Journey towards 'Viksit Bharat'

Budget 2024-25

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Contents

Indian economy: FY2024 and Q1 FY2025

India registered an economic growth of 8.2%* in financial year (FY) 2024, according to the provisional estimates of the annual gross domestic product (GDP). Thus, it retained its position as the fastest growing large economy worldwide. This rapid growth was driven by robust investment growth and a low GDP deflator caused by low Wholesale Price Index (WPI) inflation. Moreover, this strong investment growth was based on the large capital expenditure by both the Central and State Governments. Together, the capital expenditure increased by 27% from the last year. However, both consumption and private capital expenditure remained weak, reflecting the impact of slow recovery of demand.

On the supply side, the mining, manufacturing and construction sectors led the economic growth*. These sectors were benefited from the higher Government capital expenditure, infrastructure development and increase in demand for office spaces and housing, consequently leading to higher demand for construction materials and machinery. In addition, the rising export demand, higher demand for premium segment goods, and lower prices of raw materials and energy supported the growth in these sectors. However, the agriculture sector witnessed less growth in FY2024, as it faced the challenges of erratic rainfall and lower crop production. The services sector also witnessed moderate growth in FY2024 compared to the previous year; such moderate growth was mainly caused by a slowdown in service exports due to weak global demand, especially in developed nations.

During the first quarter (Q1) of FY2025, the Indian economy showed signs of promising growth, even though weather-related challenges affected inflation and consumption. This quarter saw an expansion in the Purchasing Managers' Index in both the manufacturing and services sector. In addition, growth in the Index of Industrial Production stayed over 5% during April–May 2024. Overall exports (merchandise and services) rose by 8.6%, rebounding from a decline in Q1 FY2024; this growth was driven by the broader market reach and better global demand. Consumption indicators, including vehicle sales and Goods and Services Tax (GST) collections, surged in April owing to seasonal festivities, but dipped later due to delayed monsoons and heatwaves. Retail inflation stayed within the Reserve Bank of India's tolerance range. However, high and fluctuating food prices kept retail inflation from declining, despite a consistent drop in core inflation. Conversely, WPI climbed steadily throughout the quarter, peaking at a 16-month high in June. This peak was mainly driven by increases in food and energy prices.

Future outlook

India's economic prospects for FY2025 are positive. The Economic Survey 2023–24 forecasts a real GDP growth of 6.5–7%. This growth is expected to be fuelled by a combination of global and domestic factors. Internationally, the easing of inflationary pressures, potential monetary relaxation in developed economies and an anticipated improvement in global trade volumes are beneficial. Domestically, India is poised for growth owing to stronger private-sector balance sheets, projected increases in exports, expectation of normal rainfall, and impact of structural reforms e.g. GST, IBC.

Additionally, 'international investors' growing confidence is evident through the increase in forex reserves and successful profit repatriation.

Despite such a positive outlook, India's economic growth faces certain risks including geopolitical tensions that could disrupt supply chains and inflate commodity prices, negative effects of geopolitical fragmentation and protectionism on global trade, a downturn in the global information technology sector, and potential major corrections in global financial markets that could affect household and corporate finances.

The Economic Survey recognises these opportunities and challenges. It emphasises the importance of a joint effort by the Central and State Governments, industry, and academia to steer India towards becoming a developed nation—or **'Viksit Bharat'**.

*Refer to Annexure A

Fiscal position

The Government of India has balanced fiscal prudence with growth impetus in this budget by accelerating the fiscal consolidation path. The government has taken a fiscal deficit target of 4.9% compared to the 5.1% outlined in the (previous) interim budget, with a commitment to reach below 4.5% by FY 2025–26 and sustained reductions thereafter. This is a crucial development, as it lays the groundwork for a more robust and resilient economy capable of withstanding global financial headwinds.

Tax collections are expected to be stronger in FY 2024–25, with an 11.2% increase in the Central Government's net tax revenue from the FY 2023–24 revised estimate (RE). There is a minor reduction of INR0.18trillion in net tax collections over the interim budget, mainly due to higher allocation to states from the gross tax revenue. The gross tax to gross domestic product (GDP) ratio is expected to increase to 11.8% in FY 2024–25, compared to 11.6% in FY 2023–24 RE. This will create a platform for future growth with widening of the tax base. The tax revenue estimates seem conservative, and it is likely that these would be exceeded.

In addition, the non-tax revenue estimate is projected to grow at 45.2% in FY 2024–25 over FY 2023–24 RE, surpassing the interim budget's projections by INR1.46trillion. A significant contributor to this growth is the record high dividend of INR2.11trillion announced by the Reserve Bank of India for FY 2023–24, which the Central Government will receive in FY 2024–25. Disinvestment and asset monetisation receipts for FY 2024–25 are estimated at a conservative INR0.5trillion. This is understandable given the robust tax and non-tax collections and limits on the ability of capital expenditure (capex) beyond the already high budgeted amounts*.

Overall, the government's total non-debt receipts are estimated to increase by INR1.27trillion over the interim budget estimates. With a reduction in borrowing by INR0.72trillion, the government has created a space for private sector capex to take the baton from the government-led capex*.

The additional fiscal spend in this budget over the interim budget is INR0.55trillion. This surplus fiscal headroom is allocated to revenue expenditure with a focus on employment, skilling and micro, small and medium enterprises, which is positive for consumption growth. The capex is kept at same level.

The Central Government has maintained the allocation for subsidies on fertiliser, food and petroleum at the same level as in the interim budget. However, compared to FY 23–24 RE, the overall subsidy allocation is decreased from INR4.1trillion to INR3.8trillion. The most significant reduction is in the fertiliser subsidy, which has dropped from INR1.9trillion to INR1.6trillion in FY 2024–25.

The budget proposes significant changes to both indirect and direct taxation, aiming to streamline the tax system and boost economic growth. On the indirect tax front, thrust is on simplifying and rationalising the goods and services tax and Customs duty structure, with targeted adjustments for sectors such as electronics, pharmaceuticals, critical minerals and certain precious metals.

For direct taxes, the government proposes a comprehensive review of the Income-tax Act, 1961, with an aim to simplify it and reduce litigation. Towards this journey, the budget proposes to rationalise rates for tax deducted at source, revamp capital gains taxation, reintroducing the amnesty scheme, streamline the time frame for reaudit proceedings and improve taxpayer services. To stimulate investment and job creation, the budget proposes to abolish angel tax, reduce tax rates for foreign companies and abolish equalisation levy.

As a result of these tax proposals, it projects net revenue reduction of approximately INR70bn.

Overall, the budget for FY 2024–25 is crafted with a keen eye on realism and prudence.

*Refer to Annexure B

Income tax

- Income-tax rates (including surcharge, health and education cess) for domestic companies, cooperative societies and firms to remain unchanged.
- Tax rate applicable on a foreign company on income other than specified income, e.g., royalty and fee for technical service, is reduced from 40% to 35%. Surcharge and health and education cess to remain unchanged.
- Income-tax rates (including surcharge and health and education cess) for individuals to remain unchanged for taxpayers opting for the old tax regime.
- Standard deduction for salaried employees opting for the New Personal Tax Regime (NPTR) is proposed to be increased to INR 75,000 from INR 50,000.
- Deduction with respect to family pension is proposed to be increased to INR 25,000 from INR 15,000 for taxpayers opting for the NPTR.
- The deduction with respect to the National Pension Scheme is proposed to be extended to 14% in cases of non-government employees opting for taxation under the NPTR.
- With effect from AY 2025–26, tax slabs for the NPTR are proposed to be revised as follows:

Existing		Proposed	
Slabs (INR)	**Tax rates**	**Slabs (INR)**	**Tax rates**
0–3,00,000	Nil	0–3,00,000	Nil
3,00,001–6,00,000	5%	3,00,001–7,00,000	5%
6,00,001–9,00,000	10%	7,00,001–10,00,000	10%
9,00,001–12,00,000	15%	10,00,001–12,00,000	15%
12,00,001- 15,00,000	20%	12,00,001–15,00,000	20%
Above 15,00,000	30%	Above 15,00,000	30%

Customs

- Changes in Customs tariff Basic Customs Duty (BCD) are proposed in the following manner (w.e.f. 24 July 2024):
  - Specified products of plastics: from 10% to 25%
  - Garden umbrella: from 20% to 20% or INR 60 per piece, whichever is higher
  - Laboratory chemicals: from 10% to 150%
- Effective from 1 October 2024, changes are proposed, including for BCD in Customs tariff for specified goods, such as specified machinery for use in aviation and shipping industries, aircraft and unmanned aircraft parts, blended aviation turbine fuel and specified electronic goods.
- Exemption from social welfare surcharge is extended to certain minerals, chemicals and metals.

- Following changes in effective BCD rates w.e.f. from 24 July 2024 are proposed:

Description	Chapter or Tariff heading	Earlier effective BCD	New effective BCD
Specified cancer drugs	Chapter 30	10%	Nil
X-ray tubes and flat-panel detectors (including scintillators) for use in the manufacture of X-ray machines for medical, surgical, dental or veterinary use	9022 30 00 or 9022 90 90	15%	5%, 7.5% or 10% (BCD exemption is to be reduced in a phased manner between 24 July 2024 to 31 March 2026)
Cellular mobile phone	8517 13 00 or 8517 14 00	20%	15%
Charger and adaptor for cellular mobile phones	8504 40	20%	15%
Printed circuit board assembly (PCBA) of cellular mobile phones	8517 79 10	20%	15%
Specified mechanics for use in the manufacture of cellular mobile phones	40, 70 or 76	As applicable	Nil
PCBA of specified telecom equipment	8517 79 10	10%	15%
Specified capital goods for use in the manufacture of solar cells or solar modules, and parts for the manufacture of such capital goods	84, 85 or any other chapter	7.5%	Nil
Solar glass for the manufacture of solar cells or solar modules	7007	Nil	10%
Specified goods in relation to petroleum or cold-bed methane operations under specified projects	Any chapter	As applicable	Nil

Income tax

- The benefit of the exemption from capital gains tax on the transfer of capital assets by way of a gift, will or irrevocable trust is restricted to individuals and Hindu undivided families w.e.f. 1 April 2024.
- With effect from 1 October 2024, changes are proposed in the buyback tax provisions –
  - Income to be taxed in the hands of the shareholders as dividend.
  - Consideration paid for the buyback of shares is to be taxed without allowing any deduction.
  - TDS provisions to apply on payments to shareholders.
  - Cost of acquisition of shares to be considered as capital loss for the shareholders.
- A new section is introduced mandating partnership firms to deduct tax at the rate of 10% on salary, remuneration, interest, bonus, or commission paid or payable to partners if the aggregate amount exceeds INR20,000 during a year.
- Scope of the provisions dealing with collection of taxes at source (TCS) is extended to cover other goods that are to be notified by the Central Government.
- It is proposed to clarify the levy of penalty of INR50,000 for furnishing inaccurate information in the statement of financial transaction or reportable account, or for failing to comply with due diligence requirements in said statement.
- Presently, delayed collection or payment of TCS attracts interest at the rate of 1% per month until the date of actual collection or payment. It is proposed to change the rate of interest on delayed payment to 1.5% until the date of payment. The TCS provisions in this regard are accordingly proposed pari materia with the TDS provisions.
- It is clarified that the amount of taxes withheld outside India are to be considered as part of the total income while computing the income of a taxpayer in India.
- Failure to furnish prescribed statement by the liaison office of the non-resident within the prescribed period is to attract penalty. The penalty under the new section 271GC of the Act is INR1,000 every day for which the failure continues if the period of failure does not exceed three months; it is INR100,000 in any other case.
- Existing provisions relating to transfer pricing assessment are proposed to be enhanced. The proposed amendment expands the power of transfer pricing officer to deal with specified domestic transactions that have not been referred to by the tax officer or are not reported in Form 3CEB.

Customs

- BCD exemption is withdrawn (w.e.f. 1 October 2024) for the following:
  - Catalyst for the manufacture of cast components of a wind-operated electricity generator
  - Batteries for electrically operated vehicles, including two- and three-wheeled electric motor vehicles
  - Solar-tempered glass or solar-tempered (anti-reflective coated) glass for use in the manufacture of solar cells, panels and modules

Income tax

- To reduce tax litigation in transfer pricing safe harbour rules to be expanded.
- Income from letting out of a 'residential house' is to be taxed under the head 'income from house property' and not as 'profit and gains from business or profession'.
- It is clarified to disallow an expenditure incurred to settle proceedings in relation to a contravention under any law.
- The limitation period for defaults in TDS obligations reduced to six years. Said limitation is also being extended to non-residents.
- A new section is proposed to include non-residents operating cruise ships (specified companies) under the presumptive income scheme where 20% of the receipts shall be treated as income with some relaxations of lease payment to group companies.
- The conflict between TDS provisions on fees for professional or technical services under section 194J of the Act and contractual services under section 194C is proposed to be resolved.
- The taxpayers are to be provided an option on or before 31 October 2024 to withdraw the pending advance ruling application transferred to the Board of Advance Ruling (BAR), in cases where the BAR has not passed an order for acceptance or rejection of the application.
- The scope of a lower or nil TDS certificate is extended to include the provisions of section 194Q of the Act related to the purchase of goods.

GST

- Specific provisions are inserted under the GST legislations to empower the government to regularise non-levy or short levy of tax due to any general trade practice.
- The time of supply of services received from unregistered suppliers, where the invoice must be issued by the recipient of services in reverse charge supplies, is to be the date of issuance of the invoice. Amendment is also proposed to allow the government to prescribe a time limit for the recipient to raise a self-invoice.
- An explanation is inserted into section 31(3) of the CGST Act to specify that a supplier registered solely for the purpose of tax deduction at source under section 51 of the CGST Act is not to be considered as a registered person for the purpose of the requirement to issue an invoice for payment made under the reverse charge.
- An amendment is proposed to restrict the refund of zero-rated supply of goods where such goods are subjected to export duty.
- The penal liability under section 122(5) of the CGST Act for failure to collect tax at source is restricted to only e-commerce operators with effect from 1 October 2023.
- An amendment is proposed to allow a transitional credit on account of input services received by an input service distributor, the invoices for which were also received before 1 July 2017.
- An amendment is proposed in section 171 of the CGST Act to empower the government to notify the date from which the anti-profiteering authority will not accept any application for anti-profiteering-related cases. An amendment is proposed to enable the Goods and Services Tax Appellate Tribunal (GSTAT) to act as the authority for examining anti-profiteering cases.
- No GST levy is applied on activities for the apportionment of co-insurance premium by the lead insurer to the co-insurer, and re-insurance services are subject to specified conditions.
- Where registration of a person is cancelled and subsequently revoked, an amendment is proposed to allow input tax credit in respect of an invoice or debit note issued from the date of cancellation until the date of revocation of cancellation.

Income tax

- It is proposed to relax TDS provision on salary to include credit for TCS.
- The Black Money Act is to be amended to provide relaxation on reporting of foreign assets in the tax return form with respect to an asset, other than immovable property, where the aggregate value of such asset does not exceed INR 2m.
- Clarification is provided regarding the cost of acquisition for unlisted equity shares that are transferred under an offer for sale to the public and are included in an initial public offer; this is proposed to apply retrospectively from 1 April 2017.
- Equalisation levy applicable on e-commerce supply or services at the rate of 2% is proposed to be abolished w.e.f. 1 August 2024.
- The monetary limit for the deduction of remuneration to working partners in a partnership firm is increased. The revised limit allows for the following:
  - On the first INR600,000 of book profits (or losses) – Deduction of INR300,000 or 90% of the book profits, whichever is more,
  - On the remaining book profits – At the rate of 60%
- A separate regime for block assessment in search cases was abolished vide Finance Act, 2021, and it was subsumed into the new reassessment provisions. However, to make the process more efficient and meaningful, block assessment provisions are re-introduced for the search initiated or requisition made on or after 1 September 2024.
- The scheme related to reassessment is proposed to be further rationalised where the extended timeline to issue a notice is reduced from 10 years to 5 years and 3 months.
- Time limit for filing a correction statement is restricted to six years from the end of the year in which the TDS or TCS statement was originally required to be filed.
- Rates of TDS are to be rationalised w.e.f. 1 October 2024 as follows:-

Section	Present rate	Proposed rate
Section 194DA – Payment in respect of life insurance policy	5%	2%
Section 194G – Commission, etc. on sale of lottery tickets	5%	2%
Section 194H – Payment of commission or brokerage	5%	2%
Section 194-IB – Payment of rent by certain individuals or Hindu undivided family	5%	2%
Section 194M – Payment of certain sums by certain individuals or Hindu undivided family	5%	2%
Section 194-O – Payment of certain sums by e-commerce operator to e-commerce participant	1%	0.1%
Section 194F relating to payments on account of repurchase of units by mutual fund or Unit Trust of India	Proposed to be omitted	

Income tax

- It is proposed to rationalise the timeline for the completion of assessment of a return of income furnished in consequence of an order by the Central Board of Direct Taxes (CBDT) under section 119(2)(b) of the Act. It is clarified that the assessment is to be completed within 12 months from the end of the financial year in which such return is furnished.
- The CIT(A) is empowered to remand back the matter to the tax officer for fresh consideration in matters involving best judgement assessments under section 144 of the Act.

Customs

- Extension of BCD exemption (up to 31 March 2026)
  - For the following illustrative sectors and products:
    - Electrical energy supplied from a special economic zone (SEZ) unit to a domestic tariff area
    - Specified goods used in the manufacture of silicon or solar wafers for the manufacture of solar cells or modules
    - Specified items including capital goods and raw materials for offshore oil exploration
    - Machinery and electrical equipment for use in semiconductor wafers and liquid-crystal displays
    - Parts and components of digital still image and video cameras
    - Open cell for the manufacture of television panels
  - Machinery and components for setting up fuel cells based on waste to energy and non-conventional power-generation plants.
- Extension of BCD exemption (up to 31 March 2029):
  - For the following illustrative sectors and products:
    - Capital goods, raw materials and spares for repairs of ocean-going vessels
    - Specified lifesaving drugs and medical equipment for personal use
    - Goods supplied freely under warranty as replacement for defective ones in lieu of earlier imported goods
    - Specified capital goods and other ancillary items imported for repairs in bonded warehouses
    - Capital goods, machinery and measuring instruments for the manufacture of semiconductor wafers
    - Parts of aircraft when imported into India under the Standard Exchange Scheme
    - Capital goods and machinery used by the information technology and electronics industry, subject to actual user condition
    - Specified raw materials, inputs and parts for use in the manufacture of specified electronic items

GST

- Undenatured extra neutral alcohol or rectified spirit used for the manufacture of alcoholic liquor for human consumption is to be excluded from the levy of GST.
- A retrospective amendment from 1 July 2017 proposed. Time limit to avail input tax credit in respect of an invoice or debit note, for FY 2017–18 to 2020–21, is any return filed up to 30 November 2021. Further, in case tax has been paid or the input tax credit has been reversed before said amendment, no refund of the same is admissible.
- Credit restriction under Section 17(5) towards input tax credit of tax paid in accordance with the provisions of Sections 129 and 130 removed. No restriction under Section 17(5) introduced for tax paid in accordance with provisions of Section 74A.
- The Clean Environment Cess is proposed to be exempted retrospectively, w.e.f. 30 June 2017, on all excisable goods lying in stock as on 30 June 2017. This is subject to the payment of appropriate GST Compensation Cess on the supply of such goods on or after 1 July 2017.

Income tax

- Streamlining of the transfer pricing assessment procedure is proposed. Details are awaited.
- The budget seeks to abolish angel tax i.e. where the premium is received over and above the fair-market value of the shares. It is proposed to sunset these provisions w.e.f. 1 April 2024.
- Relaxation is provided from invoking prosecution-related provisions in case of delayed deposit of TDS, up to the due date prescribed to furnish TDS statement.
- Continuing with the agenda of expeditious resolution of tax litigation and encouraged by the success of the Direct Tax Vivad Se Vishwas Scheme, 2020, the Finance Minister has proposed a new Direct Tax Vivad Se Vishwas Scheme, 2024.
- The tax exemption regime for trusts and institutions is to be simplified by phasing out the first exemption regime under section 10(23C) of the Act, and transitioning to the second regime governed by sections 11 to 13 of the Act. Effective from 1 October 2024, all new exemption applications must be filed under the second regime. Other necessary changes are proposed for effective delivery and smooth integration.

Customs

- Retrospective exemption w.e.f. 1 July 2017 is proposed on imports by an SEZ unit or developers in relation to their authorised operations.
- The time period to reimport goods under warranty replacement and claim exemption from Customs duty in specified cases is extended from three to five years, further extendable by two years.
- The time period to re-export the goods for maintenance, repair and overalls in specified cases is extended from six months to one year, further extendable by one year.

GST

- The pre-deposit requirement for filing appeals before the appellate tribunal is reduced from 20% to 10% of the tax in dispute. Moreover, the maximum limit of the pre-deposit for filing appeals before the appellate authority level (including appellate tribunal) is reduced to INR 200m. Similar amendments are made in the Integrated Goods and Services Tax Act, 2017, to reduce the pre-deposit cap to INR 400m.
- A special provision is introduced for the waiver of interest and penalty in respect of specified notices, orders or statements issued under section 73 of the Act, subject to payment of the full amount of tax payable within the notified timelines. The provisions are to apply for demands pertaining to the period from 1 July 2017 to 31 March 2020. The waiver of interest and penalty is subject to specified conditions and exclusions. There is to be no refund of interest or penalty already paid.
- A specific provision is inserted to allow an authorised representative to appear on behalf of the summoned person before the proper officer.
- Amendments are proposed to section 112 of the Central Goods and Services Tax Act, 2017, to empower the government to notify the date of filing an appeal before the GSTAT and provide a revised time limit for filing an appeal or application before the GSTAT. Said amendment is effective from 1 August 2024.

Regulatory

- The Centre for Processing Accelerated Corporate Exit, which is currently available for companies, is now to be extended for voluntary closure of limited liability partnerships.
- Foreign direct investment and overseas investment rules are proposed to be simplified, and new provisions are to be introduced to promote opportunities to use Indian rupee as a currency for overseas investments.
- An integrated technology ecosystem is to be introduced to improve outcomes as well as achieve consistency, transparency and timely processing under IBC.
- Existing tribunals are to be reformed, strengthened and expanded to speed up insolvency resolution and debt recoveries.
- The Jan Vishwas Bill 2.0 is proposed to enhance the ease of doing business in India.

Income tax

- Tax on short-term capital gains on the transfer of listed securities that are subject to securities transaction tax (e.g., equity shares, units of equity oriented mutual funds and units of business trust) is increased from 15% to 20% w.e.f. 23 July 2024.
- Long-term capital gains on all assets (excluding certain securities held by foreign portfolio investors) are now taxable at 12.5% on transfers undertaken on or after 23 July 2024. The benefit of indexation while computing long-term capital gains is abolished w.e.f. 23 July 2024.
- The rate of securities transaction tax is to be increased on the following:
  - Sale of an option in securities: from 0.0625% to 0.1% of the option premium
  - Sale of a future in securities: from 0.0125% to 0.02% of the price at which such futures are traded
- The exemption limit on long-term capital gains on the transfer of listed shares, units of equity-oriented funds and units of business trust (subject to conditions) is increased from INR 1,00,000 to INR 1,25,000.
- The period of holding to determine the long-term and short-term capital assets is to be simplified:
  - All capital assets are to be treated as long-term capital assets if they are held for more than 24 months, instead of 36 months.
  - All listed securities, including units of business trust, are to be considered as long-term capital assets if they are held for more than 12 months.
- Income on the transfer, redemption or maturity of ‘unlisted debentures’ or ‘unlisted bonds’ on or after 23 July 2024 is to be deemed as ‘short-term capital gains’.
- Units of the following types of ‘specified mutual fund’ are to be characterised as short-term capital assets:
  a. Mutual funds that invest more than 65% of their total proceeds in debt and money market instruments;
  b. Funds that invest 65% or more of their total proceeds in units of a fund referred to in (a) above.
- Tax exemption on the specified income of the Core Settlement Guarantee Fund is extended to such funds set up by recognised clearing corporations in the IFSC.
- Exemption for investments (as unexplained cash credits) by venture capital funds (VCFs) registered with the Securities and Exchange Board of India is now extended to VCFs regulated by the IFSCA.
- Thin capitalisation provisions are not to apply to finance companies in the IFSC.

Regulatory

- A venture capital fund of INR 10bn is to be set up for expansion of the ‘space economy’.
- Requisite legislative changes are proposed to provide an efficient and flexible mode to finance the leasing of aircrafts and ships. Pooled funds of private equity are to be introduced through a ‘variable company structure’.

Customs

- Amendment is proposed to the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020, to align with the new generation free-trade agreements by replacing the term 'certificate of origin' with 'proof of origin'.
- Warehousing provisions are amended to empower the government to notify the activities that are not to be considered as a manufacturing process and other operations in a warehouse in relation to the specified class of goods.

GST

- An amendment is proposed to make the filing of a return towards the deduction of tax at source mandatory even if no deduction is made in a month.

Regulatory

- Introduction of Employment Linked Incentive schemes is proposed to support employees and employers by providing a direct benefit transfer to first-time employees registered with the Employee Provident Fund Organisation (EPFO).
- Incentives are to be provided to the employees and employers with respect to their EPFO contributions in the first four years of employment. Reimbursement is to be provided to the employers for two years towards the EPFO contribution for additional employees.
- Integration of the eShram portal with other portals is proposed to facilitate a one-stop solution for all services related to labour.
- Higher participation of women in the workforce is to be promoted by setting up working women's hostels in collaboration with industry and establishing creches.
- A comprehensive scheme is to be introduced to provide internship opportunities in the top 500 companies for the promotion of manufacturing and services sector. The cost towards internship may be adjusted from the corporate social responsibility funds.
- The Credit Guarantee Scheme is to be introduced in the manufacturing sector to facilitate term loans for MSMEs to purchase machinery and equipment without collateral or third-party guarantee.
- Public sector banks are to build in-house capabilities to assess MSMEs for credit instead of relying on external assessment.
- A new mechanism is proposed to facilitate the continuation of bank credit through a guarantee from a government-promoted fund to MSMEs during their stress period — wherein they are classified as 'special mention accounts' for reasons beyond their control—and to avoid them getting classified as 'non-performing account'.
- Industrial training institutes are to be upgraded with hub-and-spoke arrangements with outcome-based improvements.
- States are encouraged to moderate stamp duty rates and lower stamp duties for properties purchased by women.
- Development of investment-ready 'plug-and-play' industrial parks in or near 100 cities is to be facilitated. Moreover, 12 industrial parks under the National Industrial Corridor Development Programme are to be sanctioned.
- Land reforms are to be undertaken in relation to rural lands. This will include the assignment of a unique land parcel identification number or Bhu-Aadhaar for all lands, digitisation of cadastral maps, survey of map subdivisions as per the current ownership, establishment of land registry and linkage to the farmers' registry.
- Land records in urban areas are to be digitised with geographic information system mapping. An information technology-based system for property record administration, updating and tax administration is to be established.

"Maintaining fiscal prudence with the fiscal deficit reduced to 4.9% is commendable. There has been an emphasis on employment generation, agriculture, MSMEs, skill development and sustainability in the budget. The commitment to spend INR11.11trillion in infrastructure for financial year 2024–25 is a significant step towards robust economic growth, which will, in turn, boost steel consumption and propel the sector forward. The continued focus on accelerating the energy transition is also highly commendable. However, we remain hopeful that the government will take decisive actions to curb steel imports at predatory prices, which is a serious and immediate concern."

Amit Harlalka
ArcelorMittal Nippon Steel India Ltd, CFO

"Budget 2024 is focused on balancing out on various aspects, including certain political compulsion. With respect to tax, it is in continuation of the approach of simplifying the provisions and provide clarity. There have been a few surprises—abolishing equalization levy, reduction of tax rates on foreign companies and changes in taxation of buyback. Overall, very good budget with steps in the right direction towards growth of the Indian economy."

Ankur Gupta
Nokia India, Tax Head

"The incumbent government has been focusing on ease of doing business, and one of the crucial aspects to achieve this is to reduce litigation. Taking this forward, the Hon'ble Finance Minister (FM) has proposed a few changes such as simplifying reassessment provisions; introducing the Vivad Se Vishwas Scheme, 2024; and increasing monetary limits for filing appeals. The success of these initiatives will depend on their actual implementation on the ground. To provide continuing tax certainty, the Hon'ble FM has promised to carry out a comprehensive review of the Income-tax Act. Furthermore, to address the significant tax litigation in the country related to transfer pricing, there is a proposal to expand the scope of safe harbour and streamline the transfer pricing assessment procedure. We will have to wait to get more clarity around this."

Anuj Deshmukh
Birlasoft Ltd, Global Finance Controller

"Rationalisation of timelines for reopening of income-tax matters, re-introduction of tax dispute resolution scheme and abolition of angel taxation are welcome steps towards reducing litigation and ease of doing business."

Gurvinder Singh
Delhivery Limited, Finance Controller

"Increase in agriculture, housing and infrastructure spending will help overall economy and employment. TDS changes, removal of equalisation levy and personal income tax changes are welcome moves. However, increase in capital gains tax may impact the investment appetite."

Kaushik Mitra
Pepsico, VP and CFO

"Budget is forward looking, focused mainly on introducing simplification on taxation policy and procedures. Positive impact in personal taxation, removing the bar on GST tax credits and structural changes towards correction, to have a sustainable long-term impact of these policies on foreign direct investments, with the reduction of corporate tax rate to 35%."

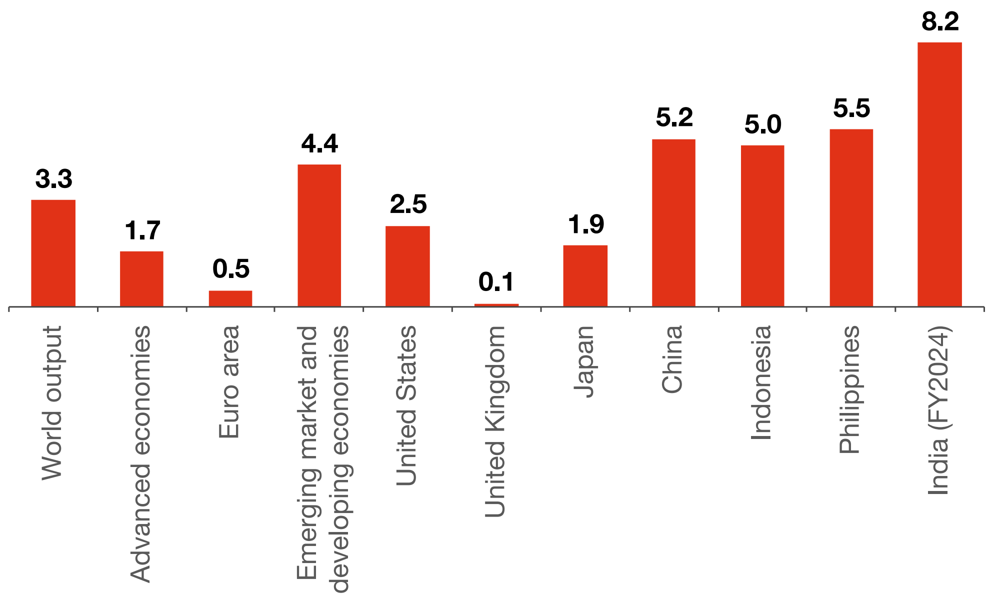
Sanjay Gulati
GMR, Indirect Tax Head

"The Union Budget 2024 is a progressive one, with a continued focus on infrastructure that will drive real estate growth. Initiatives such as affordable housing, infrastructure development and urban planning will provide a much-needed boost to the industry, although a bit more was anticipated for commercial real estate."

Vineet Singhal
Gaursons, CFO

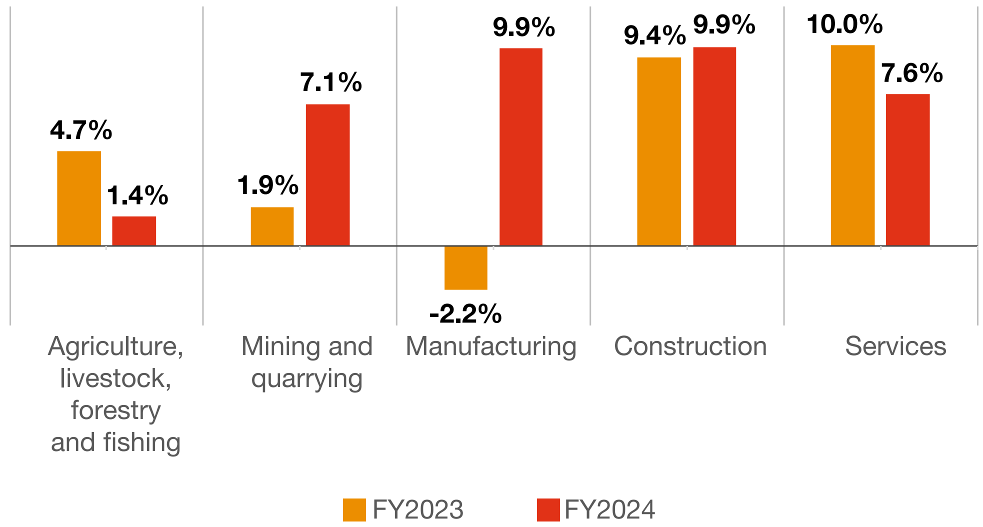
Annexure - A

Chart 1: Real GDP growth in 2023



Source: International Monetary Fund World Economic Outlook update, July 2024

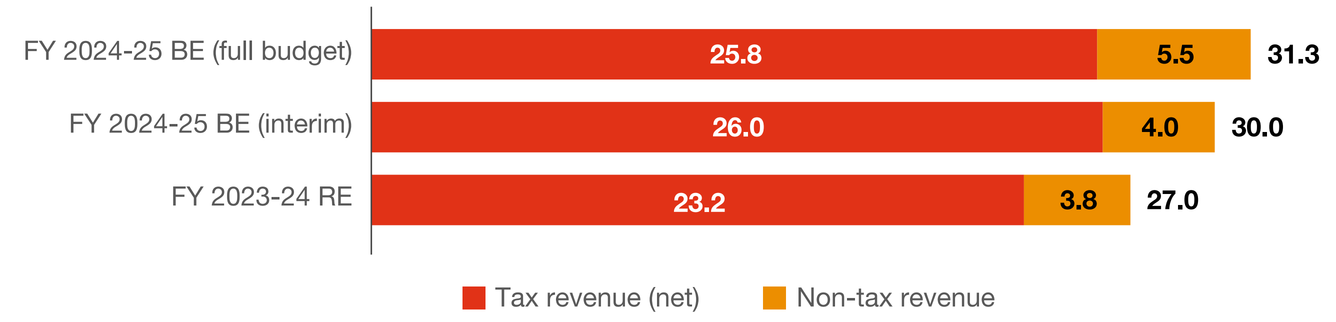
Chart 2: Annual growth rates of key sectors at constant prices



Source: Provisional estimates of the annual GDP for 2023–24, Ministry of Statistics & Programme Implementation, Government of India

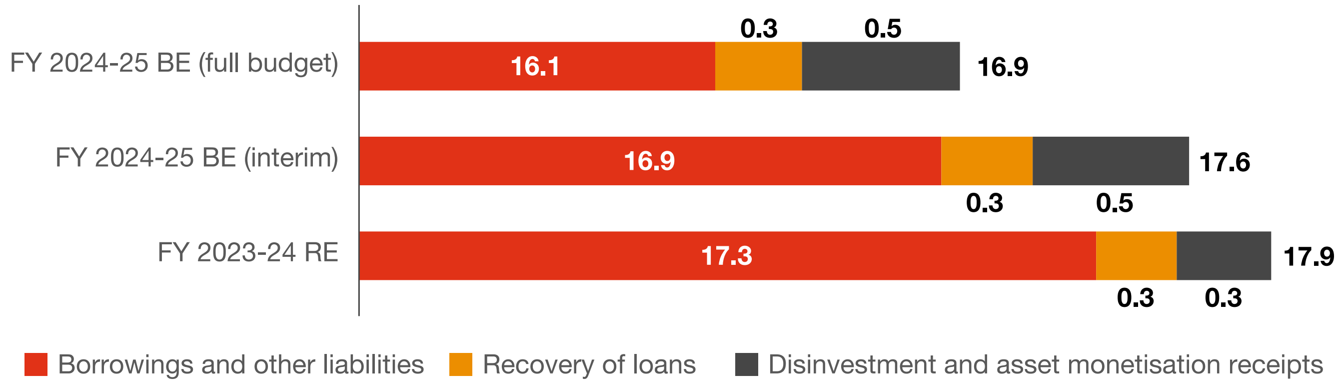
Annexure - B

Revenue receipts of the Central Government (trillion INR)



Source: Union Budget 2024–25

Capital receipts of the Central Government (trillion INR)



Source: Union Budget 2023–24

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