

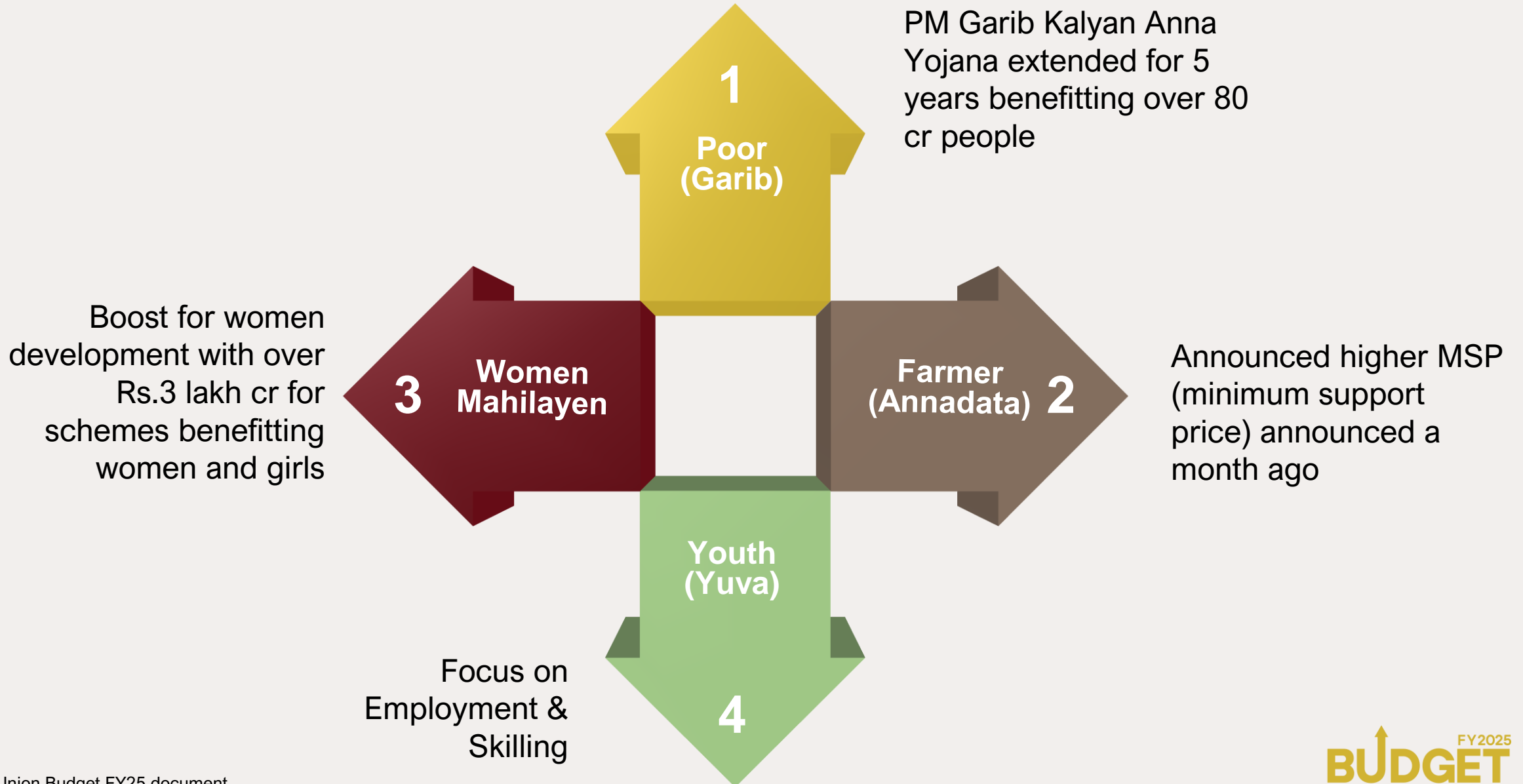
BUDGET ²⁰²⁵

Union Budget FY2025





Budget Focused on 4 cornerstones





Budget's Key Numbers

The total size of the 2024-25 budget stood at ₹48.21 Lakh Crore - a 8.5% jump over the Provisional Actuals for 2023-24

Fiscal Maths	FY25 BE	FY24 PA	% CHANGE
Fiscal deficit	16.13	16.54	-2.44%
% of GDP	4.9%	5.6%	
Gross market borrowing	14.01	15.43	-9.20%
Net market borrowing	11.63	11.78	-1.24%
Revenue deficit	5.80	7.66	-24.22%
% of GDP	1.8%	2.6%	
Total receipts	48.21	44.43	8.51%
- Tax revenue (Net to Centre)	25.83	23.27	11.05%
- Non-tax revenue	5.46	4.02	35.78%
Total expenditure	48.21	44.43	8.51%
- Revenue spend	37.09	34.94	6.16%
- Capital spend	11.11	10.64	4.44%
% of GDP	3.4%	3.6%	

In. Rs. Lakh Cr

Source: Union Budget FY25 document, BE - Budget Estimates, PA – Provisional Actuals
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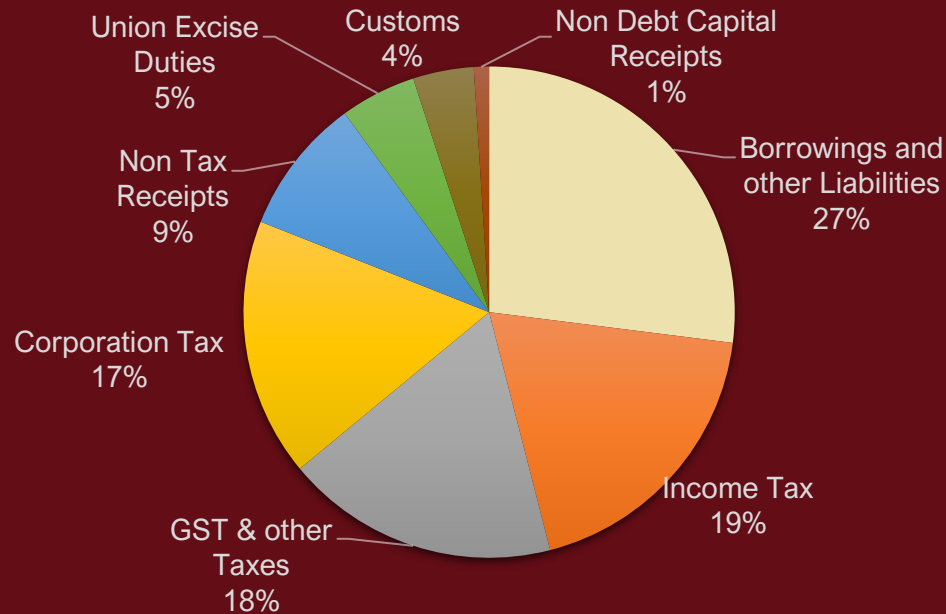
Revenue Break-up	FY25 BE	FY24 PA	% Change
Gross tax revenue	38.40	34.65	10.83%
- Corporation tax	10.20	9.11	11.96%
- Income tax	11.87	10.45	13.62%
- Customs	2.38	2.33	2.01%
- Excise	3.19	3.05	4.48%
- GST	10.62	9.57	10.96%
Non-tax revenue	5.46	4.02	35.78%
- Interest Receipts	0.38	0.38	-0.19%
- Dividends & Profits	2.89	1.70	69.64%

In. Rs. Lakh Cr

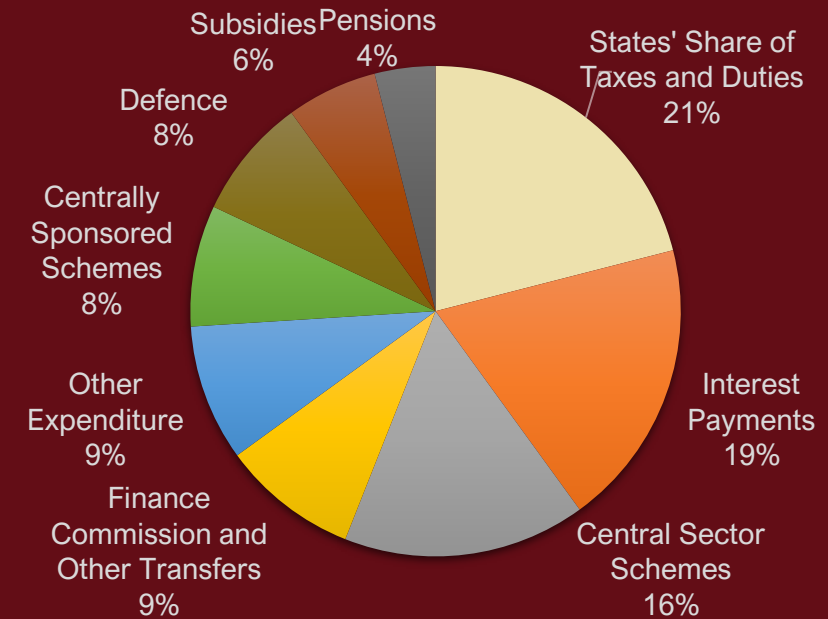


Budget - Receipts and Expenditures

Receipts



Expenditures



Source: Union Budget FY25 document

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Fiscal Position



Nominal GDP: FY25 Nominal GDP growth targeted at 10.5%



FY25 Fiscal Deficit Target: 4.9%



Estimated Gross Market Borrowing: Rs. 14.01 Lakh Crore



Estimated Net Market Borrowing: Rs. 11.63 Lakh Crore



Disinvestment target: Rs. 50,000 Crore



Expected Dividends from Central and Public Sector Banks: Rs. 2.89 Lakh Crore



Capex: FY25 effective Capex will be Rs. 15.01 Lakh Crore (including grants); forming 4.6% of GDP



Estimated Gross Tax Collections: Rs. 38.40 Lakh Crore for FY25



Expenditure of Major Items

In Rs. Lakh Crore



Defence

4.55



Rural Development

2.66



Agriculture and Allied Activities

1.52



Home Affairs

1.51



Education

1.26



IT & Telecom

1.16



Health

0.89



Energy

0.69



Social Welfare

0.57



Commerce & Industry

0.48

Source: Union Budget FY25 document

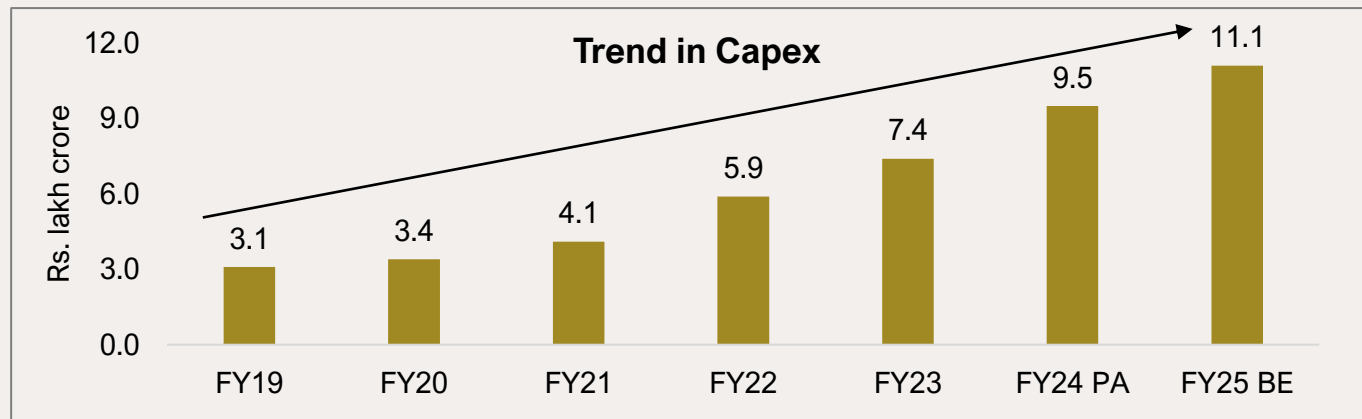
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Sector Announcements



Infrastructure

- ❖ Provision of ₹11.11 lakh crore for infrastructure (3.4% of GDP)
- ❖ ₹1.5 lakh crore to states as long term interest free loans to support resource allocation.
- ❖ Phase IV of PMGSY (Pradhan Mantri Gram Sadak Yojana) will be launched to provide all weather connectivity to 25,000 rural habitations.
- ❖ Financial support for projects with estimated cost of **Rs. 11,500 crore** such as **the Kosi-Mechi intra-state link** and 20 other ongoing and new schemes.
- ❖ Assistance for flood management and related projects in Assam, Sikkim & Uttarakhand and reconstruction and rehabilitation in Himachal Pradesh.
- ❖ Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects.



Source: Union Budget FY25 document

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MSMEs (Micro, Small and Medium Enterprises)

- ❖ **Mudra Loan for MSMEs limit increased Rs. 20 lakh** for those who have repaid the previously availed loans.
- ❖ **Credit guarantee scheme** for MSMEs in the manufacturing sector with guarantee cover of upto Rs. 100 cr.
- ❖ **New scheme to be announced to facilitate term loans** for the purchase of machinery.
- ❖ **Bank credit** to be provided for stressed MSMEs for business continuity.
- ❖ Formulated a package to **finance technology support**.
- ❖ **SIDBI (Small Industries Development Bank of India) aims to open 24 new branches** in the current financial year to serve more MSMEs.
- ❖ **Export hubs will be set up** in public-private partnership mode to enable MSMEs and traditional artisans to sell their products in international markets.



Energy

- ❖ **Initiatives with private sector in Nuclear Energy:** Setting up Bharat Small Reactors, R&D of Bharat Small Modular Reactor and newer technologies for nuclear energy.
- ❖ **Pumped Storage Policy** for electricity storage and facilitation of smooth integration of the growing share of renewable energy.
- ❖ **Financial support for shifting of micro and small industries to cleaner forms of energy.**
- ❖ **Facilitate investment grade energy audit in 60 clusters, next phase expands to 100 clusters.**
- ❖ **AUSC (Advanced Ultra Supercritical) Thermal power plants:** A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant.



Agriculture and Allied Services

- ❖ **A total of Rs. 1.52 lakh cr to be allotted for agriculture and allied services.**
- ❖ **PM Garib Yojana** extended for 5 years which benefits over 80 crore people.
- ❖ **Higher Minimum Support Prices** announced for all major crops ensures at least 50% profit margin over the cost.
- ❖ **New high yielding 109 seeds to be launched.** Climate resilient seeds for 32 field and horticulture crops.
- ❖ **1 Cr farmer to adopt Natural Farming over next 2 years.**
- ❖ Centre will work with states to promote **digital public infrastructure for Agriculture.**
- ❖ **Financing for Shrimp farming**, processing and export will be facilitated through NABARD.

Source: Union Budget FY25 document. * Nano-DAP (Di-ammonium Phosphate) is a nanotechnology-based agri-input developed by the Indian Farmers Fertilizer Cooperative Limited (IFFCO)



Housing and Tourism



Housing:

- ❖ Needs of 1 crore urban poor and middle-class families will be addressed with an investment of Rs. 10 lakh crore.
- ❖ Enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place.



Tourism:

- ❖ Development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor modelled on Kashi Vishwanath Temple Corridor
- ❖ Comprehensive development initiative for Rajgir will be undertaken which holds religious significance for Hindus, Buddhists and Jains.
- ❖ The development of Nalanda as a tourist centre besides reviving Nalanda University to its glorious stature.



Employment Linked Skilling

- ❖ Rs. 1.48 lakh crore to be provided for education, employment, and skilling
- ❖ Youth who were not benefitted from any existing schemes would be given loans **upto Rs. 10 lakh for higher education** in domestic institutions.
- ❖ **Model skill loan scheme** will be revised to facilitate loans up to Rs. 7.5 lakh with a guarantee from a government-promoted fund.
- ❖ First-time employees in formal sectors to receive one month's wage. **Direct benefit transfer of one month's salary (upto Rs. 15,000) disbursed in three instalments.** The eligibility limit for this benefit is set at a salary of Rs 1 lakh per month.
- ❖ To stimulate job creation, **government to reimburse employers up to Rs 3,000 per month for two years towards EPFO contributions** for each additional employee.



Sector Specific Customs Duty Proposals

Things that got Cheaper

Mobile & related accessories

Duty is reduced on mobile phones, chargers, and accessories to 15%

Gold, silver & platinum

Customs duty on gold, silver reduced to 6%, platinum to 6.4%

Cancer medicines

Three major cancer treatment medicines are exempted from basic customs duty

Fish and fish products

Customs duty on fish, shrimp, polychaete worms, fish feed reduced to 5%

Essential metals & minerals

Basic customs duty on ferro nickel, blister copper & 25 critical minerals removed

Solar panels, leather goods

Customs duty cut on leather goods, list of exempted items to manufacture solar panels expanded

Things that got Dearer

Telecom equipment

Hiked customs duty hiked from 10% to 15%

Plastic products

Increased customs duty on plastic products and related goods

Ammonium Nitrate

The customs duty on ammonium nitrate has increased to 10% from 7.5%

Tax Announcements



Personal Income Tax Announcements

- Rate of LTCG (long term capital gains) hiked from 10% to 12.5% p.a.
 - Short term capital gains (STCG) tax on certain financial assets increased from 15% to 20%.
 - Exemption of equity LTCG increased to Rs. 1.25 lakh p.a. (from Rs. 1 lakh earlier).
 - Holding periods for calculation of Capital Gains will now be: **12 months and 24 months.**
1. **Gold, unlisted shares and Real Estate: Holding period will be 24 months for calculating LTCG.**
 2. **All listed securities (including bonds) will be 12 months.**
 3. **Unlisted bonds and debentures, debt mutual funds and market linked debentures, irrespective of holding period, however, will attract tax on capital gains at individual's slab rates.**
- **Real Estate LTCG reduced from 20% to 12.5% but indexation advantage removed. Old properties held before 2001 would continue to get indexation benefits.**

Note: These changes come into effect from July 23, 2024.

Source: Union Budget FY25 document

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Personal Income Tax Announcements

New Tax Regime (introduced in April 2023)

Income	Slab Rate FY24
up to Rs.3 lakh	Nil
Rs.3 lakh - Rs.6 lakh	5%
Rs.6 lakh - Rs.9 lakh	10%
Rs.9 lakh - Rs.12 lakh	15%
Rs.12 lakh - Rs.15 lakh	20%
Above Rs.15 lakh	30%



New Tax Regime (Revised w.e.f. April 01, 2024)

Income	Slab Rate FY25
up to Rs.3 lakh	Nil
Rs.3 lakh - Rs.7 lakh	5%
Rs.7 lakh - Rs.10 lakh	10%
Rs.10 lakh - Rs.12 lakh	15%
Rs.12 lakh - Rs.15 lakh	20%
Above Rs.15 lakh	30%

No Change

Salaried employee in new tax regime would save up to Rs.17,500 in tax

- Standard deduction for salaried employees increased to **Rs. 75,000** from **Rs. 50,000** alongside adjustments to the tax slabs under the **New Tax Regime (NTR)**.
- **Old Tax Regime** remains unchanged in the Union Budget FY25.

Source: Union Budget FY25 document

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Other Income Tax Announcements

- Increased securities transaction tax (STT) rates on **sale of option in securities to 0.1%** and **sale on futures in securities to 0.02%**.
- **TDS on Floating Rate Savings (Taxable) Bonds (FRSB) 2020: TDS is proposed on interest exceeding Rs. 10,000 on Floating Rate Savings (Taxable) Bonds (FRSB) 2020 or any other notified security of the Central or State Governments.**

Impact on Markets

❖ **Equity Market Update:**

- ❖ FM Sitharaman 's maiden Budget for Modi 3.0 government was announced today. The Budget, at a glance was tough for investors, good for jobs and high on political priorities.
- ❖ Indian equity markets experienced fluctuating movements, alternating between minor gains and losses, coinciding with the presentation of the Union budget.
- ❖ Consumer stocks led the benchmarks fall lower following the government's announcement of financial assistance for the sector, helping to support overall market sentiment.

Index	1 day change
Sensex	-0.09%
Nifty 50	-0.12%
Nifty Midcap 100	-0.60%
Nifty Smallcap 100	-0.88%

Debt Market Update:

The government lowered its planned gross market borrowing for the financial year ending March 2025 by Rs 12,000 crore. The government aims to borrow a gross of Rs 14.01 lakh crore, down from Rs 14.13 lakh crore announced at the time of the interim budget in February.

The benchmark 10-year yield remained flat and closed at 6.97% from previous days close of 6.96%.

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