

Union Budget 2024-25 Highlights

The Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman, presented the Union Budget for the fiscal year 2024-25 in Parliament today. Finance Minister highlighted that the Union Budget 2024-25 will prioritize key areas critical to the nation's growth. The budget focuses on:

- **Employment:** Initiatives aimed at creating job opportunities and supporting workforce development.
- **Skilling:** Programs to enhance the skills of the workforce and improve employability.
- **MSMEs (Micro, Small, and Medium Enterprises):** Support measures to foster growth and sustainability in this vital sector.
- **Middle Class:** Measures to provide relief and support to the middle-income groups.

These focus areas are designed to drive economic growth and ensure inclusive development across various segments of society.

A. Key Changes in Customs Duty for Electronics Goods and Equipment :

The Union Budget 2024-25 introduces several significant adjustments in the Basic Customs Duty (BCD) on electronics goods and equipment.

Here are the key changes:

1. **Reduction in BCD Rates:**
 - **Cellular Mobile Phones:** BCD reduced from 20% to 15%.
 - **Printed Circuit Board Assembly (PCBA) of Cellular Mobile Phones:** BCD reduced from 20% to 15%.
 - **Chargers/Adapters for Cellular Mobile Phones:** BCD reduced from 20% to 15%.
 - **Oxygen Free Copper (OFC) Strip:** BCD reduced from 5% to Nil, subject to IGCR conditions, for use in manufacturing resistors.
2. **Expanded Exemption Entries:**
 - **Mechanics and Die-Cut Parts:** Exemption entries providing concessional BCD rates have been expanded to include items from chapters 40, 70, and 76, in addition to chapters 39 and 73.
3. **Expansion of Exemption Entries for Connectors:**

- The exemption entry covering input items/raw materials for the manufacture of connectors has been broadened to include additional input items/raw materials.

4. Increase in BCD Rates:

- **PCBA of Specified Telecom Equipment:** BCD increased from 10% to 15%.

These changes aim to streamline the import duties and support the growth of the electronics sector by reducing costs for critical components and increasing duties on specific telecom equipment to encourage domestic manufacturing.

The details are reproduced in Annexure -I (attached file) and analysis of key notification for ESDM.

B. Other Key announcements of Union Budget 2024-25 is summarized below:

Part-A: Budget Estimates and Priorities

Budget Estimates 2024-25:

- **Total Receipts (excluding borrowings):** ₹32.07 lakh crore
- **Total Expenditure:** ₹48.21 lakh crore
- **Net Tax Receipt:** ₹25.83 lakh crore
- **Fiscal Deficit:** 4.9% of GDP, with a target of reducing it to below 4.5% next year
- **Inflation:** Low and stable, with core inflation at 3.1%

Focus Areas:

- **Employment, Skilling, MSMEs, and the Middle Class**

Prime Minister's Package for Employment and Skilling:

1. **Scheme A - First Timers:** ₹15,000 in three installments for first-time employees registered with EPFO.
2. **Scheme B - Job Creation in Manufacturing:** Incentives for both employees and employers based on EPFO contributions for the first 4 years.
3. **Scheme C - Support to Employers:** Up to ₹3,000/month for 2 years towards EPFO contributions for each additional employee.

New Centrally Sponsored Skilling Scheme:

- **Target:** 20 lakh youth over 5 years

- **Upgrades:** 1,000 Industrial Training Institutes
- **Internships:** 1 crore youth to be placed in 500 top companies over 5 years

Nine Budget Priorities for 'Viksit Bharat':

1. Productivity and Resilience in Agriculture

- Allocation: ₹1.52 lakh crore
- Introduction of high-yielding, climate-resilient crop varieties
- Certification and branding for natural farming
- Establishment of 10,000 bio-input resource centres
- Implementation of Digital Public Infrastructure (DPI) for agriculture

2. Employment & Skilling

- Initiatives under Prime Minister's package
- Establishment of working women hostels and crèches
- Women-specific skilling programs and market access for women SHGs
- Revised Model Skill Loan Scheme and financial support for higher education loans

3. Inclusive Human Resource Development and Social Justice

- Development of industrial nodes and power projects
- Special financial support for Andhra Pradesh
- Allocation of over ₹3 lakh crore for women and girls
- Development initiatives for tribal areas and North-Eastern regions

4. Manufacturing & Services

- Credit Guarantee Scheme and support mechanisms for MSMEs
- Enhanced Mudra Loans and TReDS onboarding
- Support for food irradiation units, e-commerce export hubs, and Critical Mineral Mission
- Offshore mining of minerals and development of DPI applications

5. Urban Development

- Investment of ₹10 lakh crore for urban housing under PM Awas Yojana Urban 2.0
- Development of street markets and transit-oriented development plans

6. Energy Security

- Policy document on Energy Transition Pathways

- Promotion of pumped storage projects and R&D for small modular reactors
- Advanced Ultra Super Critical Thermal Power Plants

7. Infrastructure

- Capital expenditure: ₹11,11,111 crore
- Long-term interest-free loans for state infrastructure projects
- Launch of PMGSY Phase IV and support for flood mitigation projects
- Comprehensive tourism development initiatives

8. Innovation, Research & Development

- Operationalisation of Anusandhan National Research Fund
- Venture capital fund for expanding the space economy
- Financing pool for private sector-driven research and innovation

9. Next Generation Reforms

- Digitization of land records and cadastral maps
- Integration of e-shram portal and development of databases for labour market
- Introduction of NPS-Vatsalya for minors

Part-B: Tax Reforms

Indirect Taxes:

- **GST:** Simplification and expansion to remaining sectors
- **Medicines and Medical Equipment:** Exemptions for specific cancer drugs and changes in BCD for medical x-ray equipment
- **Mobile Phones:** Reduction in BCD for mobile phones and related parts
- **Precious Metals:** Reduction in customs duties for gold, silver, and platinum
- **Chemicals and Petrochemicals:** Changes in BCD for ammonium nitrate and PVC flex banners
- **Electronics and Critical Minerals:** Exemptions and reductions in BCD
- **Solar Energy:** Exemption for capital goods used in solar cell and panel manufacturing
- **Marine Products:** Reduced BCD for certain marine products

Direct Taxes:

- **Simplification:** Merging of charity tax exemption regimes and reduction in TDS rates for various payments
- **Capital Gains:** Simplification of tax rates and exemption limits
- **Taxpayer Services:** Digitalization of customs and income tax services
- **Litigation and Appeals:** New schemes for resolving tax disputes and increased monetary limits for appeals
- **Employment and Investment:** Abolition of angel tax and promotion of cruise tourism
- **Deepening Tax Base:** Increases in Security Transactions Tax and taxation on buybacks
- **Social Security Benefits:** Increased deductions for NPS contributions and de-penalization of non-reporting of small foreign assets
- **Other Proposals:** Withdrawal of Equalization levy and changes in the new tax regime

Changes in Personal Income Tax:

- **Standard Deduction:** Increased from ₹50,000 to ₹75,000
- **Family Pension Deduction:** Enhanced from ₹15,000 to ₹25,000
- **Revised Tax Rate Structure:**

Income Range	Tax Rate
₹0 - ₹3 lakh	Nil
₹3 - ₹7 lakh	5%
₹7 - ₹10 lakh	10%
₹10 - ₹12 lakh	15%
₹12 - ₹15 lakh	20%
Above ₹15 lakh	30%

- **Savings:** Salaried employees in the new tax regime stand to save up to ₹17,500 in income tax.