



**BANKING
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Union Budget 2024



Budget Estimates

The government plans to spend ₹47,65,768 crore in 2024-25, marking a 6% increase from the revised estimate for 2023-24



GDP Growth

The nominal GDP is projected to grow at a rate of 10.5% in 2024-25.



Budget Constitutional Provisions

Under Article 112 of the Indian Constitution, the Union Budget, also known as the Annual Financial Statement, outlines the government's estimated receipts and expenditures.



Union Budget

Brief about Budget:

- A budget forecasts a government's revenue and expenses for the upcoming financial year, covering the period from April 1 to March 31.
- The Union Budget details finances from the previous fiscal year, outlines new tax proposals, and estimates future revenue and expenditure.
- India's first Budget was presented in 1860 by James Wilson during British rule, and post-independence, Finance Minister RK Shanmukham Chetty presented India's first Budget in 1947.

Budget Constitutional Provisions:

Under Article 112 of the Indian Constitution, the Union Budget, also known as the Annual Financial Statement, outlines the government's estimated receipts and expenditures.

Key Budget documents include:

- Annual Financial Statement (Article 112)
- Demands for Grants (Article 113)
- Finance Bill (Article 110)
- Fiscal Policy Statements under the FRBM Act, 2003, such as the Macro-Economic Framework Statement and the Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement.

Union Budget July 2024:

- On February 1, 2024, Finance Minister Ms. Nirmala Sitharaman presented the Interim Budget for 2024-25.
- This budget will fund the government for part of the financial year until the main budget is approved after the general elections.

Budget Highlights:

- **Expenditure:** The government plans to spend ₹47,65,768 crore in 2024-25, a 6% increase from the revised estimate for 2023-24. Interest payments will account for 25% of this expenditure and 40% of revenue receipts.
- **Receipts:** Receipts (excluding borrowings) for 2024-25 are projected to be ₹30,80,274 crore, about 12% higher than the revised estimate for 2023-24. Tax revenue, which constitutes a major portion of the receipts, is also expected to rise by 12% over the previous year's estimate.
- **GDP:** The government anticipates a nominal GDP growth rate of 10.5% for 2024-25, reflecting real growth plus inflation.
- **Deficits:** The revenue deficit is targeted at 2% of GDP, down from the revised 2.8% in 2023-24. The fiscal deficit is projected at 5.1% of GDP, lower than the revised 5.8% in 2023-24.
- **New Schemes:** An allocation of ₹70,449 crore has been made to the Department of Economic Affairs for new schemes, which will cover capital expenditure and represents 7.5% of the total capital outlay.

Main Tax Proposals in the Finance Bill:

- **Tax Rates:** Direct and indirect tax rates remain unchanged.

- **Extended Tax Benefits:** Tax benefits for certain entities, including startups, sovereign wealth funds, pension funds, and some IFSC units, have been extended until March 2025. These benefits were previously set to expire in March 2024.

Policy Highlights:

- **Railways:** Three major railway corridor programs will be launched, focusing on (i) energy, minerals, and cement, (ii) port connectivity, and (iii) high-traffic routes. Additionally, 40,000 standard rail bogies will be upgraded to Vande Bharat standards for improved passenger safety and comfort.
- **Housing:** An additional two crore houses will be constructed over the next five years under the Pradhan Mantri Awas Yojana-Gramin. A new initiative will be introduced to assist middle-class individuals living in rented houses, slums, and unauthorized colonies in buying or building their own homes.
- **Health:** Vaccination against cervical cancer will be promoted for girls aged nine to fourteen. The new U-WIN platform will be implemented for nationwide immunization management. Ayushman Bharat coverage will be extended to include ASHA workers, Anganwadi workers, and their helpers.
- **Energy:** Plans include the installation of rooftop solar systems on one crore households. To reach net-zero emissions by 2070, the phased blending of compressed biogas with CNG and PNG will be mandated, and 100 metric tonnes of coal gasification and liquefaction capacity will be set up by 2030.
- **Environment:** Efforts will be made to enhance EV manufacturing and charging infrastructure and promote the use of E-buses for public transport. The Blue Economy 2.0 scheme will be introduced to revive coastal aquaculture and mariculture. A new scheme will offer eco-friendly alternatives like biodegradable polymers, bio-plastics, and bio-pharmaceuticals.
- **Agriculture:** Both public and private investments will be encouraged in post-harvest activities such as aggregation, storage, supply chain management, processing, and marketing. The use of Nano DAP fertilizer will be expanded across various agro-climatic zones. A new program will support dairy farmers, and the PM Matsya Sampada Yojana will be expanded to (i) increase aquaculture productivity from three to five tonnes per hectare, (ii) double seafood exports to one lakh crore rupees, and (iii) create 55 lakh job opportunities.
- **Demographic Changes:** A high-powered committee will be established to tackle issues related to rapid population growth and demographic shifts.
- **Research:** To foster private sector innovation and research, a fund of one lakh crore rupees will be created. This fund will offer long-term loans with low or zero interest rates.

Budget Estimates for 2024-25 Compared to Revised Estimates for 2023-24

- **Total Expenditure:** The government plans to spend ₹47,65,768 crore in 2024-25, marking a 6% increase from the revised estimate for 2023-24.
- **Expenditure Breakdown:** Revenue expenditure is projected to grow by 3.2%, while capital expenditure is expected to rise by 16.9%. The relatively moderate increase in revenue expenditure is due to pension, defense spending, subsidies, and major schemes (such as MGNREGS, Jal Jeevan Mission, and PM-KISAN) being allocated similarly to the revised 2023-24 estimates.
- **Total Receipts:** Government receipts (excluding borrowings) are estimated at ₹30,80,274 crore, an 11.8% increase over the revised estimates for 2023-24. The shortfall between these receipts and the total expenditure will be covered by borrowings, projected at ₹16,85,494 crore, which is 2.8% lower than the revised estimate for 2023-24.
- **Transfers to States:** The central government will transfer ₹22,74,541 crore to states and union territories in 2024-25, an 8.4% increase from the revised estimates for 2023-24. This amount includes ₹12,19,783 crore from the divisible pool of central taxes, ₹8,90,858 crore in grants, and ₹1,30,000 crore in special loans for capital expenditure.

- **Deficits:** The revenue deficit is targeted at 2% of GDP, down from the 2.9% estimated for 2023-24. The fiscal deficit is aimed at 5.1% of GDP for 2024-25, lower than the revised 5.9% of GDP for 2023-24. The reduction in the fiscal deficit is due to a higher growth rate in receipts (11.8%) compared to the growth in expenditure (6%).
- **GDP Growth Estimate:** The nominal GDP is projected to grow at a rate of 10.5% in 2024-25.

Receipts Highlights for 2024-25

- **Overall Receipts:** The government's receipts (excluding borrowings) for 2024-25 are estimated at ₹30,80,275 crore, representing an 11.8% increase over the revised estimates for 2023-24. This growth is primarily driven by an 11.9% increase in the center's net tax revenue.
- **Gross Tax Revenue:** Gross tax revenue is expected to rise by 11.5% in 2024-25 compared to the revised estimates for 2023-24. This growth rate surpasses the projected nominal GDP growth of 10.5% for the same period. Corporation tax and income tax are anticipated to grow by about 13%, while GST revenue is budgeted to increase by 11.6%.
- **Devolution to States:** Devolution to states from the center's tax revenue is projected at ₹12,19,783 crore in 2024-25, a 10.4% increase over the revised estimates for 2023-24. For 2023-24, devolution is expected to be ₹83,045 crore higher than the initial estimate of ₹10,21,448 crore.
- **Net Tax Revenue:** Net tax revenue (excluding states' share in taxes) is estimated at ₹26,01,574 crore for 2024-25, approximately 12% higher than the revised estimate for 2023-24. The revised estimate for 2023-24 is roughly equivalent to the budgeted figure for that year.
- **Non-Tax Revenue:** Non-tax revenue, which includes interest receipts on loans, dividends, license fees, tolls, and charges for government services, is projected at ₹3,99,701 crore in 2024-25, a 6.4% increase over the revised estimate for 2023-24.
- **Capital Receipts:** Capital receipts (excluding borrowings) are targeted at ₹79,000 crore, an increase of 41% over the revised estimates for 2023-24. It's important to note that the revised estimate for capital receipts in 2023-24 is 33% lower than the initial budgeted amount, due to unmet disinvestment targets.

Expenditure Highlights for 2024-25

- **Total Expenditure:** The government's total expenditure for 2024-25 is projected at ₹47,65,768 crore, marking a 6.1% increase from the revised estimate for 2023-24. This expenditure includes:
 - ₹14,94,296 crore allocated to central sector schemes, which is a 3.3% increase over the revised estimate for 2023-24.
 - ₹5,01,788 crore for centrally sponsored schemes, reflecting an 8.9% increase from the revised estimate for 2023-24.
- **Pension Spending:** The estimated expenditure on pensions for 2024-25 is ₹2,39,612 crore, a 0.7% increase over the revised estimate for 2023-24.
- **Interest Payments:** The government plans to spend ₹11,90,440 crore on interest payments in 2024-25, which constitutes 25% of the total expenditure. This represents a 12.8% increase compared to the revised estimate for 2023-24.
- **Other Grants, Loans, and Transfers:** The total for other grants, loans, and transfers is estimated at ₹3,50,255 crore, which includes ₹1,30,000 crore allocated as special loans to states for capital expenditure.

Expenditure by Ministries for 2024-25

- **Defense:** ₹6,21,541 crore (-0.4% from revised 2023-24) — 13% of total expenditure.
- **Road Transport and Highways:** ₹2,78,000 crore (+0.6% from revised 2023-24) — 5.8% of total expenditure.

- **Railways:** ₹2,55,393 crore (+5.0% from revised 2023-24) — 5.4% of total expenditure.
- **Consumer Affairs, Food and Public Distribution:** ₹2,13,323 crore (-4.0% from revised 2023-24) — 4.5% of total expenditure.
- **Home Affairs:** ₹2,02,869 crore (+1.4% from revised 2023-24).
- **Rural Development:** ₹1,80,233 crore (+4.2% from revised 2023-24).
- **Chemicals and Fertilizers:** ₹1,68,380 crore (-12.4% from revised 2023-24).
- **Communications:** ₹1,37,255 crore (+11.8% from revised 2023-24).
- **Agriculture and Farmers' Welfare:** ₹1,27,470 crore (+0.6% from revised 2023-24).
- **Education:** ₹1,20,628 crore (-7.0% from revised 2023-24).
- **Jal Shakti:** ₹98,419 crore (+1.9% from revised 2023-24).
- **Health and Family Welfare:** ₹90,659 crore (+12.6% from revised 2023-24).
- **Housing and Urban Affairs:** ₹77,524 crore (+11.9% from revised 2023-24).

In total, these top 13 ministries account for 54% of the estimated total expenditure of ₹47,65,768 crore for 2024-25.

Expenditure on Subsidies for 2024-25

- **Food Subsidy:** Allocated at ₹2,05,250 crore, representing a 3.3% decrease from the revised estimate of 2023-24. The reduction follows the end of the PMGKAY program in December 2022, which had provided free additional foodgrains during the COVID pandemic.
- **Fertilizer Subsidy:** Estimated at ₹1,64,000 crore, which is a 13.2% decrease from the revised estimate of 2023-24. This decrease reflects the substantial increase in the subsidy provided in 2022-23 due to rising international raw material prices.
- **Other Subsidies:** Includes interest subsidies for various schemes and LPG subsidies. Total expenditure on these subsidies is expected to rise by 3% compared to the revised estimate for 2023-24.



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