

Union Budget 2024-25 Analysis

The Finance Minister, Ms Nirmala Sitharaman presented the Budget for 2024-25 on July 23, 2024. In this note, actuals for 2023-24 are the unaudited provisional actuals.

Budget Highlights

- **Expenditure:** The government is estimated to spend Rs 48,20,512 crore in 2024-25, 8.5% higher than the actual expenditure in 2023-24. Interest payments account for 24% of the total expenditure, and 37% of revenue receipts.
- **Receipts:** The receipts (other than borrowings) in 2024-25 are estimated to be Rs 32,07,200 crore, 15% higher than the receipts in 2023-24. Tax revenue, which forms major part of the receipts, is also expected to increase by 11% over the receipts in 2023-24.
- **GDP:** The government has estimated a nominal GDP growth rate of 10.5% in 2024-25 (i.e., real growth plus inflation).
- **Deficits:** Revenue deficit in 2024-25 is targeted at 1.8% of GDP. This is lower than the actual revenue deficit of 2.6% of GDP in 2023-24. Fiscal deficit in 2024-25 is targeted at 4.9% of GDP, which is lower than the actual fiscal deficit of 5.6% of GDP in 2023-24.
- **New Schemes:** Rs 62,593 crore has been allocated to the Department of Economic Affairs for New Schemes (details not available). The allocation is for capital expenditure, and accounts for 6.8% of the total capital outlay.

Main tax proposals in the Finance Bill

- **Changes in new income tax regime:** Tax slabs under the new tax regime have been modified. The proposed tax structure is shown in Table 1. Standard deduction for salaried individuals and pensioners is proposed to be increased from Rs 50,000 to Rs 75,000 under the new tax regime. Deduction from family pension is also proposed to be increased from Rs 15,000 to Rs 25,000. Pension contribution will be tax deductible for the employer and the employee up to 14% of the salary (from 10% earlier).

Table 1: Current and proposed tax slabs

Tax Rate	Current Income Slab	Proposed Income Slab
Nil	Up to Rs 3 lakh	Up to Rs 3 lakh
5%	Rs 3 lakh to Rs 6 lakh	Rs 3 lakh to Rs 7 lakh
10%	Rs 6 lakh to Rs 9 lakh	Rs 7 lakh to Rs 10 lakh
15%	Rs 9 lakh to Rs 12 lakh	Rs 10 lakh to Rs 12 lakh
20%	Rs 12 lakh to Rs 15 lakh	Rs 12 lakh to Rs 15 lakh
30%	Above Rs 15 lakh	Above Rs 15 lakh

- **Capital gains tax:** Short term capital gains tax on listed equity shares, units of equity mutual funds and REITs/INVITs is proposed to be increased from 15% to 20%. Long term capital gains tax will be levied at 12.5% across all asset categories. This was earlier levied at 10% on listed equity shares, equity mutual fund units, and REITs/INVITs and at 20% with indexation for other assets. Indexation for calculating long term capital gains for property, gold, and other unlisted assets will be removed. Listed financial assets held for more than a year will be classified as long term while unlisted financial assets and all non-financial assets must be held for at least two years to be classified as long term. Exemption limit for long term capital gains from listed equity shares, equity mutual funds, and business trusts will be increased from one lakh rupees to Rs 1.25 lakh. Buy back of shares will be treated on par with dividends.
- **Securities transaction tax:** Securities transaction tax levied on sale of options in the securities market will be increased from 0.0625% to 0.1% of the option premium and on the sale of futures will be increased from 0.0125% to 0.02% of the trading price.
- **Tax deducted at source:** Rate of tax deducted at source (TDS) is proposed to be reduced from 5% to 2% for several items such as payment of insurance commission, payment of life insurance policy, rent payment, and payment of commission or brokerage. TDS on payment of proceeds of sale by an e-commerce operator to an e-commerce participant will be reduced from 1% to 0.1%.
- **Direct Tax Vivad Se Vishwas Scheme, 2024:** The scheme will be introduced for settlement of tax related disputes. It provides for leniency in payment of disputed interest or penalty on the tax amount.
- **Equalisation levy:** Equalisation levy of 2% of the proceeds received by a non-resident e-commerce operator for supply of goods or services will not be applicable from August 1, 2024.
- **Changes in customs duty:** Customs duty rates have been changed for several goods. It has been reduced for goods such as: (i) gold and silver and (ii) mobile phones and their chargers/adapters. Certain items used in the textile, steel, and capital goods sectors have been exempted from customs duty. Customs duty has been increased for solar glass (used in manufacture of solar cells or modules) and certain chemicals.

- **Angel tax:** The Income Tax Act provides for the levy of tax on unlisted companies for receiving funds in excess of the face value of their shares. This provision will cease to apply.
- **Disclosure of foreign assets:** The Black Money Act, 2015 has penalties for not declaring assets held abroad. This will not apply to movable assets up to Rs 20 lakh.
- **Immunity from benami transactions:** The Prohibition of Benami Property Transactions Act, 1988 makes the benamidar and the beneficial owner equally culpable. In order to encourage a benamidar to turn approver, provision is being made to provide immunity.

Policy Highlights

- **Employment:** Three schemes to promote employment and increase workforce participation were announced. These will provide: (i) wage support up to Rs 15,000 to first time employees registered with EPFO, (ii) incentives to employees and employers in the manufacturing sector for their EPFO contributions, and (iii) reimbursement of up to Rs 3,000 per month for employer EPFO contributions, per new employee for two years.
- **Skilling:** A scheme to upskill 20 lakh youth over five years will be launched. Under this, 1,000 industrial training institutes will be upgraded to meet the skilling needs of the industry. Another scheme to provide internship opportunities for one crore youth in 500 top companies has been announced. Under this, a monthly allowance of Rs 5,000 and a one-time assistance of Rs 6,000 will be provided to the beneficiaries. Companies can bear the training cost and 10% of the internship cost from their CSR funds.
- **Assistance to states:** Plan will be formulated to enhance human resources, infrastructure and economic opportunities in Bihar, Jharkhand, West Bengal, Odisha, and Andhra Pradesh. Financial support of Rs 15,000 crore will be provided to Andhra Pradesh for a new capital this year.
- **MSMEs:** Credit guarantee scheme for MSMEs in the manufacturing sector has been announced. It will facilitate term loans for purchasing machinery and equipment without collateral or guarantee. A self-financing guarantee fund will be constituted to provide guarantee cover up to Rs 100 crore. The limit of Mudra loans will be increased from Rs 10 lakh to Rs 20 lakh, for entrepreneurs who have availed and paid loans previously.
- **Energy:** A roadmap will be designed for industries with high carbon dioxide emissions, setting emission targets for them. Investment towards emerging technologies in nuclear energy will be made in collaboration with the private sector.
- **Agriculture:** Existing agricultural research setup will be reviewed with a focus on raising productivity and developing climate resilient crops. Vegetable production clusters near major consumption centres will be established. A national policy will be drafted for development of the cooperative sector.
- **Urban and Rural Development:** A transit-oriented development plan will be formulated for 14 large cities with a population over 30 lakhs. States charging high stamp duties will be encouraged to reduce them, and further lower them for women buying property. Three crore additional houses will be built under PM Awas Yojana in rural and urban areas.

Budget estimates of 2024-25 as compared to actuals of 2023-24

- **Total Expenditure:** The government is estimated to spend Rs 48,20,512 crore in 2024-25. This is an increase of 8.5% over the actuals of 2023-24.
- **Revenue expenditure** is estimated to grow at 6.2% and capital expenditure at 17.1%. The revenue expenditure growth has been kept in check due to pension, defence expenditure, subsidies, and major schemes (MGNREGS, Jal Jeevan Mission, and PM-KISAN) together being allotted roughly the same as the actuals for 2023-24.
- **Total Receipts** (excluding borrowings) are estimated to be Rs 32,07,200 crore, 15% higher than the actuals of 2023-24. The gap between these receipts and the expenditure will be plugged by borrowings, budgeted to be Rs 16,13,312 crore, 2.4% lower than the actuals of 2023-24.
- **Transfer to states:** The central government will transfer Rs 23,48,980 crore to states and union territories in 2024-25, an increase of 11.9% over the actuals of 2023-24. Transfer to states includes devolution of Rs 12,47,211 crore out of the divisible pool of central taxes and grants worth Rs 11,01,769 crore.
- **Deficits:** In 2024-25, revenue deficit is targeted at 1.8% of GDP, lower than the deficit of 2.6% of GDP in 2023-24. Fiscal deficit is targeted at 4.9% of GDP in 2024-25, lower than the actuals for 2023-24 (5.6% of GDP). The lower fiscal deficit is on account of receipts growing at 15%, which is higher than the expenditure growth of 8.5%.
- **GDP growth estimate:** The nominal GDP is estimated to grow at a rate of 10.5% in 2024-25.

Table 2: Budget at a Glance 2024-25 (Rs crore)

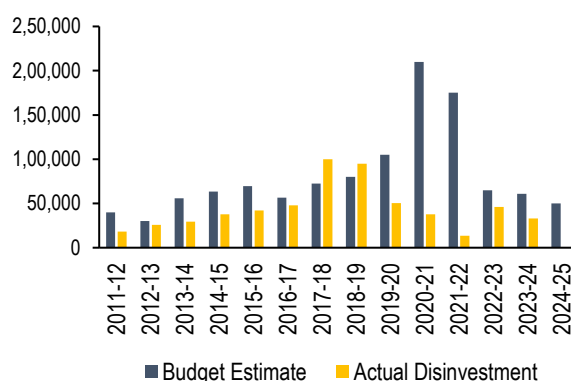
	Actuals 2022-23	Budgeted 2023-24	Actuals 2023-24	Budgeted 2024-25	% change (2023-24 Actuals to 2024-25 BE)
Revenue Expenditure	34,53,132	35,02,136	34,94,036	37,09,401	6.2%
Capital Expenditure	7,40,025	10,00,961	9,48,506	11,11,111	17.1%
of which:					
Capital Outlay	6,24,757	8,37,127	7,87,411	9,18,695	16.7%
Loans and Advances	1,15,268	1,63,834	1,61,095	1,92,416	19.4%
Total Expenditure	41,93,157	45,03,097	44,42,542	48,20,512	8.5%
Revenue Receipts	23,83,206	26,32,281	27,28,412	31,29,200	14.7%
Capital Receipts	72,196	84,000	60,461	78,000	29.0%
of which:					
Recoveries of Loans*	26,161	23,000	27,338	28,000	2.4%
Other receipts (including disinvestments)*	46,035	61,000	33,123	50,000	51.0%
Total Receipts (excluding borrowings)	24,55,402	27,16,281	27,88,872	32,07,200	15.0%
Revenue Deficit	10,69,926	8,69,855	7,65,624	5,80,201	-24.2%
% of GDP	3.9%	2.9%	2.6%	1.8%	
Fiscal Deficit	17,37,755	17,86,816	16,53,670	16,13,312	-2.4%
% of GDP	6.4%	5.9%	5.6%	4.9%	
Primary Deficit	8,09,238	7,06,845	5,89,799	4,50,372	-23.6%
% of GDP	3.0%	2.3%	2.0%	1.4%	

Note: *Recovery of Loans and Disinvestment for 2023-24 Actuals from Controller General of Accounts.

Sources: Budget at a Glance, Union Budget Documents 2024-25; PRS.

Expenditure which brings a change to the government’s assets or liabilities (such as construction of roads or repayment of loans) is capital expenditure, and all other expenses are revenue expenditure (such as payment of salaries or interest payments). In 2024-25, **capital expenditure** is expected to increase by about 17% over the actuals of 2023-24. **Revenue expenditure** is expected to increase by 6.2% over the actuals of 2023-24.

Disinvestment is the government selling its stakes in Public Sector Undertakings (PSUs). In 2023-24, the government is estimated to meet 54.3% of its disinvestment target. The disinvestment target for 2024-25, is estimated to be Rs 50,000 crore, more than the actuals for 2023-24 (Rs 33,123 crore). In 2022-23, the government achieved 71% of its disinvestment target, the highest since 2018-19.



Sources: Union Budget Documents (various years); PRS.

Receipts Highlights for 2024-25

- **Receipts** (excluding borrowings) in 2024-25 are estimated to be Rs 32,07,200 crore, an increase of 15% over the actuals of 2023-24. This is primarily due to an 11% growth in centre's net tax collection.
- **Gross tax revenue** is budgeted to increase by 10.8% in 2024-25, over the actuals of 2023-24. This is slightly greater than the estimated nominal GDP growth of 10.5% in 2024-25. Corporation tax is estimated to grow at 12%, whereas income tax is estimated to register a growth of 13.6%. GST revenue is budgeted to increase by 11%.
- **Devolution to states** from centre's tax revenue is estimated to be Rs 12,47,211 crore in 2024-25, an increase of 10.4% over the actuals of 2023-24. In 2023-24, according to the actuals, devolution to states is estimated to be Rs 1,08,046 crore more than the budget estimate of Rs 10,21,448 crore (increase of 10.6%) .
- **Net tax revenue** (excluding states' share in taxes) is estimated to be Rs 25,83,499 crore in 2024-25, which is 11% higher than the actuals for 2023-24. Actual net tax revenue in 2023-24 is roughly same as the budget estimate for the year.
- **Non-tax revenue** consists mainly of interest receipts on loans given by the centre, dividends, license fees, tolls, and charges for government services. It is estimated at Rs 5,45,701 crore in 2024-25, an increase of 36% over the actuals of 2023-24.
- **Capital receipts** (excluding borrowings) are targeted at Rs 78,000 crore, an increase of 29% over the actuals of 2023-24. Note that the 2023-24 actuals for capital receipts are 28% lower than the budgeted amount. Lower receipts were on account of disinvestment targets not being met (46% lower).

Table 3: Break up of central government receipts in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Actuals 2023-24	Budgeted 2024-25	% change (2023-24 Actuals to 2024-25 BE)
A. Gross Tax Revenue	30,54,192	33,60,858	34,64,792	38,40,170	10.8%
<i>of which</i>					
Corporation Tax	8,25,834	9,22,675	9,11,055	10,20,000	12.0%
Taxes on Income	8,33,260	9,00,575	10,44,726	11,87,000	13.6%
Goods and Services Tax	8,49,133	9,56,600	9,57,032	10,61,899	11.0%
Customs	2,13,372	2,33,100	2,33,067	2,37,745	2.0%
Union Excise Duties	3,19,000	3,39,000	3,05,330	3,19,000	4.5%
B. Devolution to States	9,48,407	10,21,448	11,29,494	12,47,211	10.4%
C. Centre's Net Tax Revenue	20,97,786	23,30,631	23,26,524	25,83,499	11.0%
D. Non-Tax Revenue	2,85,421	3,01,650	4,01,887	5,45,701	35.8%
<i>of which:</i>					
Interest Receipts	27,852	24,820	38,297	38,224	-0.2%
Dividend	99,913	91,000	1,70,444	2,89,134	69.6%
Other Non-Tax Revenue	1,53,577	1,81,382	1,92,134	2,14,389	11.6%
E. Capital Receipts (without borrowings)	72,196	84,000	60,461	78,000	29.0%
<i>of which:</i>					
Disinvestment	46,035	61,000	33,123*	50,000	51.0%
Receipts (without borrowings) (C+D+E)	24,55,403	27,16,281	27,88,872	32,07,200	15.0%
Borrowings	17,37,755	17,86,816	16,53,670	16,13,312	-2.4%
Total Receipts (including borrowings)	41,93,158	45,03,097	44,42,542	48,20,512	8.5%

Note: *Disinvestment for 2023-24 actuals from Controller General of Accounts.

Sources: Receipts Budget, Union Budget Documents 2024-25; PRS.

- **Indirect taxes:** The total indirect tax collection is estimated to be Rs 16,18,744 crore in 2024-25. Of this, the government has estimated to raise Rs 10,61,899 crore from GST, a growth of 11%. Out of the total tax collections under GST, 86% is expected to come from CGST (Rs 9,10,890 crore) and 14% from GST compensation cess (Rs 1,51,009 crore).
- **Corporation tax:** The collection from taxes on companies is expected to increase by 12% in 2024-25.
- **Income tax:** The collections from income tax are expected to increase to Rs 11,87,000 crore in 2024-25, which is an increase of 13.6% over the actuals of 2023-24. The actuals of 2023-24 is 25% higher than the actuals of 2022-23
- **Non-tax receipts:** In 2024-25, non-tax revenue is expected to increase by 36% over the actuals of 2023-24. This is mainly on account of higher dividend/surplus of RBI, nationalised banks and financial institutions.

Expenditure Highlights for 2024-25

Unaudited actuals for 2023-24 are not available for some expenditure items and revised estimates are used for comparison.

- **Total expenditure** in 2024-25 is expected to be Rs 48,20,512 crore, which is an increase of 8.5% over the revised estimates of 2023-24. Out of this: (i) Rs 15,16,176 crore is proposed to be spent on central sector schemes (4.8% increase over the revised estimates of 2023-24), and (ii) Rs 5,05,978 crore is proposed to be spent on centrally sponsored schemes (9.8% increase over the revised estimates of 2023-24).
- Interest expenditure is estimated to be 9.3% higher than the actuals of 2023-24. It is estimated to be 24% of the government's total expenditure. Grants to states for creating capital assets is Rs 3,90,778 crore, an increase of 28.6% over the revised estimates for 2023-24. Net of these items, revenue expenditure is set to increase by 1.4%.
- Expenditure on pensions is estimated to be Rs 2,43,296 crore, which is 2.2% higher than the revised estimates of 2023-24. Other grants, loans and transfers (Rs 3,91,776 crore) include Rs 1,50,000 crore as special loans to state for capital expenditure. This is 42% higher than the revised estimates for 2023-24 (Rs 1,05,551 crore).

Table 4: Break up of central government expenditure in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
Central Expenditure	32,65,163	35,13,761	35,57,231	37,90,380	6.6%
Establishment Expenditure of Centre	7,14,650	7,44,339	7,81,774	7,83,618	0.2%
Central Sector Schemes	14,45,923	14,67,880	14,46,152	15,16,176	4.8%
Other expenditure	11,04,590	13,01,542	13,29,304	14,90,586	12.1%
<i>of which interest payments</i>	<i>9,28,517</i>	<i>10,79,971</i>	<i>10,55,427</i>	<i>11,62,940</i>	<i>10.2%</i>
Grants for CSS and other transfers	9,27,995	9,89,336	9,33,255	10,30,132	10.4%
Centrally Sponsored Schemes (CSS)	4,37,556	4,76,105	4,60,614	5,05,978	9.8%
Finance Commission Grants	1,72,760	1,65,480	1,40,429	1,32,378	-5.7%
<i>of which:</i>					
<i>Rural Local Bodies</i>	<i>45,578</i>	<i>47,018</i>	<i>40,778</i>	<i>49,800</i>	<i>22.1%</i>
<i>Urban Local Bodies</i>	<i>17,779</i>	<i>24,222</i>	<i>19,222</i>	<i>25,653</i>	<i>33.5%</i>
<i>Disaster Management Grants</i>	<i>19,893</i>	<i>24,466</i>	<i>24,466</i>	<i>25,688</i>	<i>5.0%</i>
<i>Post Devolution Revenue Deficit Grants</i>	<i>86,201</i>	<i>51,673</i>	<i>51,673</i>	<i>24,483</i>	<i>-52.6%</i>
Other grants, loans and transfers	3,17,679	3,47,752	3,32,211	3,91,776	17.9%
<i>of which special assistance as loans to states for capital expenditure</i>	<i>81,195</i>	<i>1,30,000</i>	<i>1,05,551</i>	<i>1,50,000</i>	<i>42.1%</i>
Total Expenditure	41,93,157	45,03,097	44,42,542	48,20,512	8.5%

Sources: Budget at a Glance, Union Budget Documents 2024-25; PRS.

Expenditure by Ministries

In 2024-25, the top 13 ministries in terms of allocations account for 54% of the estimated total expenditure (Table 5). Of these, the Ministry of Defence has the highest allocation in 2024-25, at Rs 6,21,941 crore. It accounts for 13% of the total budgeted expenditure of the central government. Other ministries with high allocation include: (i) Road Transport and Highways (5.8% of total expenditure), (ii) Railways (5.3%), and (iii) Consumer Affairs, Food and Public Distribution (4.6%).

Table 5: Ministry-wise expenditure in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Actuals 2023-24	Budgeted 2024-25	% change (2023-24 Actuals to 2024-25 BE)
Defence	5,73,098	5,93,538	6,09,799	6,21,941	2.0%
Road Transport and Highways	2,17,089	2,70,435	2,75,715	2,78,000	0.8%
Railways	1,62,410	2,41,268	2,45,794	2,55,393	3.9%
Consumer Affairs, Food and Public Distribution	2,83,954	2,05,765	2,32,498	2,23,323	-3.9%
Home Affairs	1,86,839	1,96,035	1,96,886	2,19,643	11.6%
Rural Development	1,77,840	1,59,964	1,63,643	1,80,233	10.1%
Chemicals and Fertilisers	2,53,563	1,78,482	1,91,165	1,68,500	-11.9%
Communications	1,40,976	1,23,393	1,11,327	1,37,294	23.3%
Agriculture and Farmers' Welfare	1,08,277	1,25,036	1,18,147	1,32,470	12.1%
Education	97,196	1,12,899	1,23,364	1,20,628	-2.2%
Jal Shakti	71,618	97,278	95,365	98,714	3.5%
Health and Family Welfare	75,731	89,155	83,149	90,959	9.4%
Housing and Urban Affairs	77,310	76,432	68,565	82,577	20.4%
Other Ministries	17,67,256	20,33,419	19,27,124	22,10,838	14.7%
Total Expenditure	41,93,157	45,03,097	44,42,542	48,20,512	8.5%

Sources: Expenditure Budget, Union Budget 2024-25, Controller General of Accounts; PRS.

- **Department of Economic Affairs (Ministry of Finance):** Rs 62,593 crore has been allocated to a new item of expenditure 'New Schemes' (details not available). This accounts for 78% of the Department's total allocation. The entire allocation is for capital expenditure.
- **Ministry of Communications:** Allocation is estimated to increase by Rs 25,967 crore (23.3%) in 2024-25, over the actual expenditure in 2023-24. This is mainly on account of capital infusion into BSNL, which is estimated to be Rs 82,916 crore in 2024-25. This capital infusion is estimated to be 28% higher than the revised estimates of 2023-24.
- **Ministry of Housing and Urban Affairs:** The allocation to the Ministry is estimated to increase by 20.4% (Rs 14,012 crore) in 2024-25 as compared to the actual expenditure in 2023-24. This is largely on account of an increase in allocation for PMAY – Urban. Expenditure on this scheme is estimated to be Rs 30,171 crore in 2024-25, which is 36.5% more than the revised estimates for 2023-24.

Expenditure on Subsidies

In 2024-25, the total expenditure on subsidies is estimated to be Rs 4,38,423 crore, a decrease of 0.5% from the actual expenditure in 2023-24 (Table 6).

- **Food subsidy:** Allocation for food subsidy is estimated at Rs 2,05,250 crore in 2024-25, a 3.1% decrease over the actual expenditure in 2023-24. A higher level of food subsidy was budgeted in 2021-22 and 2022-23. This was mainly on account of PMGKAY, which provides free additional foodgrains to eligible beneficiaries to mitigate the impact of COVID. This additional benefit ended in December 2022.
- **Fertiliser subsidy:** Expenditure on fertiliser subsidy is estimated at Rs 1,64,000 crore in 2024-25. This is a decrease of Rs 25,488 crore (13.5%) from the actual expenditure in 2023-24. Fertiliser subsidy was increased substantially in 2022-23 due to a sharp increase in the international prices of raw materials used in the manufacturing of fertilisers.
- The government also provides subsidies for LPG and various schemes. In 2024-25, Rs 10,000 crore has been allocated to the Price Stabilisation Fund under the Department of Consumer Affairs. This fund is utilised for maintaining buffer stocks of pulses, onions, and potatoes.

Table 6: Subsidies in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Actuals 2023-24	Budgeted 2024-25	% change (2023-24 Actuals to 2024-25 BE)
Food	2,72,802	1,97,350	2,11,814	2,05,250	-3.1%
Fertiliser	2,51,339	1,75,100	1,89,487	1,64,000	-13.5%
Interest*	41,676	27,565	23,980	29,550	23.2%
LPG Subsidy	6,817	2,257	12,240	11,925	-2.6%
Others*	5,281	812	3,090	17,698	472.6%
<i>of which allocation to Price Stabilisation Fund</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10,000</i>	
Total	5,77,916	4,03,084	4,40,612	4,38,423	-0.5%

Note: *Actual figures are revised estimates for 2023-24

Sources: Expenditure Profile, Union Budget 2024-25; PRS.

Expenditure on Major Schemes

Table 7: Scheme wise allocation in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
MGNREGS	90,806	60,000	86,000	86,000	0%
Pradhan Mantri Awas Yojana	73,615	79,590	54,103	84,671	56.5%
Jal Jeevan Mission/National Rural Drinking Water Mission	54,700	70,000	70,000	70,163	0.2%
PM-KISAN	58,254	60,000	60,000	60,000	0%
Samagra Shiksha	32,515	37,453	33,000	37,500	13.6%
National Health Mission	31,279	29,085	31,551	36,000	14.1%
Modified Interest Subvention Scheme	17,998	23,000	18,500	22,600	22.2%
Saksham Anganwadi and POSHAN 2.0	19,876	20,554	21,523	21,200	-1.5%
Pradhan Mantri Gram Sadak Yojana	18,783	19,000	17,000	19,000	11.8%
National Livelihood Mission-Ajeevika	11,536	14,129	14,129	15,047	6.5%
Pradhan Mantri Fasal Bima Yojana	10,296	13,625	15,000	14,600	-2.7%
Reform Linked Distribution Scheme	2,738	12,072	10,400	12,585	21.0%
Pradhan Mantri Poshan Shakti Nirman (PM POSHAN)	12,681	11,600	10,000	12,467	24.7%
Swachh Bharat Mission	6,851	12,192	9,550	12,192	27.7%
Pradhan Mantri Krishi Sinchai Yojana	6,380	10,787	8,781	11,840	34.8%

Sources: Expenditure Profile, Union Budget 2024-25; PRS.

- MGNREGS has the highest allocation in 2024-25 at Rs 86,000 crore. This amount is the same as the revised estimate for 2023-24. In 2023-24, allocation on the scheme is estimated to increase by 43% over the budget estimate.
- The Pradhan Mantri Awas Yojana has the second highest allocation in 2024-25 at Rs 84,671 crore, an increase of 56.5% over the revised estimate of 2023-24. In 2023-24, expenditure for the scheme is expected to be lower by 32% as compared to the budget estimates. This was mainly on account of the rural component falling short of original plans. The allocation for 2024-25 is Rs 5,038 crore (6.4%) more than the budget estimates for 2023-24 on account of a higher allocation to the urban component of the scheme.
- The Jal Jeevan Mission has the third highest allocation in 2024-25 at Rs 70,163 crore, an increase of 0.2% over the revised estimate of 2023-24. PM KISAN has been allocated Rs 60,000 crore in 2024-25, which is the same as the revised estimate of 2023-24.
- Several schemes have received an increase in allocation in 2024-25 as compared to the revised estimates for 2023-24. These include: (i) Modified Interest Subvention Scheme (22.2%), (ii) Reform Linked Distribution Scheme (21%), and (iii) PM-POSHAN (24.7%). Note that the allocation for the Modified Interest Subvention Scheme in 2024-25 (Rs 22,600 crore) is Rs 400 crore lower than the budget estimate for 2023-24 (Rs 23,000 crore).

Loans to states for capital expenditure

- The Centre has budgeted Rs 1,50,000 crore for special interest-free loans to states for capital expenditure in 2024-25. This is 15.4% higher than the budget estimate for 2023-24 (Rs 1,30,000 crore). In 2023-24, as per the revised estimates, expenditure on this head has been reduced by 18.8% to Rs 1,05,551 crore as compared to budget estimates for the year.

Expenditure on Scheduled Caste and Scheduled Tribe sub-plans and schemes for the welfare of women, children, and the North Eastern Region (NER)

- Programmes for the welfare of women and children have been allocated Rs 4,37,079 crore in 2024-25, an increase of 18.5% over the revised estimate of 2023-24. These allocations include programmes being implemented across all ministries.
- Allocation towards the welfare of women is expected to increase due to a higher allocation towards the Pradhan Mantri Awas Yojana. Under the Awas Yojana, the female head of the family must be the owner or co-owner of the house.

Table 8: Allocations for women, children, SCs, STs and NER (Rs crore)

	Actuals 2022-23	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
Welfare of Women	2,31,333	2,75,095	3,27,158	18.9%
Welfare of Children	86,883	93,659	1,09,921	17.4%
Scheduled Castes	1,33,008	1,46,861	1,65,493	12.7%
Scheduled Tribes	92,176	1,09,242	1,24,909	14.3%
North Eastern Region	-	91,785	1,00,893	9.9%

Note: Actual expenditure on the NER is not available for 2022-23.
Sources: Expenditure Profile, Union Budget 2024-25; PRS.

- Allocation towards the welfare of children is expected to increase due to a higher allocation towards school education.

Fiscal Responsibility and Budget Management targets

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the central government to progressively reduce its outstanding debt, revenue deficit and fiscal deficit, and to give three year rolling targets for these. Note that the Medium-Term Fiscal Policy Statement has not provided rolling targets for budget deficits since 2021-22. In the Budget speech, the Finance Minister reiterated the government's aim to reduce fiscal deficit to below 4.5% of GDP by 2025-26.

Fiscal deficit is an indicator of borrowings by the government for financing its expenditure. The estimated fiscal deficit for 2024-25 is 4.9% of GDP.

Revenue deficit is the excess of revenue expenditure over revenue receipts. Such a deficit implies that the government needs to borrow funds to meet recurring expenses which may not provide future returns.

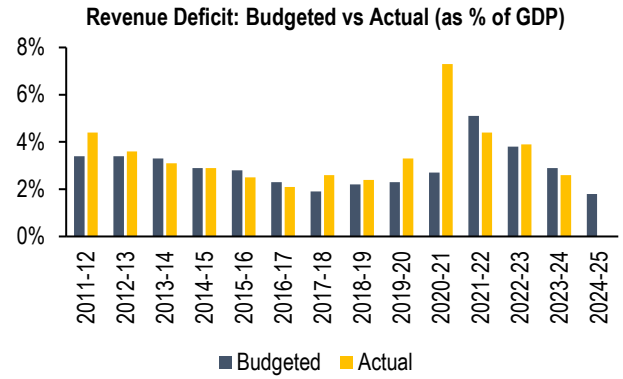
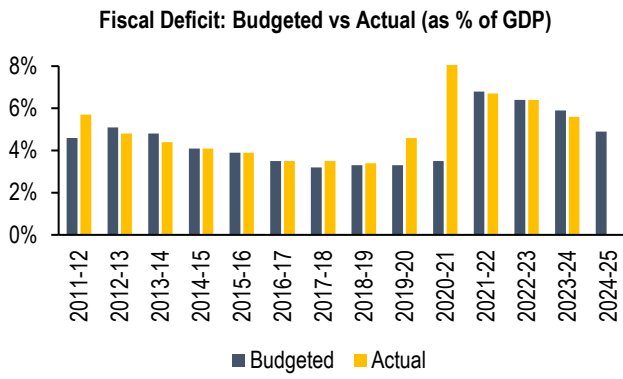
The estimated revenue deficit for 2024-25 is 1.8% of GDP. This is lower than the actuals of 2023-24 (2.6%). In 2024-25, revenue receipts are estimated to register a growth of 14.7% which is higher than the 6.2% growth in revenue expenditure.

Primary deficit is fiscal deficit less interest payments. It is estimated to be 1.4% of GDP in 2024-25.

Table 9: FRBM targets for deficits (as % of GDP)

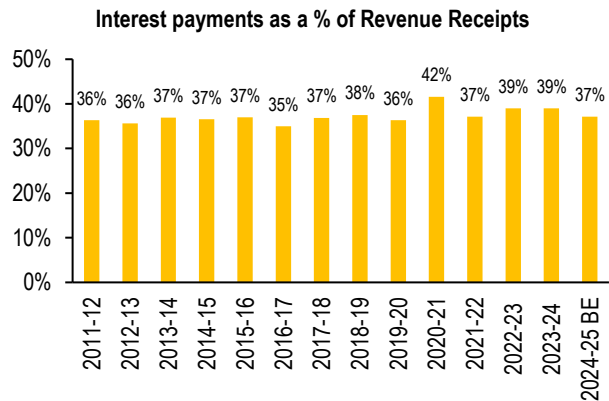
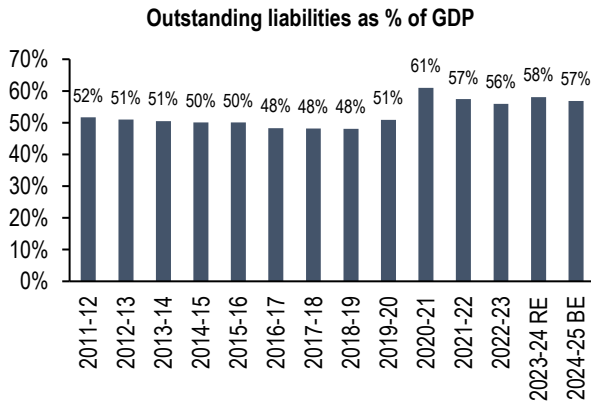
	Actuals 2022-23	Actuals 2023-24	Budgeted 2024-25
Fiscal Deficit	6.4%	5.6%	4.9%
Revenue Deficit	3.9%	2.6%	1.8%
Primary Deficit	3.0%	2.0%	1.4%

Sources: Medium Term Fiscal Policy Statement, Union Budget 2024-25; PRS.



Sources: Budget at a Glance, Union Budget (various years); PRS.

- **Outstanding liabilities** is the accumulation of borrowings over the years. A higher debt implies that the government has a higher loan repayment obligation over the years.
- The centre’s outstanding liabilities in 2024-25 are estimated to be 56.8% of the GDP. Outstanding liabilities had declined from 51% in 2012-13 to 48.1% in 2018-19. From 2019-20 onwards, outstanding liabilities have been increasing, and had reached a high of 61% in 2020-21, and have moderated thereafter. Guarantees given by the centre stand at 1.2% of GDP at the end of 2022-23.
- Interest payments as a percentage of revenue receipts increased from 37% in 2013-14 to 42% in 2020-21. It is estimated to be 37% of revenue receipts in 2024-25.



Note: RE is revised estimate and BE is budget estimate.

Sources: Union Budget Documents 2024-25, RBI Database on Indian Economy; PRS.

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