

Union Budget 2024, Key Highlights, Summary, Importance, UPSC Notes

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A budget is a forecast of the government's revenue and expenses for a future period, typically the upcoming **financial year**. The Union Budget gives a detailed account of the government's finances over the previous fiscal year, summarises new tax proposals for the upcoming fiscal year, and estimates revenue and expenditure for the next fiscal year.

The Union Budget accounts for the government's finances during the fiscal year from **April 1 to March 31**. The first Budget in pre-independent India was presented in **1860 by James Wilson** of the British Indian Government. After independence, India's first Budget was presented in **1947 by Finance Minister RK Shanmukham Chetty**.

Union Budget 2024 Overview

The Union Budget is the annual financial statement of the Union Government of India that is presented every year on the **1st of February** by the **Finance Minister (FM) in the Lok Sabha**.

- **Budget preparation:** The **Department of Economic Affairs, Ministry of Finance**, is the nodal body responsible for preparing the Budget document.

- **Budget classification:** The Union Budget is classified into **the Revenue Budget** and **the Capital Budget**.
- **Revenue Budget: Encompassing the government's expected one-year income, including taxes.**
- **Capital Budget:** Addressing government assets and liabilities, focusing on significant expenses like infrastructure development.
- **Budget Parts:**
- **Part A:** Macroeconomic section announcing government schemes and priorities.
- **Part B:** Involves the Finance Bill, containing taxation proposals such as income tax revisions.
 - A **Finance Bill** is a **Money Bill** as defined in **Article 110** of the Constitution.
 - The **Speaker** has the **final authority** to determine whether a bill is a Money Bill.

Union Budget Constitutional Provisions

- **Constitutional provision:** As per **Article 112** of the Indian Constitution, the Union Budget is a statement of the government's estimated receipts and expenditures.
 - It is also known as the **Annual Financial Statement of the Government**; however, the term "**budget**" is not mentioned in the Constitution.
- **Key Budget documents:** Apart from Budget Speech, other major documents include:
- **Annual Financial Statement (Article 112)**
- **Demands for Grants** (Article 113)
- **Finance Bill** (Article 110)
- Fiscal Policy Statements mandated under the **FRBM Act, 2003**, including
 - The Macro-Economic Framework Statement and
 - The Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement.
- **Additional Documents:** Other explanatory documents presented include:
 - Expenditure & Receipt of Budget, Expenditure Profile, Budget at a Glance, Memorandum Explaining the Provisions in the Finance Bill, Output Outcome Monitoring Framework, Key Features of Upcoming Financial Year Budget, and implementation of Budget Announcements for the Closing financial year.

Union Budget 2024 Highlights

The Finance Minister presented the **Union Budget for 2024-25** on July 23, 2024. Earlier, interim budget 2024 was presented in February 2024.

GDP growth rate	- The GDP for Budget FY 2024-25 (Regular) is estimated at Rs. 3,26,36,912 crore which is 10.5% over the Provisional Estimates of FY 2023-24 at Rs. 2,95,35,667 crore.
Expenditure	- The total expenditure in Budget Estimates (BE) 2024-25 is estimated at Rs.48,20,512 crore of which total capital expenditure is Rs. 11,11,111 crore. • Compared to RE 2023-24, the capital expenditure in BE 2024-25 reflects an increase of 16.9 per cent. • Effective capital expenditure, at `15,01,889 crore in BE 2024-25 shows an increase of 18.2 per cent over RE 2023-24.

Receipts	- FY25 Total Receipts estimated at Rs. 32.07 lakh crore - Net tax receipts estimated at Rs. 25.83 lakh crore - Gross market borrowings estimated at Rs. 14.01 lakh crore - Net market borrowings estimated at Rs. 11.63 lakh crore
Interest payments	- Interest payments estimated at Rs. 11 lakh crore
Deficits	- The BE for fiscal deficit is 4.9%, Revenue deficit is 1.8% and Primary deficit is 1.4%.
New Schemes	- Rs 2 lakh crore has been allocated to the Department of Economic Affairs for New Schemes.

Union Budget 2024 at a Glance

Budget at a Glance shows receipts and expenditure as well as the deficits of the Government of India.

S.No.	Parameters	2022-2023 Actuals (In crore)	2023-2024 Budget Estimates	2023-2024 Revised Estimates	2024-2025 Budget Estimates
	Revenue Receipts	2383206	2632281	2699713	3129200
Tax Revenue (Net to Centre)	2097786	2330631	2323918	2583499	
Non Tax Revenue	285421	301650	375795	545701	
	Capital Receipts	1809951	1870816	1790773	1691312
Recovery of Loans	26161	23000	26000	28000	
Other Receipts	46035	61000	30000	50000	
Borrowings and Liabilities	1737755	1786816	1734773	1613312	
Total Receipts		4193157	4503097	4490486	4820512
	Total Revenue Expenditure	3453132	3502136	3540239	3709401
Interest Payments	928517	1079971	1055427	1162940	
	Total Capital Expenditure	740025	1000961	950246	1111111

Grants in Aid for creation of Capital Account	306264	369988	321190	390778	
Effective Capital Expenditure	1046289	1370949	1271436	1501889	
Total Expenditure		4193157	4503097	4490486	4820512
	Revenue Deficit	1069926 (3.9%)	869855 (2.9%)	840527 (2.8%)	580201 (1.8%)
Effective Revenue Deficit (Rev Def-Grants in Aid for Capital creation)	763662 (2.8%)	499867 (1.7%)	519337 (1.8%)	189423 (0.6%)	
	Fiscal Deficit	1737755 (6.4%)	1786816 (5.9%)	1734773 (5.8%)	1613312 (4.9%)
	Primary Deficit	809238 (3.0%)	706845 (2.3%)	679346 (2.3%)	450372 (1.4%)

Part A: Priorities Areas of Budget

On Budget priorities, the Finance Minister said that in line with the strategy set in the interim Budget, this Budget envisages sustained efforts on the following nine priorities for generating ample opportunities for all.

Productivity and Resilience in Agriculture

- **Transforming Agriculture Research:** Comprehensive review of the agriculture research setup to bring focus on raising productivity and developing climate resilient varieties.
- **National Cooperation Policy:** For systematic, orderly and all-round development of the cooperative sector.
- **Vegetable production & supply chain:** Promotion of FPOs, cooperatives & start-ups for vegetable supply chains for collection, storage, and marketing.
- **Release of new varieties:** 109 new high-yielding and climateresilient varieties of 32 field and horticulture crops will be released for cultivation by farmers.
- **Natural Farming:**
 - 1 crore farmers across the country will be initiated into natural farming, supported by certification and branding in next 2 years.
 - 10,000 need-based bio-input resource centres to be established.
- **Atmanirbharta:** For oil seeds such as mustard, groundnut, sesame, soyabean and sunflower.

Employment & Skilling

- **Package of PM's five schemes for Employment and Skilling: Prime Minister's Package of 5 Schemes and Initiatives for employment, skilling and other opportunities for 4.1 crore youth over a 5-year period.**
 - **Scheme A - First Timers:** One-month salary of up to ₹15,000 to be provided in 3 installments to first-time employees, as registered in the EPFO.
 - **Scheme B - Job Creation in manufacturing:** Incentive to be provided at specified scale directly, both employee and employer, with respect to their EPFO contribution in the first 4 years of employment.
 - **Scheme C - Support to employers:** Government to reimburse up to ₹3,000 per month for 2 years towards EPFO contribution of employers, for each additional employee.
 - **New centrally sponsored scheme for Skilling**
 - 20 lakh youth to be skilled over a 5-year period.
 - 1,000 Industrial Training Institutes to be upgraded in hub and spoke arrangements.
 - Course content & design aligned as per skill needs of industry.
 - New Scheme for Internship in 500 Top Companies to 1 crore youth in 5 years
- Loans up to ₹7.5 lakh with a guarantee from a government promoted Fund, which is expected to help 25,000 students every year.
- Financial support for loans upto ₹10 lakh for higher education in domestic institutions and Direct E-vouchers to 1 lakh students every year, with annual interest subvention of 3%

Inclusive Human Resource Development and Social Justice

- **Purvodaya: Vikas bhi Virasat bhi**
 - Plan for endowment rich states in the Eastern parts covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh for generation of economic opportunities to attain Viksit Bharat.
 - Amritsar Kolkata Industrial Corridor with development of an industrial node at Gaya.
- **Pradhan Mantri Janjatiya Unnat Gram Abhiyan:** Improving the socio-economic condition of tribal communities covering 63,000 villages benefitting 5 crore tribal people.
- Allocation of more than ₹3 lakh crore for schemes benefitting women and girls.
- More than 100 branches of India Post Payment Bank will be set up in the North East region.
- **Andhra Pradesh Reorganization Act:**
 - Financial support of ₹15,000 crores will be arranged in FY 24- 25.
 - Completion of Polavaram Irrigation Project ensuring food security of the nation.
 - Essential infrastructure such as water, power, railways and roads in Koppaerthy node on the Vishakhapatnam-Chennai Industrial Corridor and Orvakal node on Hyderabad-Bengaluru Industrial Corridor.

Manufacturing & Services

- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector and Credit Support to MSMEs during Stress Period
- Enhanced scope for mandatory onboarding in TReDS

- New assessment model for MSME credit
- **Mudra Loans:** The limit enhanced to ₹ 20 lakh from the current ₹ 10 lakh under the 'Tarun' category.
- MSME Units for Food Irradiation, Quality & Safety Testing
- Twelve industrial parks under the National Industrial Corridor Development Programme
- Rental housing with dormitory type accommodation for industrial workers in PPP mode with VGF support.
- Critical Minerals Mission for domestic production, recycling and overseas acquisition.
- Strengthening of the tribunal and appellate tribunals to speed up insolvency resolution and additional tribunals to be established
- **Internship Opportunities:**
 - Scheme for providing internship opportunities in 500 top companies to 1 crore youth in 5 years.
 - Allowance of ₹5,000 per month along with a one-time assistance of ₹6,000 through the CSR funds.

Urban Development

- **Stamp Duty:** Encouraging states to lower stamp duties for properties purchased by women.
- **Street Markets:** Envisioning a scheme to develop 100 weekly 'haats' or street food hubs in select cities
- **Transit Oriented Development:** Transit Oriented Development plans for 14 large cities with a population above 30 lakh
- **Water Management:** Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable projects.
- **PM Awas Yojana Urban 2.0:**
 - Needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹10 lakh crore
 - Enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place.

Energy Security

- **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
- **AUSC Thermal Power Plants:** A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant.
- **Energy Audit:**
 - 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.
- **PM Surya Ghar Muft Bijli Yojana:** 1 crore Households obtain free electricity Up to 300 Units every month

Infrastructure

- Provision of ₹11,11,111 crore for infrastructure (3.4% of GDP).

- ₹1.5 lakh crore to states as longterm interest free loans to support resource allocation.
- Phase IV of PMGSY will be launched to provide allweather connectivity to 25,000 rural habitations.
- **Irrigation and Flood Mitigation:**
 - Financial support for projects with estimated cost of ₹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
 - Assistance for reconstruction and rehabilitation in Himachal Pradesh
- **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.
 - Assistance to development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches making it an ultimate tourism destination.

Innovation, Research & Development

- Operationalization of the Anusandhan National Research Fund for basic research and prototype development. Priorities for Viksit Bharat
- Private sector-driven research and innovation at commercial scale with a financing pool of ₹1 lakh crore
- Space Economy: A venture capital fund of ₹1,000 crore is to be set up

Next Generation Reforms

- **Rural & Urban land related actions**
 - Unique Land Parcel Identification Number or Bhu-Aadhaar for all lands.
 - Land records in urban areas will be digitized with GIS mapping
 - Survey of map sub-divisions as per current ownership
 - Linkages to the farmers' registries Digitization of cadastral maps Establishment of land registry
- **Taxonomy for climate finance:** Enhancing the availability of capital for climate adaptation and mitigation related investments
- **FDI and Overseas Investments:** Simplified to facilitate FDIs and promote opportunities for using Indian Rupee as a currency for overseas investments.
- **NPS Vatsalya:** A plan for contribution by parents and guardians for minors.
- Improvement of data governance, collection, processing and management of data and statistics.
- **New Pension Scheme (NPS):** A solution that address the relevant issues, protects the common citizen and maintains fiscal prudence will be formed.

Part B: Tax-Related Proposals

- **Simplifying New Tax Regime:**

- Standard deduction for salaried employees increased from ₹50,000 to ₹75,000.
- Deduction on family pension for pensioners enhanced from ₹15,000/- to ₹25,000/-
- In the new tax regime, the tax rate structure is proposed to be revised, as follows:

0-3 lakh rupees	Nil
3-7 lakh rupees	5 per cent
7-10 lakh rupees	10 per cent
10-12 lakh rupees	15 per cent
12-15 lakh rupees	20 per cent
Above 15 lakh rupees	30 per cent

- **Comprehensive review of Income Tax Act, 1961:**

- Finance Minister announced a comprehensive review of the Income Tax Act of 1961. The goal is to make the Act concise, clear, and easy to read and understand. This will reduce disputes and litigation, ensuring tax certainty for taxpayers. It is intended to be completed in six months.
- The Finance Bill begins by simplifying the tax regime for charities, the TDS rate structure, provisions for reassessment and search, and capital gains taxation.

- **Litigation & Appeals:**

- To address the backlog of first appeals, the government intends to deploy more officers to hear and decide such appeals, particularly those with a significant tax effect.
- The government proposed the Vivad Se Vishwas Scheme, 2024, to resolve certain income tax disputes that are pending appeal.
- To reduce litigation and provide certainty in international taxation, the government will broaden and improve safe harbour rules.

- **Growing the tax base: For deepening the tax base The Security Transactions Tax on futures and options of securities is proposed to be increased to 0.02% and 0.10%, respectively.**

- **Simplification of Reassessment:** Assessment can be reopened beyond three years upto five years from the end of Assessment Year only if the escaped income is ₹ 50 lakh or more. In search cases, time limit reduced from ten to six years before the year of search.

- **Simplification and Rationalisation of Capital Gains:**

- Short term gains on certain financial assets to attract a tax rate of 20 per cent.
- Long term gains on all financial and non-financial assets to attract a tax rate of 12.5 per cent.
- Exemption limit of capital gains on certain financial assets increased to ₹ 1.25 lakh per year.

- **Tax Payer Services:** All remaining services of Customs and Income Tax including rectification and order giving effect to appellate orders to be digitalized over the next two years.

- **Litigation and Appeals**

- 'Vivad Se Vishwas Scheme, 2024' for resolution of income tax disputes pending in appeal.
- Monetary limits for filing direct taxes, excise and service tax related appeals in Tax Tribunals, High Courts and Supreme Court increased to ₹60 lakh, ₹2 crore and ₹5 crore respectively.
- Safe harbour rules expanded to reduce litigation and provide certainty in international taxation.

- **Employment and Investment**

- Angel tax for all classes of investors abolished to bolster start-up eco-system,.
- Simpler tax regime for foreign shipping companies operating domestic cruises to promote cruise tourism in India.
- Safe harbour rates for foreign mining companies selling raw diamonds in the country.
- Corporate tax rate on foreign companies reduced from 40 to 35 per cent.

- **Deepening tax base**

- Security Transactions Tax on futures and options of securities increased to 0.02 per cent and 0.1 per cent respectively.
- Income received on buy back of shares in the hands of recipient to be taxed.

- **Social Security Benefits.**

- Deduction of expenditure by employers towards NPS to be increased from 10 to 14 per cent of the employee's salary.
- Non-reporting of small movable foreign assets up to ₹20 lakh de-penalised.

- **Other major proposal in Finance Bill**

- Equalization levy of 2 per cent withdrawn.
- Three cancer drugs namely TrastuzumabDeruxtecan, Osimertinib and Durvalumab fully exempted from custom duty.
- Customs duties on gold and silver reduced to 6 per cent and that on platinum to 6.4 per cent.
- Expansion of tax benefits for specific funds and entities in IFSCs
- Immunity from penalty and prosecution for benamidars who provide full and true disclosure in order to improve conviction under the Benami Transactions (Prohibition) Act of 1988.

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