



Interim Budget 2024

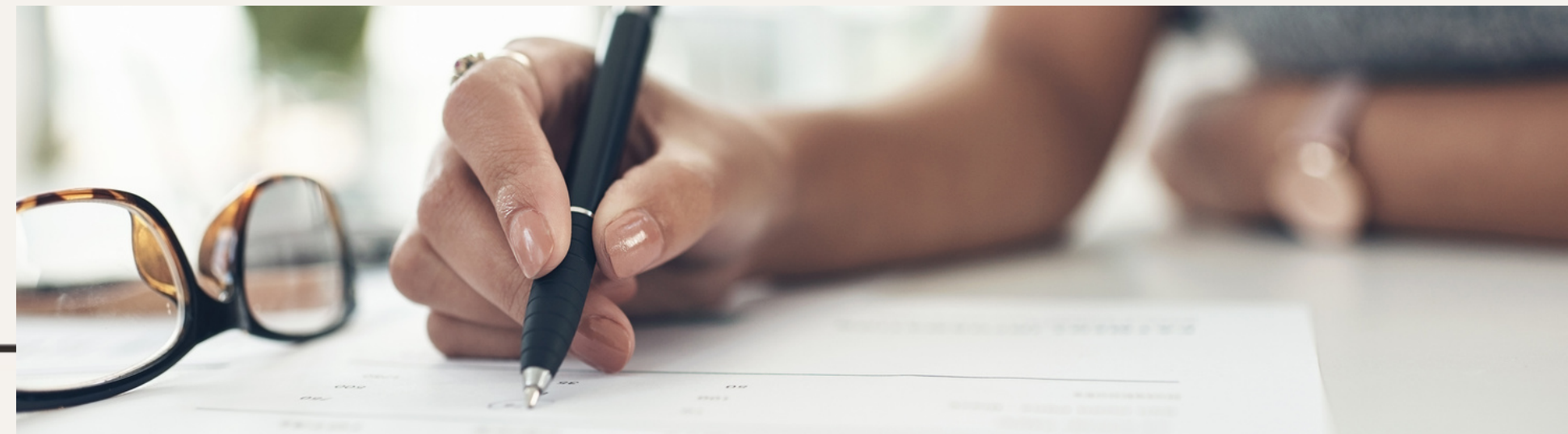
Macro Fiscal

- **Economic Expansion:** The interim budget indicates a 10.5% nominal GDP growth, with a 7% real growth, as per the Ministry of Finance's review. The implicit price deflator (IPD)-based inflation assumption for FY25 is set at 3.3%.
- **Tax Revenue:** Anticipated Gross Tax Revenue (GTR) growth is 11.5% for FY25 (BE), slightly below the 12.5% in FY24 (RE). Given the strong direct tax buoyancy, actual GTR growth might surpass the budgeted figure.
- **Surplus Revenue Allocation:** Any excess revenues can be allocated to boost capital expenditure growth beyond the budgeted amounts.
- **Expenditure Priorities:** FY25 sees a limited 3.2% growth in revenue expenditure, while capital expenditure growth is reduced to 16.9% (BE) from 28.4% (RE) in FY24 over FY23 Actuals.
- **Capital Expenditure Offset:** The easing of capex growth is partially offset by the continuation of interest-free loans to states for their capital expenditure.
- **Social Sector Allocations:** Social sector spending on major schemes amounts to nearly INR 4.3 lakh crore, constituting 12% of the Government of India's primary expenditure in FY25 (BE), a slight increase from 11.4% in FY24 (RE).
- **Fiscal Consolidation Priority:** The fiscal deficit to GDP ratio is targeted to decrease by 70 basis points to 5.1% in FY25 (BE) from 5.8% in FY24 (BE).
- **Borrowing and Interest Rate Impact:** As the Government of India's fiscal deficit to GDP decreases, both gross and net market borrowings are expected to fall in FY25 (BE), potentially leading to a lower interest rate, facilitating private investment.
- **Balanced Budget Approach:** The budget demonstrates a prudent balance by pursuing fiscal consolidation without compromising on growth.



Policy

- **Research and Innovation:** An allocation of INR 100,000 crore will be earmarked as a 50-year interest-free loan, facilitating long-term financial support for private sector endeavors in research and innovation, particularly in emerging sectors.
- **Green Energy:** Aiming for Net Zero by 2070, there will be viability gap funding for the initial 1GW capacity of offshore wind energy. Plans include establishing coal gasification and liquefaction facilities with a target of 100MT capacity by 2030. Additionally, there will be a gradual mandatory blending of compressed biogas (CBG) in compressed natural gas (CNG) for transportation and piped natural gas (PNG) for domestic use. Financial aid will also be provided for the procurement of biomass aggregation machinery.
- **Electric Vehicles (EVs):** The expansion and reinforcement of the E-vehicle ecosystem will be supported, focusing on manufacturing and charging infrastructure. Encouraging the widespread adoption of electric buses in public transportation networks will be facilitated through a secure payment mechanism.
- **Railways:** To enhance logistics efficiency and reduce costs, three major economic railway corridor programs will be implemented under PM Gati Shakti: energy, mineral, and cement corridors; port connectivity corridors; and high traffic density corridors.
- **Attracting Foreign Investment:** With an FDI inflow of US\$596 billion from 2014 to 2023, the government aims to sustain foreign investment by negotiating bilateral investment treaties with various partners. The India-Middle East-Europe Economic Corridor is anticipated to be a transformative force for India's economy.
- **Viksit Bharat Reforms in States:** To support state governments in implementing Viksit Bharat reforms, a provision of INR 75,000 crore as a 50-year interest-free loan will be made available.



Corporate Tax

- **Extending the deadline for claiming exemptions on specified incomes from March 31, 2024, to March 31, 2025.**
 1. Determining the initiation date of operations for the Investment Division of Offshore Banking Unit in the International Financial Services Centre (IFSC) to qualify for specified income exemptions.
 2. Specifying the commencement date of operations for an IFSC unit to be eligible for exemption on royalty or interest income received from a non-resident unit in IFSC due to the lease of aircraft/ship.
 3. Identifying the start date of operations for an IFSC unit to qualify for exemption on gains from the transfer of aircraft or ship leased by the IFSC unit.
 4. Setting the deadline for making specified investments by specified funds to claim exemptions on certain income generated from those investments.
 5. Establishing the incorporation date for start-ups to be eligible for a tax holiday.
- **Extending the time limit until March 31, 2025, for issuing notifications for faceless proceedings related to transfer pricing assessment, Dispute Resolution Panel, and Tribunal appeal proceedings.**
- **Allowing the withdrawal of tax demands up to 10,000 for tax years 2010-11 to 2014-15 and up to INR 25,000 for prior tax years.**



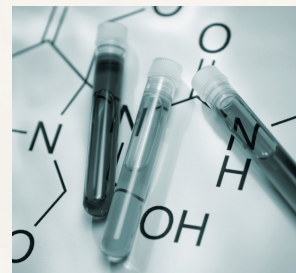
Sector wise data

CLICK ON EACH SECTOR TO KNOW MORE

Agriculture



Chemicals



Aerospace
& Defence



Financial
Services



Infrastructure



Pharma
& LifeSciences



Oil & Gas



Real Estate



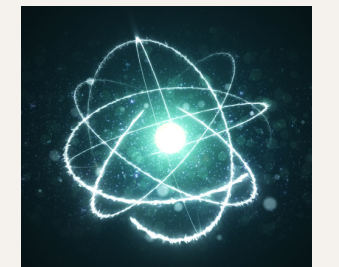
Startup



Technology



Telecom



Energy

Agriculture

- An allocation of INR 1.27 trillion is designated for the Ministry of Agriculture and Farmers Welfare.
- An increased funding of INR 880 crores is allocated for the Pradhan Mantri Formalization of Micro Food Processing Enterprises Scheme.
- To stimulate rapid sector growth, there will be further encouragement of both private and public investment in post-harvest activities, including aggregation, modern storage, efficient supply chains, and processing.
- The application of Nano DAP on various crops will be expanded to cover all agro-climatic zones.
- A strategy will be devised to achieve self-sufficiency ('atmanirbharta') in oil seeds, involving research for high-yielding varieties, adoption of modern farming techniques, value addition, and crop insurance.
- A comprehensive program will be developed to support dairy farmers and enhance productivity.
- To promote environmentally friendly alternatives such as bio agri-inputs and biodegradable plastics, a new scheme of bio-manufacturing and bio-foundry will be launched for green growth.
- In the fisheries sector, the implementation of the Pradhan Mantri Matsya Sampada Yojana will be intensified to enhance aquaculture productivity, boost exports, and generate employment opportunities.
- Five integrated aquaparks will be established, and there is an increased allocation of INR 2,352 crores for the Blue Revolution.



Chemicals

- **Specialty and Construction Chemicals:**

Positive effects anticipated from infrastructure sector announcements like the railway corridor program, refurbishing 40 thousand rail bogies to Vande Bharat standards, Metro rail and airport expansions, and the construction of two crore houses under Pradhan Mantri Awas Yojna.

- **Silicon Industry:**

Potential positive impact due to the impetus given to rooftop solarization, enabling one crore households to receive up to 300 units of free electricity per month.

- **Lithium-ion for Electric Vehicle Batteries:**

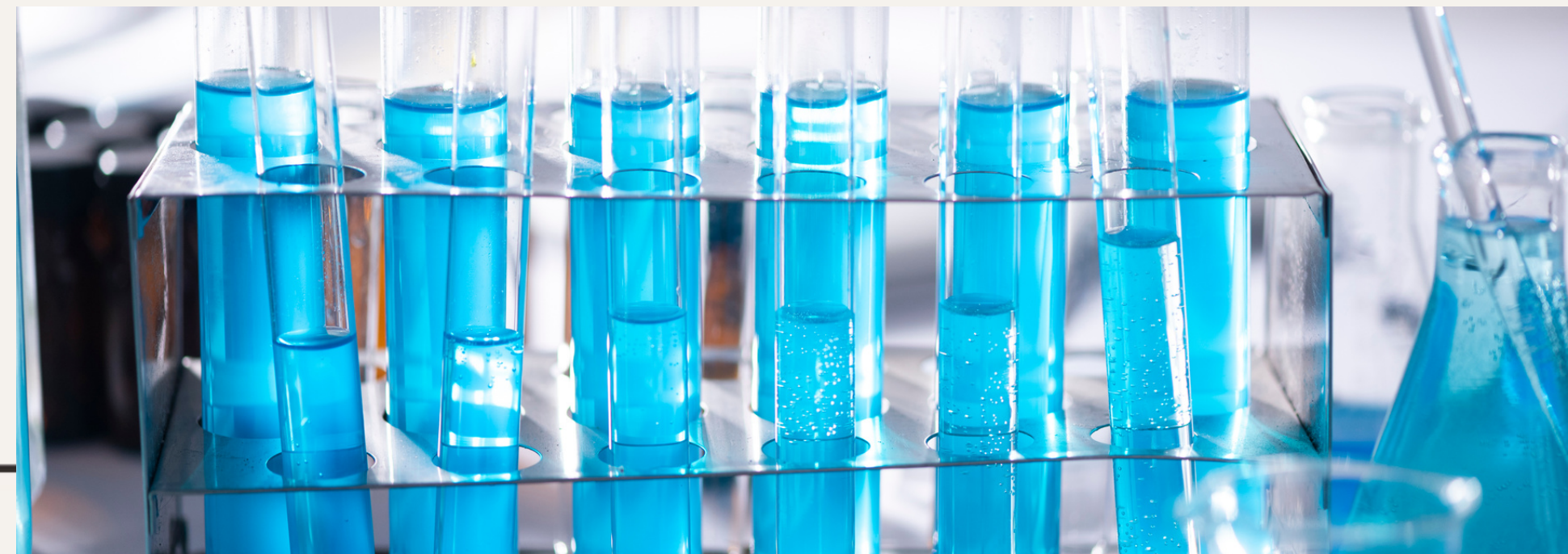
Expected boost in the lithium-ion business with the government's support for the expansion and strengthening of the Electric Vehicle (EV) ecosystem, including manufacturing and charging infrastructure, and encouragement for e-buses in public transport.

- **Indian Bio-polymer:**

Anticipation of positive impacts on various specialty chemicals, including the Indian bio-polymer industry, due to the launch of a new scheme focused on bio-manufacturing and bio-foundry, offering environment-friendly alternatives such as biodegradable polymers, bio-plastics, biopharmaceuticals, and bio-agri-inputs.

- **Agrochemicals:**

Incentivization of the agrochemical sector expected with the introduction of agriculture-related policies, including the expanded application of Nano DAP on various crops in all agro-climatic zones and the promotion of 'atmanirbharta' (self-reliance) for oilseeds.



Aerospace & Defense

- The Ministry of Defense has been allocated a budget of INR 621,540 crores, the highest among all ministries.
- INR 172,000 crores is allocated for capital outlay, while INR 282,772 crores is earmarked for revenue expenditure.
- There is a 5.78% increase in budget for capital outlay and a 4.68% increase for revenue expenditure in INR terms compared to the FY 2023-24 (BE).
- A new scheme will be introduced to enhance deep-tech technologies for defense and expedite self-reliance in the defense sector.
- The sunset clause for tax exemptions related to the commencement of operations by IFSC units engaged in leasing aircraft is extended from 31 March 2024 to 31 March 2025.
 1. This includes tax exemption on royalty and interest income from an IFSC unit due to the lease of aircraft.
 2. Additionally, there is a tax holiday on gains from the sale of leased aircraft by IFSC units within the tax holiday period.
- The government aims to continue expanding existing airports and developing new airports expeditiously, with a focus on enhancing air connectivity to Tier-II and Tier-III cities, aligning with the vision to boost overall connectivity in the country.



Financial Services

- Establishment of a one lakh crore INR corpus to incentivize the private sector for increased research and innovation through a 50-year interest-free loan. The corpus aims to offer long-term financing or refinancing options with extended tenors, featuring low or zero interest rates.
- Allocation of a 75,000 crore INR 50-year interest-free loan to assist State Governments in implementing milestone-linked reforms.
- The Budget Estimate (BE) for the fiscal deficit in FY25 is 5.1 per cent of GDP. The fiscal deficit for FY24 has been revised lower to 5.8 per cent from the BE of 5.9 per cent.
- The gross and net market borrowings through dated securities during FY25 are estimated at ₹14.13-lakh crore (about ₹1.30-lakh crore lower vis-à-vis FY24) and ₹11.75-lakh crore (about ₹5,275 crore lower), respectively.



Infrastructure

- Implementation of three major economic railway corridor programs:
 1. Energy, mineral, and cement corridor
 2. Port connectivity corridor
 3. High traffic density corridor
- Emphasis on the expansion of Metro Rail and NaMo Bharat in large cities, with a focus on transit-oriented development.
- Continued rapid expansion of existing airports and the development of new airports.
- Undertaking projects related to port connectivity on islands, including Lakshadweep.
- Exemption from tax granted to non-residents for royalty or interest received from IFSC ship or aircraft leasing units, subject to the commencement of operations by March 31, 2025 (previously March 31, 2024).
- Tax holiday eligibility for income arising from the transfer of ship(s) or aircraft(s) by IFSC ship or aircraft leasing units, provided operations commence by March 31, 2025 (extended from March 31, 2024).
- Extension of the investment window for eligible investments by Sovereign Wealth Fund, Pension Fund, wholly-owned subsidiary of Abu Dhabi Investment Authority, allowing exemption on certain income until March 31, 2025 (previously March 31, 2024).



Pharma & Life Sciences

- Promotion of vaccination against cervical cancer for girls aged 9 to 14, emphasizing the importance of preventing the disease.
- Expansion of health coverage under the Ayushman Bharat scheme to include all ASHA workers, Anganwadi workers, and helpers.
- Establishment of additional medical colleges by utilizing existing hospital infrastructure, with a committee formed to address related issues and provide recommendations.
- Consolidation of maternal and child healthcare schemes into a comprehensive program for better synergy in implementation.
- Acceleration of the upgrade of Anganwadi centers under Saksham Anganwadi and Poshan 2.0 to enhance nutrition delivery, early childhood care, and development.
- Implementation of the newly designed 'U-Win' platform for efficient immunization management and intensification of Mission Indradhanush nationwide.
- Boosting research and innovation through a one lakh crore corpus for low or nil interest loans to facilitate long-term research and innovation in the private sector, potentially including the pharmaceutical sector.



Oil & Gas

- Emphasis on achieving sustained and more resource-efficient economic growth and working towards energy security, ensuring availability, accessibility, and affordability.
- In pursuit of the net-zero target by 2070, the following actions are proposed:
 1. Establishing coal gasification and liquefaction capacities of 100 MT by 2030.
 2. Implementing phased mandatory blending of compressed biogas in both Compressed Natural Gas (CNG) for transportation and Piped Natural Gas (PNG) for domestic purposes.
 3. Providing financial assistance for the procurement of biomass aggregation machinery to facilitate collection.
- Exempting royalty or interest received by a non-resident from IFSC ship leasing units (including oil and gas vessels) for leasing ships, provided the IFSC unit commences operations by March 31, 2025 (extended from March 31, 2024).
- Granting tax holiday eligibility for income arising from the transfer of ships by IFSC ship leasing units, contingent upon the commencement of operations by March 31, 2025 (extended from March 31, 2024).
- No alterations in customs duty rates related to the sector have been made.



Real Estate

- Implementation of a housing program targeted at the middle-income group currently renting homes, facilitating their ability to purchase or construct their own residences.
- Aligning with the goal of 'Housing for All,' an extra 20 million houses are set to be constructed within the next five years as part of the Pradhan Mantri Awas Yojana (Grameen).
- The cost of construction material has seen a 6% increase in one year and hence experts say the real hike in capex is not more than 5% which is not enough to push economic growth to levels beyond 7%.
- Finance minister Nirmala Sitharaman, on Thursday, announced an increase of 11.1% in the infrastructure expenditure at Rs 11,11,111 crore against a budgetary allocation of Rs 10 lakh crore in 2023-24, Rs 7.5 lakh crore in 2022-23 and Rs 5.54 lakh crore in 2021-22.



StartUp

- The deadline for the incorporation of eligible start-ups to avail profit-linked tax deduction under Section 80-IAC has been extended from March 31, 2024, to March 31, 2025.
- The investment window for eligible investments by entities such as Sovereign Wealth Fund, Pension Fund, and wholly-owned subsidiaries of Abu Dhabi Investment Authority has been prolonged from March 31, 2024, to March 31, 2025, allowing them to claim exemption on specific income from such investments.
- Despite a budget with minimal amendments, these extensions provide a positive development for the start-up sector, reflecting the government's ongoing support and confidence in the industry.
- These measures aim to boost the start-up ecosystem by streamlining business processes, increasing available free cash flows, and supporting growth and expansion.



Technology

- The budget for the Enhanced Program for Advancement of Semiconductor and Display Manufacturing Ecosystem in India has been raised to INR 6,903 crore.
- The funding for the Production Linked Incentive scheme supporting large-scale electronics manufacturing and IT hardware has been increased to INR 6,200 crore.
- A corpus of INR 1 lakh crores will be established to provide long-term financing or refinancing at low or nil interest rates, aiming to boost innovation in emerging domains.
- A new initiative will be introduced to enhance deep-tech technologies for defense purposes.



Telecom

- The budget for the Bharatnet Project, aimed at establishing telecom infrastructure and connecting all Gram Panchayats, has been raised from INR 5,000 crore to INR 8,500 crore.
- The allocation for the Domestic Industry Incentivisation Scheme, including the PLI scheme, has seen an increase from INR 515 crore to INR 1,911 crore.
- There is a 28% hike in the budget for capital infusion in BSNL, focusing on technology upgrade and restructuring, providing more opportunities for domestic manufacturers.
- The budget places a strong emphasis on research and development, highlighting these as key pillars for the telecom sector's growth.



Energy

- The budget aims to enhance the electric vehicle (e-vehicle) ecosystem by providing support for manufacturing and charging infrastructure. It also encourages the increased use of e-buses in public transportation networks through a secure payment mechanism.
- The initiative of rooftop solarization intends to offer up to 300 units of free electricity per month to one crore households.
- Viability gap funding will be allocated to tap into the offshore wind energy potential, starting with an initial capacity of 1 gigawatt (GW).
- To reduce import dependence, there are plans to establish coal gasification and liquefaction capacity of 100 million metric tons by 2030.
- There will be a phased mandatory blending of compressed biogas into compressed natural gas for transportation and piped natural gas for domestic purposes.
- Financial assistance will be provided to facilitate the aggregation in the procurement of biomass, addressing feedstock challenges for Compressed Biogas (CBG) units.



Thanks!

Do you have any questions?

support@nyca.in

+91 88759 99988

www.nyca.in

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