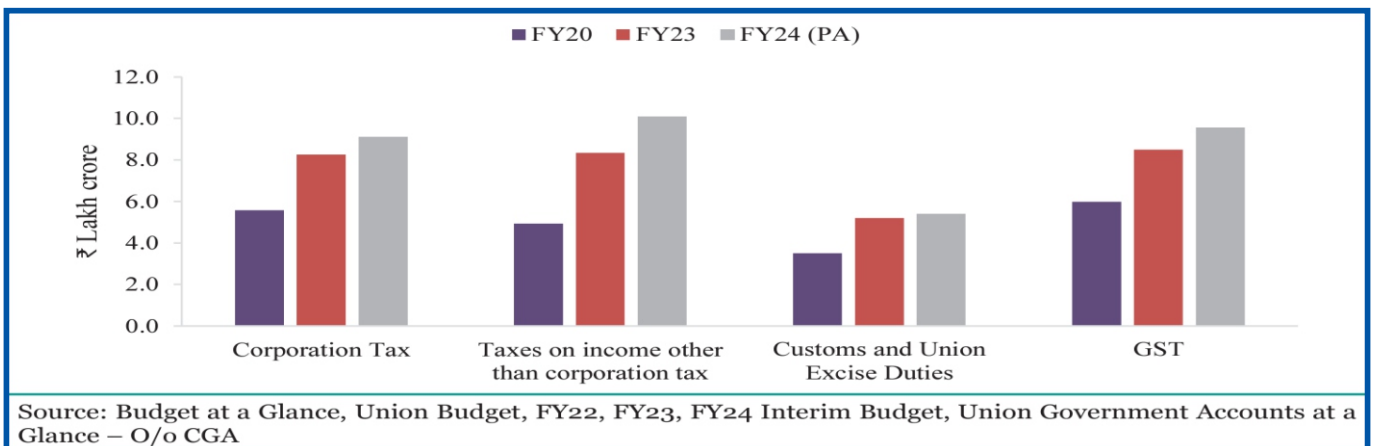
On the path of consolidating central government finances, India had favourable fiscal consolidation performance in 2023-24 that brought down **the fiscal deficit to 5.6% of GDP in FY 2023-24 from 6.4% of GDP in the previous FY**. This has provided holistic growth and macroeconomic stability to the Indian economy amid a widening fiscal deficit and increasing debt burden globally.

The steady growth in tax revenues and lower fiscal deficit have given support to the capital outlay and enhanced the productivity of borrowed resources.

Representation of Steady Declining Trend in Deficit Ratio



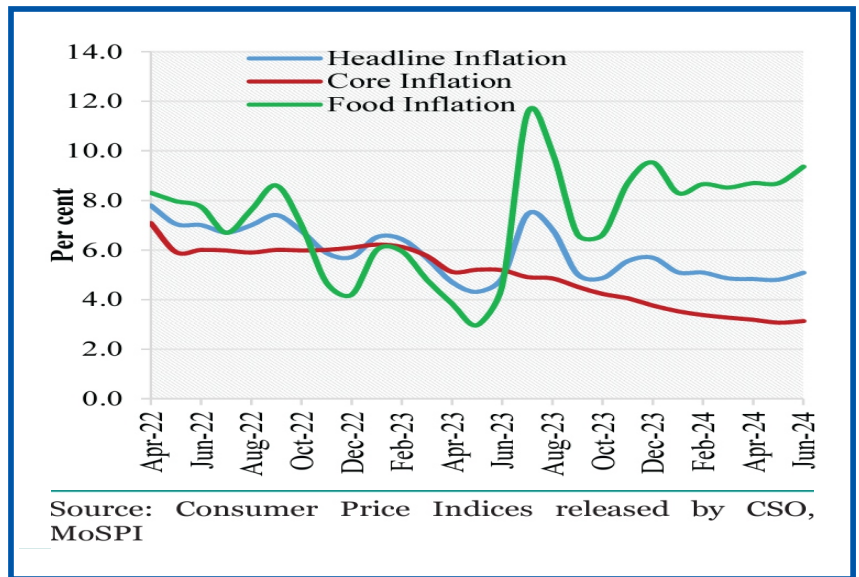
Steady Increase in Tax Revenues



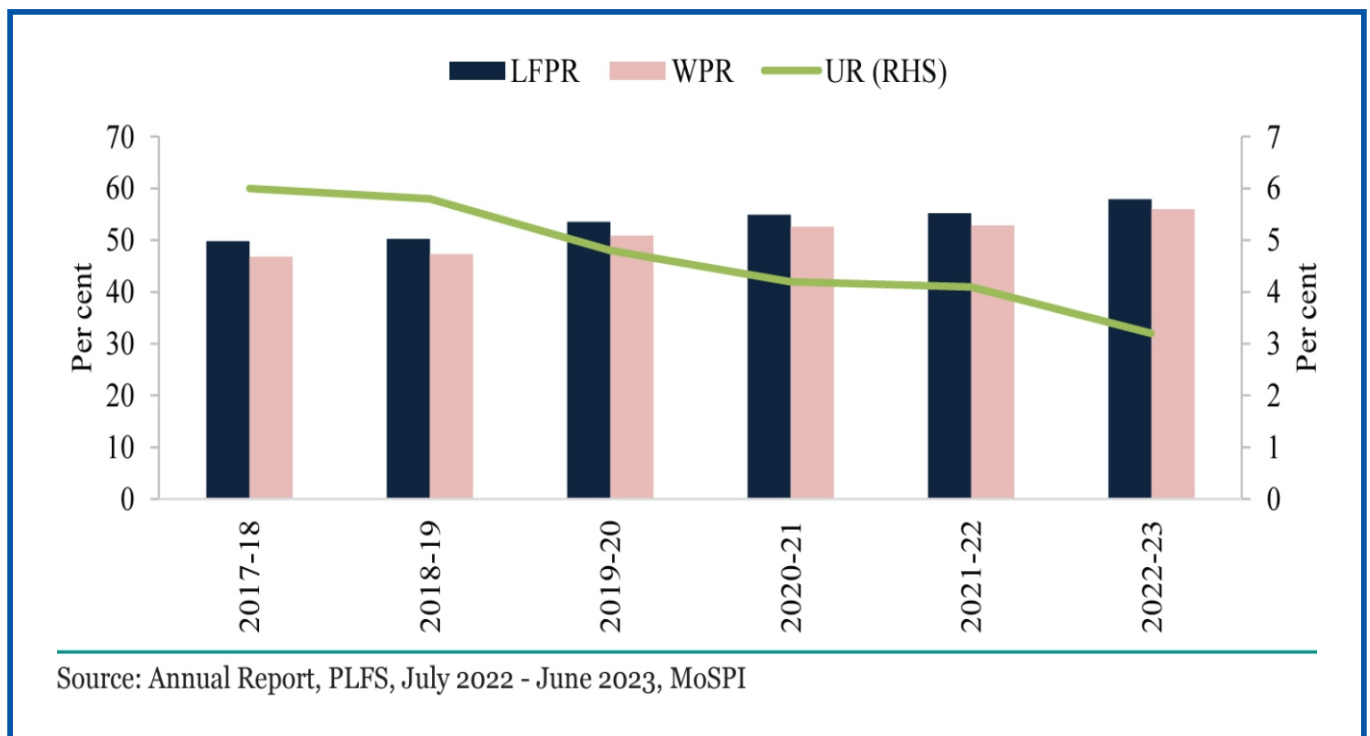
Despite of rise in inflation in some specific food items, the headline inflation in the country remains largely in control. **In FY 24, the Foreign Exchange Reserves of India touched new heights** and encouraged the investment momentum to sustain capital formation.

The declining trend in the unemployment rate in the post-pandemic period has given rise to the labour force participation rate and improved worker-population ratio.

Representation of Core Inflation and Food Inflation



Trends in Unemployment Rate, Labour Force Participation Rate, and Worker Population Ratio



The document is serving as the basis for analyzing the Union Budget 2024-25 deeply. It helps in utilizing its recommendations to ensure sustainable financial growth and macroeconomic stability to focus on set priorities in the next financial year.

03

Industry Expectations from the Budget

The industry had high expectations from the Union Budget 2024-25 as this will have significant implications across the sectors to support the economic growth of the country. The major focus was expected to be on enhancing infrastructure, agriculture, and rural development while promoting social welfare with careful spending.

Apart from these, the major expectations regarding rise in prices, unemployment, as well as distress in agriculture also exist. A greater push to the key sectors of the Indian economy which are showing less growth is expected to add exponential growth amid global uncertainties.

Key Expectations from Union Budget 2024-25

- Increased Capital expenditure
- Tax Reforms
- Infrastructure Push
- Agriculture Reform
- Incentives for MSME
- Education and Skill Development
- Disinvestment and Privatization
- Sustainability and Green Initiatives
- Defense
- Healthcare
- Energy Security

How You Can Tap the AG Group Expertise

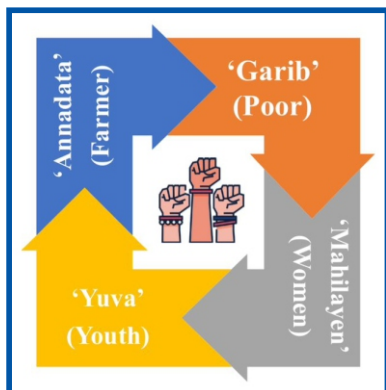
To tap funding funnels of multi-lateral agencies [Click Here](#)

04

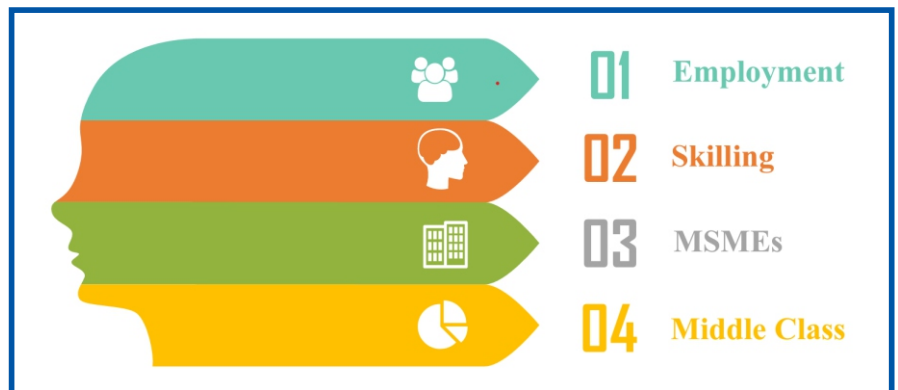
Thematic Analysis of Union Budget 2024-25

The Union Budget 2024-25 has taken the clue from its predecessor Interim Budget which was presented in the Parliament on 1st February 2024, before the general election. Post-election result, the Modi government 3.0 has set the tone of all-inclusive growth and development with a clear focus on addressing concerns of employment, skill development, MSME, and India's middle class.

4 Major Castes Mentioned Under Interim Budget



Focus Areas Under Union Budget 2024-25



This has provided the unique opportunity to develop a detailed roadmap for the developed India under 9 priority areas with transformative changes.

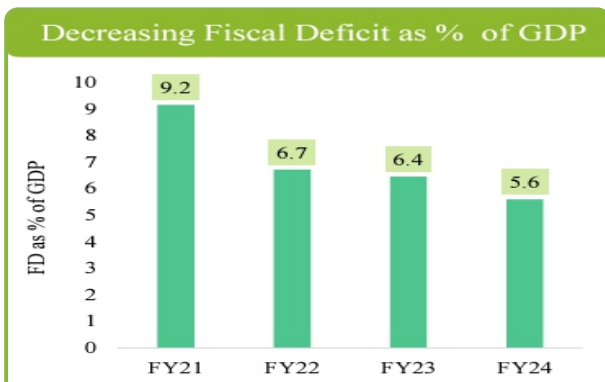
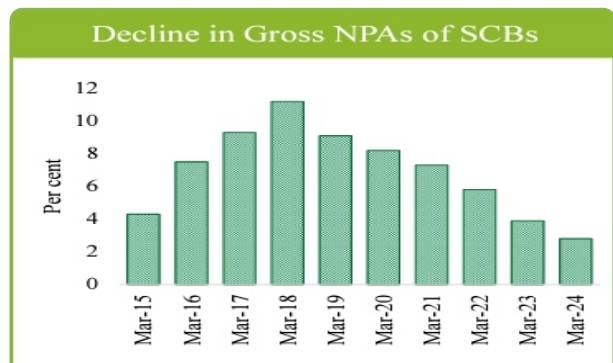
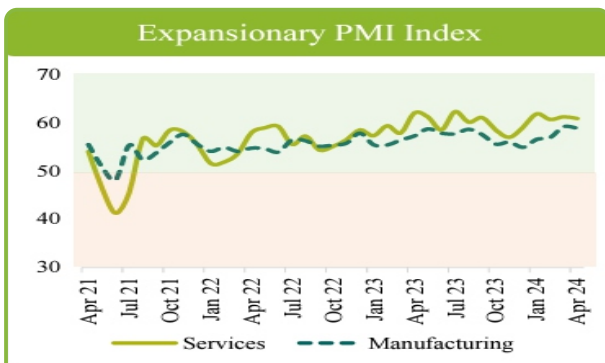
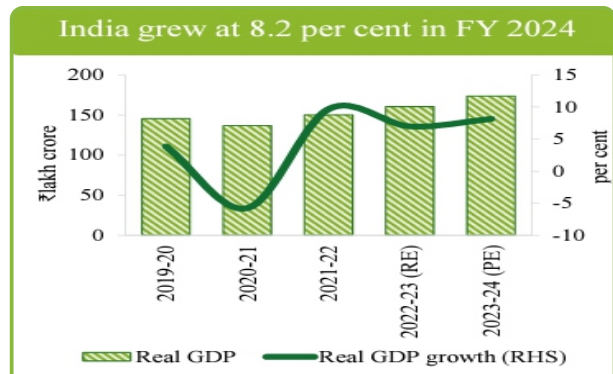
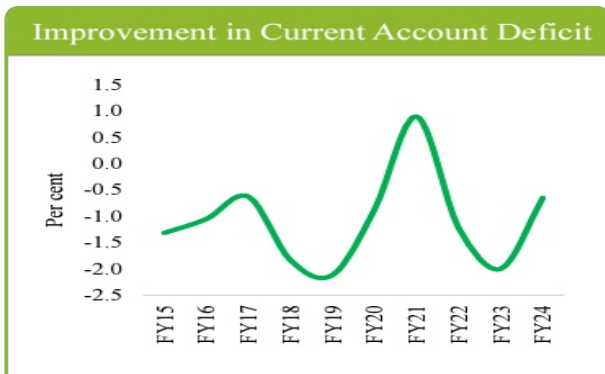
The government has proposed a detailed formulation of the '**economic policy framework**' for the Indian economy. Through this people-centric budget, the government has ratified its commitment to strengthen the fundamental reforms and expedite the journey towards achieving the goal of 'Viksit Bharat.'

Priority Areas Under Union Budget 2024-25	Productivity and Resilience in Agriculture	Employment and Skilling
	Manufacturing & Services	Urban Development
	Energy Security	Infrastructure
	Innovation Research & Development	Next Generation Reforms
	Inclusive Human Resource Development and Social Justice	

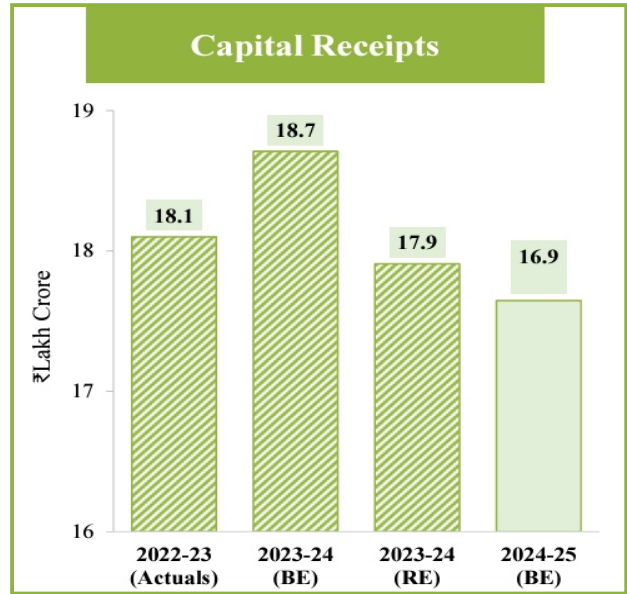
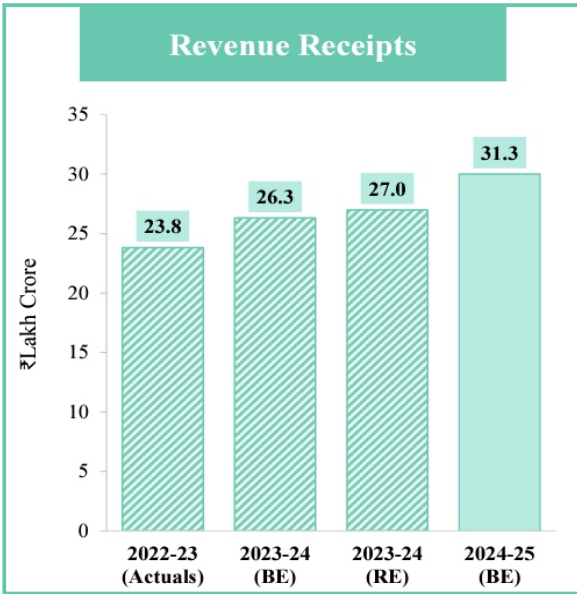
05

Performance of Key Economic Indicators and Broad Budget Allocation

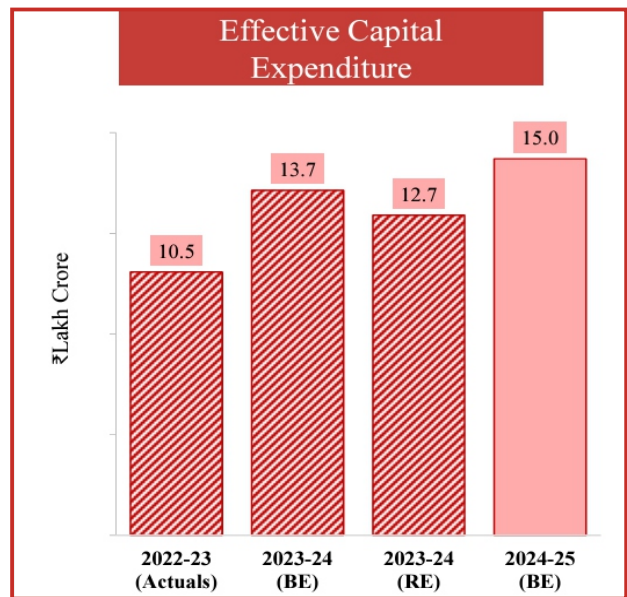
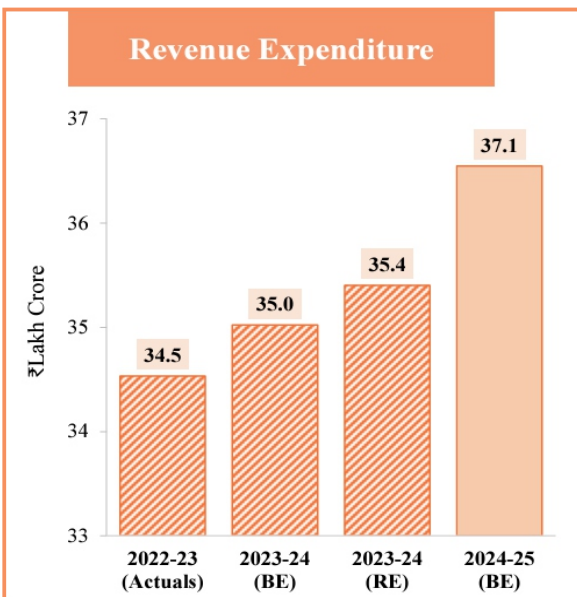
Representation of Key Economic Indicators



Receipts

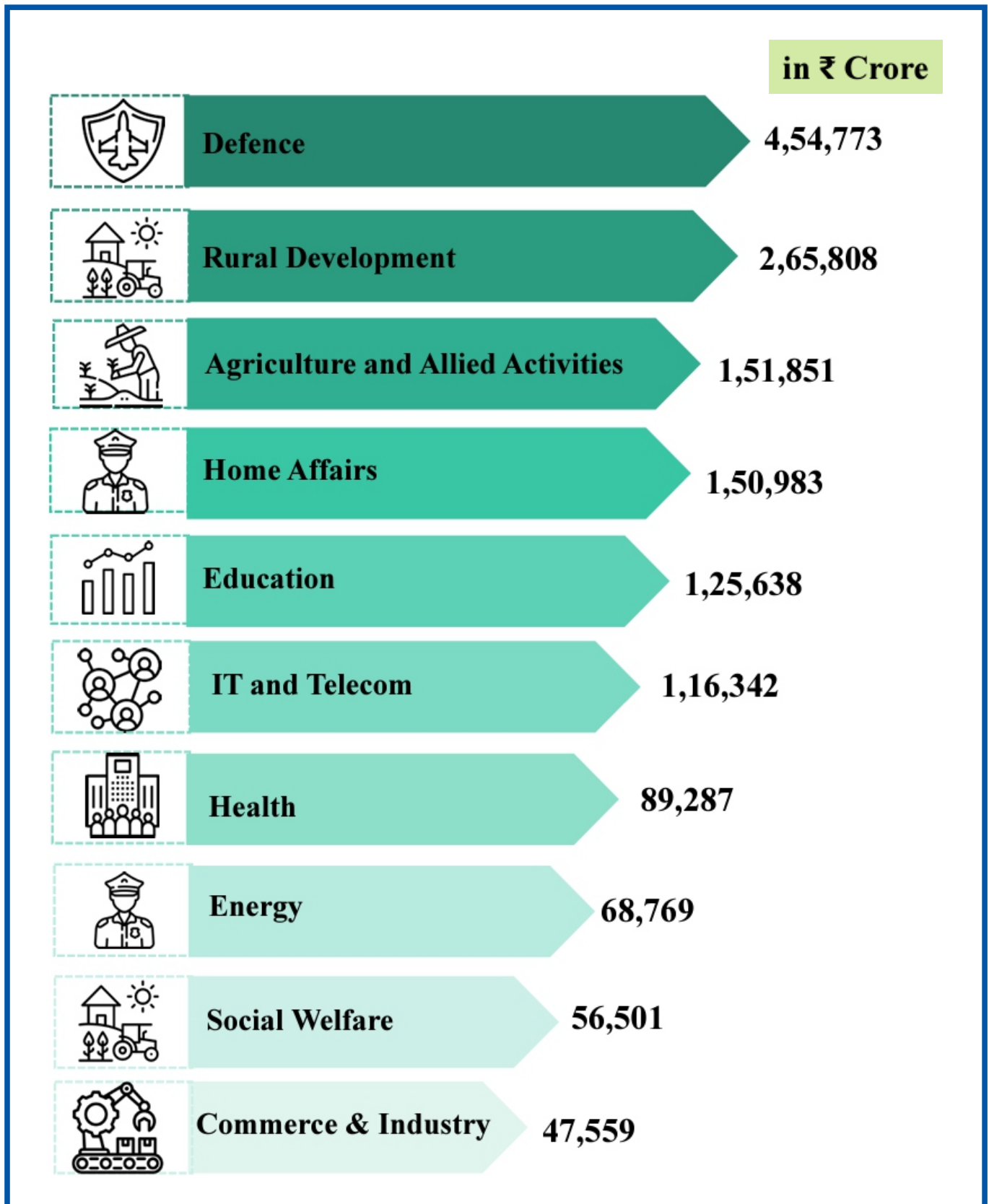


Expenditure



Source: <https://www.indiabudget.gov.in/doc/bh1.pdf>

Sector-wise Budget Allocation Under Union Budget 2024-25



Budget Allocation under Various Schemes (In Crores)



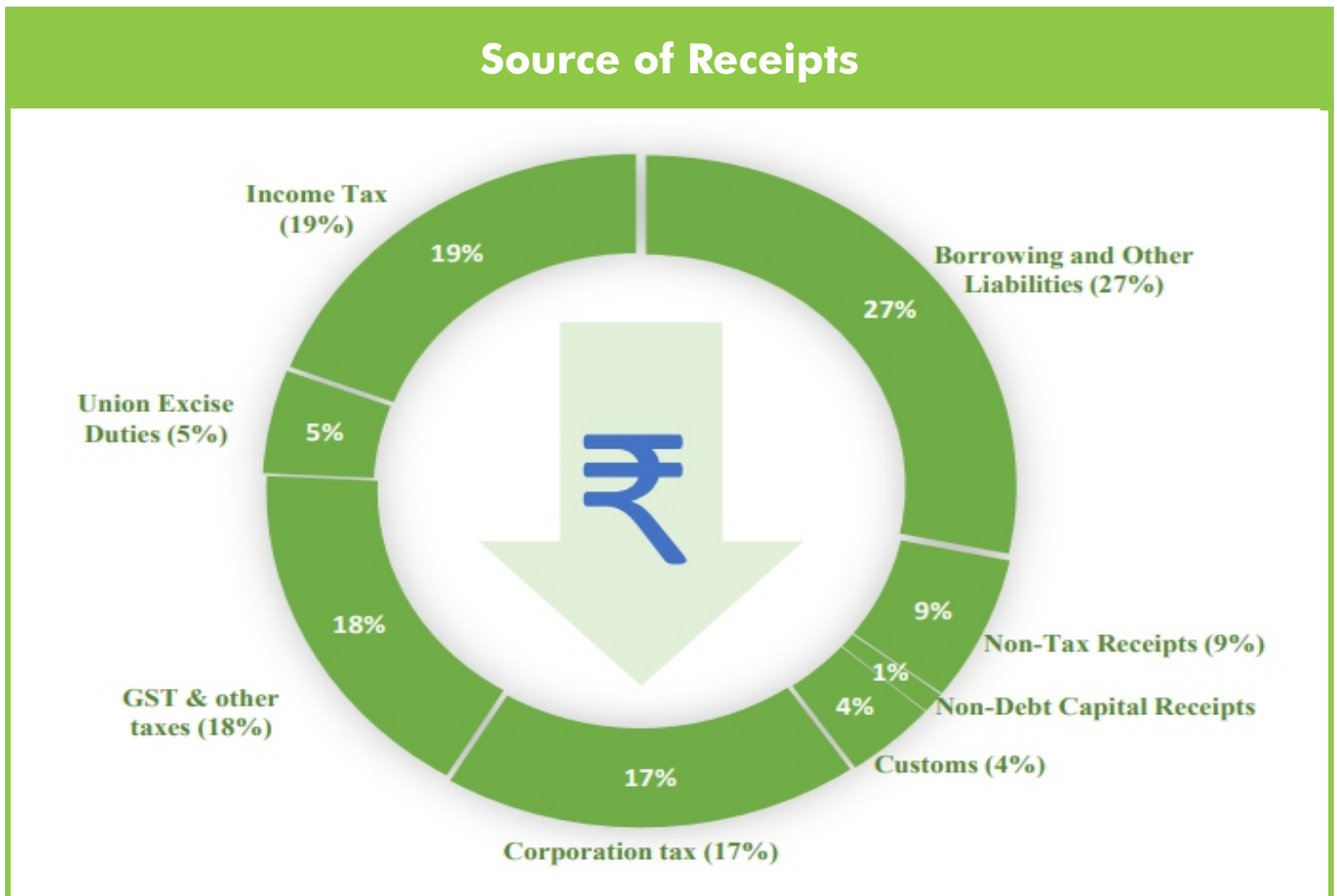
How AG Group Can Be a Help

Receive assistance in creating financial model to visualize your organizational goals [Click Here](#)

06

Sector-wise Budget Provisions and Impact Analysis

The finance minister under the budget document highlighted the sources of **total receipts (other than borrowing)** as **Rs32.07 lakhs crore** and **total expenditure estimates** under various heads as **Rs48.21 lakhs crore** for the **FY 2024-25**.



With an assertive stand on a strong foundation and stable monetary and financial growth, the document has addressed critical issues. The surprising election result effect has also been reflected in the budget document while promising a stable foundation for shining economic growth in the current financial year.

01

AGRICULTURE

- Transforming Agriculture Research
- Mission for Pulses and Oilseeds to Achieve Atmanirbhar Bharat
- Release of New varieties and Promotion to Natural Farming
- Vegetable Production & Supply Chain
- Digital Public Infrastructure for Agriculture
- Facilitation of Shrimp Production & Export through NABARD
- National Cooperation Policy

Impact Analysis:

- The total of Rs1.52 Lakh Crore Provision has been Set for Agriculture and allied Sector.
- Fast-track growth of rural economy and generate large scale employment opportunities in the sector
- Promotion of Farmer-Producer Organizations, cooperatives and start-ups in the supply chain

02

MSME

- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector
- New assessment model for MSME credit
- Credit Support to MSMEs during Stress Period through 'Special Mention Account'
- Enhanced the Limit of Mudra Loan under Tarun Category
- Enhanced scope for mandatory on boarding in TReDS
- Expansion of SIDBI branches in MSME clusters
- MSME Units for Food Irradiation, Quality & Safety Testing
- Setting up of E-Commerce Export Hubs in PPP mode

Impact Analysis:

- Will make the Indian MSMEs globally competitive
- Facilitate term loans without collaterals/third-party guarantee
- Significantly improve the traditional ways of assessing credit eligibility
- Facilitate larger working capital for MSMEs
- Facilitate credit support to MSMEs

03

SKILL AND TRAINING

- Skilling up the youth in collaboration with state governments and industry.
- Upgradation of 1,000 Industrial Training Institutes in hub and spoke model
- Revision of Model Skill Loan Scheme to facilitate loan upto 7.5 lakhs

Impact Analysis:

- 20 lakh youth will receive skill training over the next 5 years.
- New courses will be introduced based on emerging skill needs of the industry
- It will help 25,000 students annually

04

EMPLOYMENT SECTOR

- Three Employment-linked Scheme under Prime Minister's Package
- Rs 2 Lakh Crore Budget Allocation for job creation in 5 years
- New Employment Skilling Scheme for 20 lakh youth in 5years
- Internship Scheme for Youth to Provide assistance for internship to 1 crore youth in 500 top companies with Rs 5000/month internship allowance and one-time assistance of Rs 6000.
- Direct Benefit Transfer of one-month salary in 3 instalments to first-time employees, as registered in the EPFO up to Rs 15,000 with eligibility limit of the salary will be 1 lakh/month
- Employer Focused Scheme to reimburse up to 3,000 /month for 2 years towards Employer EPFO contribution for each additional employee
- Incentive scheme employment in the manufacturing sector, linked to the employment of first-time employees
- Setting up of working women hostels in association with industry and establishment of creches

Impact Analysis:

- 210 lakh Youths are expected to be benefited.
- New people will enter the workforce in formal sectors.
- Increase women's Participation in the workforce
- 30 lakh youths newly joining the workforce and their employers will benefit
- Expected to generate additional employment of 50 lakh individuals
- Promotion and market access to SHG enterprises

05

ENERGY SECTOR

- Initiative with private sector in Nuclear Energy
- Pumped Storage Policy for electricity Storage and Facilitation of Smooth Integration of Renewable Energy
- Financial Support for shifting micro and small industries to adapt clean energy forms
- PM Surya Ghar Muft Bijli Yojna to install solar rooftop plants for providing free electricity to 1 crore household
- Facilitate investment grade energy audits in 60 clusters expansion upto 100 clusters in next phase
- Advanced Ultra Super Critical Thermal Power Plants
- Regulations for transition of 'hard to abate' industries from the current 'Perform, Achieve and Trade' mode to 'Indian Carbon Market' mode

Impact Analysis:

- Clean energy transition to balance the imperatives of employment, growth and environmental Sustainability
- Facilitate shifting to cleaner forms of energy
- Development of Indigenous production capacity of high-grade steel and other advanced metallurgy materials
- Promotion of research & development in newer technology
- Facilitate a growing share of renewable energy in the country's overall energy mix

06

INNOVATION AND R&D

- Operationalization of the Anusandhan National Research Fund for basic research and prototype development
- Financing pool of Rs1 lakh crore to set up mechanism for spurring private sector-driven research and innovation
- Expansion of the space economy by 5 times in the next 10 years through a venture capital fund of Rs1,000 crore

Impact Analysis:

- Boost to research and development across the sectors to lead innovation at commercial scale
- Encouragement to private players for investment and growth of the Indian space economy

07

URBAN DEVELOPMENT

- Facilitate development of 'Cities as Growth Hubs'
- Creative brown field redevelopment of existing cities
- Provision of Transit oriented development plan for 14 large cities with population above 30 lakhs
- Central assistance of Rs2.2 lakh crore in the next 5 years under PM Awas Yojna Urban 2.0
- Promotion of water supply, sewage treatment and solid waste management projects and services in 100 large cities through bankable projects
- Development of 100 weekly 'haats' or street food hubs in select cities over the next 5 years

Impact Analysis:

- Phased development of peri-urban areas
- Encourage states to lower stamp duties for property purchases especially for women
- Facilitate water supply and sanitation as an integral part of urban development

08

TOURISM SECTOR

- Comprehensive development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor
- comprehensive development initiative for Rajgir, a religiously significant place for Hindus, Buddhists and Jains
- Development of Nalanda as a tourist center besides reviving Nalanda University
- Assistance to develop Odisha's temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches to make it an ultimate tourist destination

Impact Analysis:

- Transform the places of spiritual significance as world class pilgrim and tourist destinations
- Create jobs, stimulate investments, and tap boundless opportunities in the sector and other sectors also

09

MINING SECTOR

- Setting up a Critical Mineral Mission for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets
- 25 critical minerals to be exempted from customs duties & BCD on two of them to be reduced
- Offshore mining of minerals

Impact Analysis:

- Facilitate technology development, skilling workforce, and financial mechanism in the sector
- Support economic development and national security

10

INFRASTRUCTURE SECTOR

- 11,11,111 crore i.e. 3.4% of country's GDP for capital expenditure
- Provision of 1.5 lakh crore for long-term interest free loans to encourage infrastructure investment by state governments
- Promotion to private investment in infrastructure sector through Viability Gap Funding
- Pradhan Mantri Gram Sadak Yojna Phase IV to provide all-weather connectivity to 25,000 rural habitations
- Irrigation and Flood Mitigation through Accelerated Irrigation Benefit Programme and other sources

Impact Analysis:

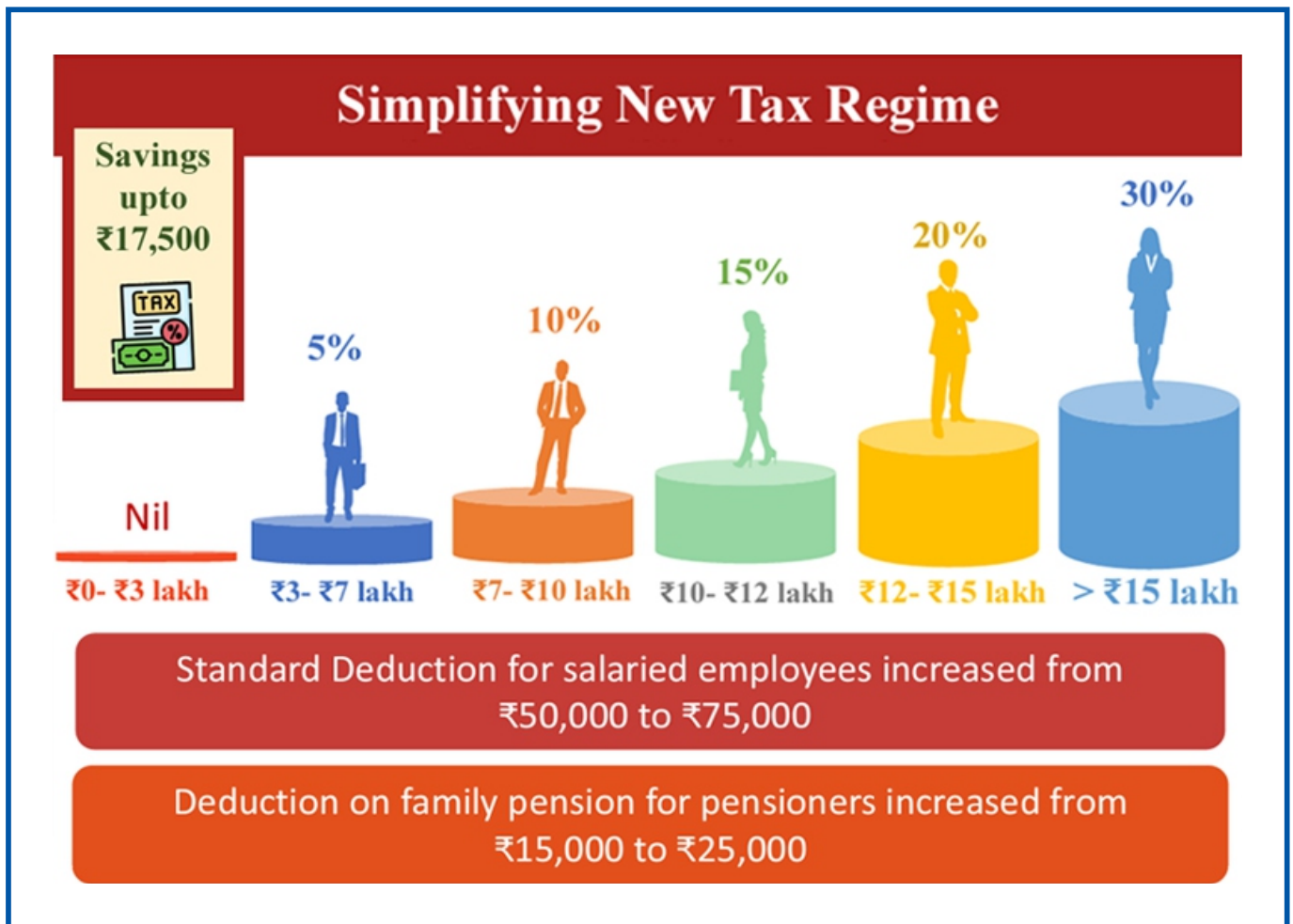
- Strong fiscal support for infrastructure development in the country in the next 5 years
- Assistance to Assam, Bihar, Himachal Pradesh, Uttarakhand, and Sikkim will receive central government assistance for flood management
- Facilitate Flood Mitigation and check river pollution

07

Tax Provisions

The finance minister once again introduced significant tax changes to relieve taxpayers and simplify the tax structure in India. **The GST and Income Tax received the higher collection and enhanced the revenue generation stream for the union government.** The government has also proposed to **comprehensively review the Income-tax Act 1961** to make it simple, understandable, and concise for people.

Major Update in Income Tax Provisions

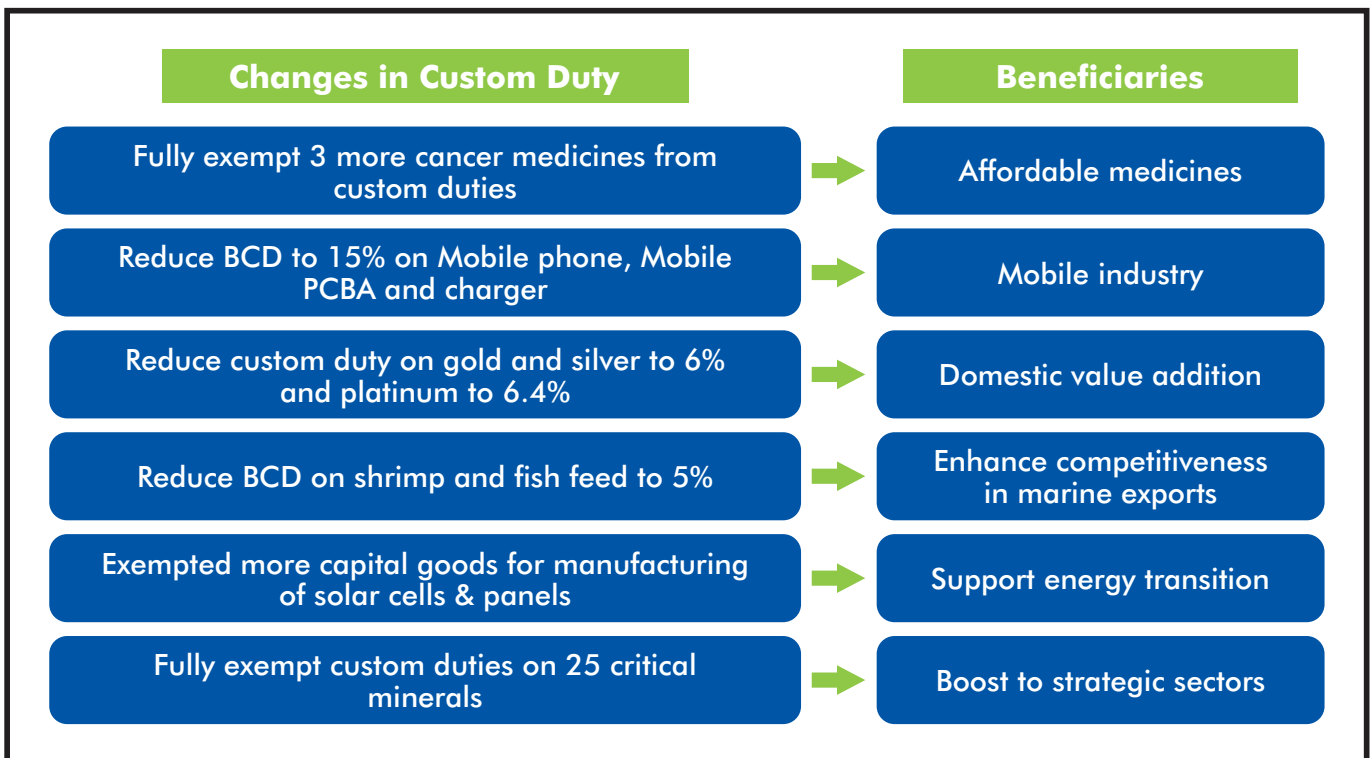


Other Major Highlights under Direct Tax Provisions

Comprehensive Review of the Income-tax Act, 1961
Simplification for Charities and of TDS
Simplification of Reassessment provisions to Reduce tax Uncertainty and Disputes
Simplification and Rationalisation of Capital Gains
Digitalization of all the major tax payer services under GST and most services under Customs and Income Tax
Vivad Se Vishwas Scheme, 2024 to resolve certain income tax disputes pending in appeal
Abolition the Angel tax for all classes of investors
Reduction in the corporate tax rate on foreign companies from 40 to 35 per cent
Security Transactions Tax on futures and options of securities has been increased to 0.02 per cent and 0.1 per cent respectively

Further simplification of the GST regime has been proposed to save the interest of the public and consumers. The document is also intended to support the domestic manufacturing sector, strengthen the local value supply chain, and enhance export competitiveness through custom duty provisions.

Major Indirect Tax Provisions



08

Sustainability and Climate Change Provisions

To support the sustainable and resource-efficient economic growth of the country, the finance minister has focussed on clean energy transition to tackle worsening climate change scenarios globally. The various initiatives and proposals to develop the climate finance taxonomy are expected to achieve India's climate commitment and support its green transition over the years.

Key Provisions Addressing Climate Change Under Budget

Development of a taxonomy for Climate Finance
Facilitate Clean energy Transition through exemption of capital goods in the manufacturing of solar cells and panels in the country to fight against climate change
Push to transition of industries towards 'Carbon Credit' market mode

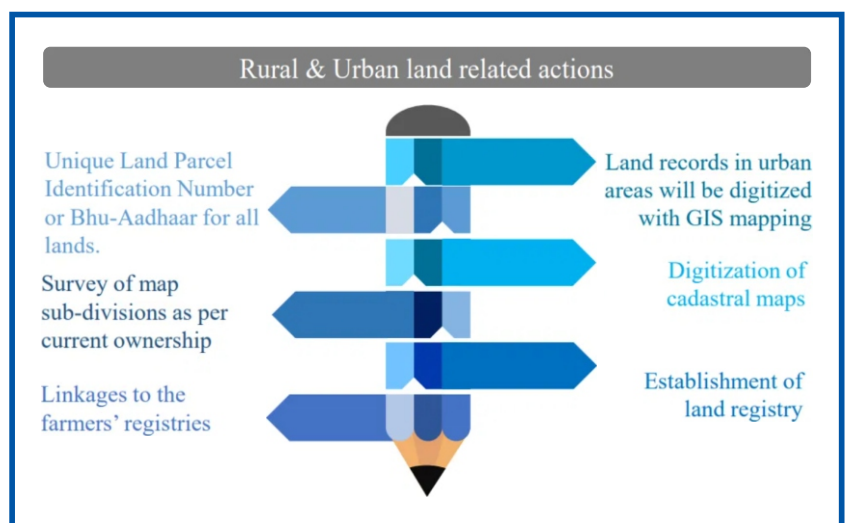
To support India's growth and economic prosperity, the budget has also talked about next-generation reforms. In this, land-related reforms have taken centre stage along with improvement in areas like data governance, collection, and processing.

NPS Vatsalys: A plan for contribution by parents and guardians for minors.

Improvement of data governance, collection, processing and management of data and statistics.

New Pension Scheme (NPS): A solution that address the relevant issues, protects the common citizen and maintains fiscal prudence will be formed.

Next Generation Reform Under Union Budget 2024-25



09

Industry Opinion on Union Budget 2024-25

We applaud Finance Minister Smt. Nirmala Sitharaman for Presenting a visionary Union Budget that underscores the momentum of rapid growth with putting spotlight on Research & Development, Next generation reforms and Digitalization.

Mr Arvind Kumar
Director General
Software Technology Parks of India (STPI)

The continued emphasis on fostering investment and enhancing road infrastructure, especially in Andhra Pradesh and Bihar will facilitate growth in the manufacturing and automobile sectors. Focus on private investment in infrastructure, mining and housing sector is also likely to boost the sale of CVs.

Mr Dheeraj Hinduja
Chairman
Ashok Leyland

The push for innovation and R&D, coupled with the Financial Sector Vision document, creates a favorable environment for SaaS companies like ours to thrive and contribute to India's growth story.

Mr Prashant Singh
Co-founder and Chief Operating Officer
LeadSquared

The finance minister has taken an assertive stance by focussing on employment generation, skill development, and the revival of rural and agricultural sectors — addressing critical issues head-on. A series of changes in direct tax initiatives, including increased standard deductions and higher NPS contributions, benefit salaried employees. However, unexpected increases in long-term capital gains (LTCG) and short-term capital gains (STCG) tax rates might temporarily dampen equity market sentiments. This impact is likely to be short-term and should not fundamentally alter the market's growth momentum.

Mr Jaspal Bindra
Executive Chairman
Centrum Group

We are pleased with the Union Budget 2024-25's strong focus on employment and education, particularly the allocation of Rs1.8 crore and the Rs2 lakh crore package for five schemes aimed at creating jobs and providing skilling to 4.1 crore youth. This significant investment will drive economic growth and progress by enhancing job creation, improving higher education access, and expanding skill development programs.

Mr Ajay Kela
President & CEO
Wadhvani Foundation

Net-net, this is a great Budget and there is no reason why one should be pessimistic, either on the economy or on the markets. I feel there is a lot of focus on improving ease of doing business, there is stability in direct-indirect taxation, though she has promised a comprehensive review on both to simplify these taxes and to correct any inverted duty structure and there is fiscal consolidation

Mr Prashant Jain
Founder & CIO
3P Investment managers

RESOURCES

1. <https://www.indiabudget.gov.in/>
2. <https://www.indiabudget.gov.in/doc/bh1.pdf>
3. <https://pib.gov.in/PressReleaselframePage.aspx?PRID=2036499>
4. https://prsindia.org/files/budget/budget_parliament/2024/Union_Budget_Analysis_2024-25.pdf
5. <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap01.pdf>
6. <https://www.indiabudget.gov.in/economicsurvey/>
7. <https://www.indiabudget.gov.in/economicsurvey/doc/echapter.pdf>
8. <https://www.moneycontrol.com/web-stories/fm-nirmala-sitharamans-7th-consecutive-budget-her-record-breaking-achievements-sitharaman-records-longest-speech-2289755.html>
9. <https://www.ptinews.com/story/business/nirmala-sitharaman-presents-budget-for-2024-25-her-7th-straight-presentation/1675776>
10. <https://www.indiabudget.gov.in/doc/eb/vol1.pdf>
11. <https://assets.kpmg.com/content/dam/kpmg/in/pdf/2024/07/india-union-budget-booklet-2024-25.pdf>
12. https://www.business-standard.com/budget/news/pen-to-feedback-on-tax-changes-but-read-finmin-latest-remark-on-budget-124072601132_1.html
13. <https://economictimes.indiatimes.com/news/economy/policy/budget-2024-key-announcements-for-telecom-railways-health-sector-tourism-defence-aviation-infrastructureagriculture/articleshow/111943436.cms?from=mdr>
14. <https://economictimes.indiatimes.com/news/economy/policy/economic-survey-2023-2024-highlights-union-budget-check-the-key-points-indian-economy-growth-review/articleshow/111914030.cms>
15. <https://www.news18.com/business/economy/economic-survey-2023-24-key-highlights-fm-nirmala-sitharaman-gdp-growth-inflation-trends-union-budget-2024-8974042.html>
16. <https://economictimes.indiatimes.com/news/newsblogs/budget-2024-live-updates-nirmala-sitharaman-latest-announcements-expectations-union-budget-21-july/liveblog/111896529.cms?from=mdr>
17. <https://www.jagranjosh.com/general-knowledge/union-budget-2024-expectations-major-sectors-1721665403-1>
18. <https://www.livemint.com/budget/budget-2024-with-greater-incentives-rolled-out-would-it-be-beneficial-for-taxpayers-to-embrace-new-tax-regime-11721839115612.html>
19. <https://www.livemint.com/budget/budget-2024-with-greater-incentives-rolled-out-would-it-be-beneficial-for-taxpayers-to-embrace-new-tax-regime-11721839115612.html>
20. <https://www.livemint.com/budget/union-budget-2024-nirmala-sitharaman-income-tax-india-inc-msmes-mnregs-capital-expenditure-rural-schemes-welfare-gdp-11721814705881.html>
21. <https://government.economictimes.indiatimes.com/news/economy/union-budget-2024-govt-and-industry-experts-react-to-finance-ministers-budget/111965299>
22. <https://economictimes.indiatimes.com/markets/expert-view/its-a-great-budget-a-lower-cost-of-capital-over-time-leads-to-more-capex-and-faster-growth-prashant-jain/articleshow/111957638.cms?from=mdr>
23. https://www.business-standard.com/opinion/columns/union-budget-2024-25-paving-the-path-for-sustained-growth-124072301009_1.html
24. <https://www.livemint.com/industry/budget-2024-25-corporate-reactions-live-updates-fm-nirmala-sitharaman-shows-the-budget-tablet-manufacturing-railways-11721645536894.html>



WE EXPAND YOUR HORIZON



AG Horizon Pvt Ltd, established in the year 1998, is a multi-functional, multi-disciplinary organization offering a wide range of consultancy services to multiple sectors for the implementation of projects under one roof from "Concept to Commissioning". We have the privilege of working with Central & State govt. and with Multi-lateral funding agencies viz. World Bank, JICA, New Development Bank, Asian Development Bank etc.

With the vision of sustainable future, we have partnered with Moody's Analytics, a global integrated risk management firm established in 1909. Moody's Analytics provides financial intelligence and analytical tools to help central & state governments worldwide and business leaders to make better and faster decisions.



Gurugram



Guwahati



Delhi



Imphal



Hyderabad



Dimapur



Chennai



Kohima



info@aggrp.in



www.aggrp.in



+91 9810046249



0124 4235267

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