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UNION BUDGET 2024

Key Economic Indicators

- ▶ GDP to grow at **6.5 - 7%** in 2024-25 vs. **8.2%** in FY 2024
- ▶ Retail Inflation at **5.4%** in FY 2024, compared to **6.7%** in FY 2023
- ▶ Unemployment rate declined to **3.2%** in 2022-23
- ▶ Fiscal Deficit at **5.6%** of GDP in FY 2024, compared to **6.4%** in FY 2023
- ▶ RBI kept the repo rate unchanged at **6.5%** since February 2023
- ▶ India has improved its Current Account Deficit, which narrowed **0.7%** in FY 2024
- ▶ Net FDI inflows amounted to **US\$ 26.5 billion** in FY 2024, **36.9%** lower than FY 2023
- ▶ Net Foreign Portfolio Investment amounts to **US\$ 44.1 billion** in FY 2024
- ▶ External Debt to GDP ratio stood at **18.7%** till March 2024
- ▶ Gross Fixed Capital Formation increased by **9%** in real terms in 2023-24
- ▶ PLI schemes have garnered **INR 1.28 Lakh crs.** of investment



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Key Policy Reforms

- ▶ To launch auction of **first mining blocks**

- ▶ **E-commerce hubs** to be set up in Public Private Partnership

- ▶ Announcement of Economic Policy framework for **next-gen reforms** to boost economy growth

- ▶ Announcement of **critical mineral mission** for domestic production, **recycling of critical minerals** and overseas acquisition of **critical mineral assets**

- ▶ Emphasis on expanding the **space economy** by 5 times over the next 10 years. A venture capital fund of **INR 1000 crs.** will be established

- ▶ A new scheme will be introduced to facilitate **term loans for MSMEs** for the purchase of machinery and equipment without collateral and guarantee

- ▶ Limit of MUDRA loans will be enhanced to **INR 20 lakhs** from current **10 Lakhs**

- ▶ An integrated tech platform will be set up to improve outcomes under **IBC**

- ▶ Under the PM Awas Yojna – Urban, the housing needs of one crore poor and middle class families will be addressed with an investment of **INR 10 lakh crs.**



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Key Direct Taxes Proposals

- ▶ **Foreign Company tax rate** slashed to **35%** from 40%; **Slab rate revised** in case of new-regime for individuals

- ▶ **Comprehensive Review of Income Tax Act, 1961** - proposed to be completed in 6 months

- ▶ Income resulting from **shares buy-back** by any companies will be **taxable in the hands of the recipient** as deemed dividend

- ▶ **Abolishment of Angel Tax** announced for all classes of investors

- ▶ **Short Term Capital Gains tax rate** increased from 15% to **20%**; **Long Term Capital Gains tax rate** increased from 10% to **12.5%** along with increase in **exemption** limit from INR 1 lac to **INR 1.25 Lacs**. Indexation benefit removed on sale of property

- ▶ **Direct Tax Vivad se Vishwas Scheme 2024** proposed to reduce pending litigations

- ▶ Under new tax regime, **standard deduction** hiked to **INR 75,000** from Rs 50,000

- ▶ **Time-limit for reassessment reduced** and the whole procedure for reassessment is proposed to be rationalized

- ▶ **Withholding tax rate** reduced to **0.1%** in case of payment by e-commerce operators to e-commerce participants

- ▶ SOP to be prescribed for **TDS defaults** and **simplify and rationalize compounding** of such offence



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Key Indirect Taxes Proposals

- ▶ Tax structure to be simplified and rationalised under GST
- ▶ Rationalization of Customs duty to support domestic manufacturing and promote export competitiveness by review of rate structure and removal of duty inversion
- ▶ Reduction in BCD rates on mobile phones and accessories to 15%
- ▶ Increase in list of exempted goods for manufacture of leather and textile garments footwear and leather articles for export
- ▶ Reduction in customs duty for manufacture of spandex yarn from 7.5% to 5%
- ▶ Reduction in customs duty on gold and silver to 6% and for platinum to 6.4%
- ▶ Reduction in customs duty for manufacture of spandex yarn from 7.5% to 5%
- ▶ Insertion of Section 74A under GST laws to provide a common time line for issuance of demand notices and orders for F.Y. 2024-25 onwards for cases involving suppression as well for cases not involving suppression
- ▶ Existing Section 73 and Section 74 under GST laws to be applicable upto demand pertaining to F.Y. 2023-24
- ▶ Insertion of Section 128A under GST laws to provide for conditional waiver of interest and penalty for F.Y. 2017-18 to F.Y 2019-20 for cases falling under Section 73