

UNION BUDGET 2024-25

KEY TAKEAWAYS FOR THE SPACE SECTOR

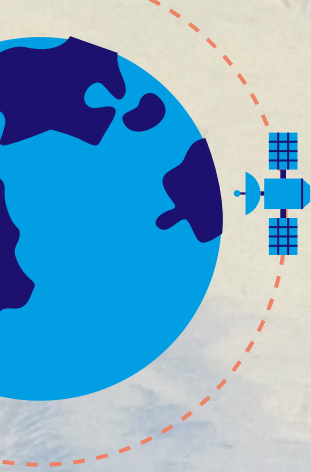
Prepared by


SIAINDIA
An association for space industry

DSK Legal 
True Value, True Values

BUDGET HIGHLIGHTS IN GENERAL

Focus Area	Details
Employment	- 20 lakh youth to be skilled over a 5-year period.
	- 1,000 Industrial Training Institutes to be upgraded in hub-and-spoke arrangements with outcome orientation.
	- Course content & design aligned with industry skill needs.
	- Launch of internship opportunities in 500 companies for 1 crore youth, with ₹5,000/month allowance.
Women	- Allocation of more than ₹3 lakh crore for schemes benefitting women and girls.
MSMEs	- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector.
	- Mudra Loans limit increased to ₹20 lakh from ₹10 lakh under the 'Tarun' category.
	- Turnover threshold for mandatory onboarding on the TREDS platform reduced from ₹500 crore to ₹250 crore.
	- SIDBI to open 24 new branches to serve MSME clusters.
Innovation, Research & Development	- Operationalization of the Anusandhan National Research Fund for basic research and prototype development.
	- Private sector-driven research and innovation with a ₹1 lakh crore financing pool.
	- Financial incentives for academic institutions to collaborate with startups.



Focus Area	Details
Employment	- 20 lakh youth to be skilled over a 5-year period.
Space Economy	- The budget analysis for the Department of Space for 2024-2025 shows significant changes. The gross budget allocation increased from ₹10,158.48 crores in 2022-2023 to ₹13,042.75 crores in 2024-2025, marking a 23.76% increase from 2022-2023 to 2023-2024 and a recent 17.83% rise from revised 2023-2024 figures. Establishment expenditures saw notable increases, particularly IN-SPACe with a dramatic 359.61% rise from 2022-2023 figures. Central Sector Schemes, notably Space Technology related schemes, increased from ₹7,646.71 crores in 2022-2023 to ₹10,087.52 crores in 2024-2025. Autonomous Bodies expenditure grew by 6.64% from 2023-2024 to 2024-2025, reflecting investments in key institutes. Establishment of a ₹1,000 crore venture capital fund will be an additional boost for the space start-ups.
Infrastructure	- Provision of ₹11,11,111 crore for infrastructure (3.4% of GDP).
	- Development of twelve new industrial parks under the National Industrial Corridor Development programme.
	- Road connectivity projects including a 2-way bridge over the Ganga in Buxar at a cost of ₹26,000 crore.
	- Expansion of rural infrastructure through PM Gramin Sadak Yojana (Phase 4) and allocation of ₹2.66 lakh crore.
	- Housing needs of 1 crore urban poor and middle-class families to be addressed with ₹10 lakh crore investment.
	- Digital crop survey in 400 districts.
	- Land records digitization with GIS mapping and advanced GPS technologies.



Focus Area	Details
FDI and Overseas Investments	- Simplified processes to facilitate FDIs.
	- Promotion of using Indian Rupee for overseas investments.
Tax Proposals	- Simplification of tax regime.
	- Increase in exemption limit for capital gains on financial assets to ₹1.25 lakh per year.
	- Abolition of ANGEL tax for all classes of investors.
	- Safe harbour rates for foreign mining companies selling raw diamonds.
	- Reduction in corporate tax rate on foreign companies from 40% to 35%.
	- Allocation of ₹1,200 crore to Research and Development Projects.
Customs Duty	- Proposed 5% increase in basic customs duty (BCD) on printed circuit board assembly (PCBA) to 15% to boost local manufacturing of telecom network gear and make imports costlier.

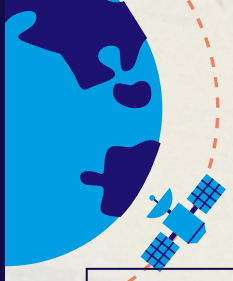


SPECIFIC KEY TAKEAWAYS FOR SPACE SECTOR

Focus Area	SIA-India Proposal in Pre-Budget Memo	Budget Announcement 2024-2025
Space Budget	Increase Space Budget to align with global standards	- The govt has allocated Rs 13,042.75 crore to the space sector, up from the Rs 12,543.91 crore allocated in 2023-24. IN-SPACe: Increase from ₹20.91 crores in 2022-2023 to ₹96.00 crores in 2024-2025 which is major increase by >300%. This funding boost aligns with the government's broader strategy to foster private sector participation and accelerate growth in the space sector. [full breakdown of space budget in the annexure]
Venture Capital Fund for Start-ups	Introduce venture debt support for deep tech startups as an alternative to traditional equity financing.	The GOI will establish a ₹1,000 crores venture capital fund to support early-stage startups in the space sector, which will provide essential financial backing to support growth and innovation enabling early-stage startups and incubation stage-startups to access the capital they need to grow. Additionally, it can be stated that the setting-up of this fund is a good start and it is hoped that the fund is grown to a larger size.
Abolishing Angel Tax	Address Angel Tax concerns and implement reforms for a conducive environment for angel investors.	The GOI has abolished the angel tax, which taxed capital raised by startups above their fair market value. This is a landmark move, and is intended to ease the financial burden on startups, as it would encourage more investment and foster more innovation and entrepreneurship in the space sector.



Focus Area	SIA-India Proposal in Pre-Budget Memo	Budget Announcement 2024-2025
Customs Duty Exemptions	Extend customs duty exemptions to Tier 1 and Tier 2 contractors in space projects.	- 5% increase in basic customs duty (BCD) for printed circuit board assembly (PCBA) to boost local manufacturing.
Simplification and Rationalisation of Capital Gains	Recommended for Waiver of Capital Gains Tax	The proposed capital gains reforms will benefit the startup and MSMEs by reducing the long-term capital gains tax rate to 12.5% and increasing the annual exemption limit to ₹1.25 lakh. Additionally, listed financial assets held over a year will qualify as long-term, easing tax burdens for startups.
Foreign Direct Investment and Overseas Investment	Liberalize regulations to attract more funding from venture capitalists and simplify FDI processes	The rules and regulations for Foreign Direct Investment and Overseas Investments will be simplified to (1) facilitate foreign direct investments, (2) nudge prioritization, and (3) promote opportunities for using Indian Rupee as a currency for overseas investments.
Reduction in Corporate Tax	SIA-India has given various recommendations aimed at enhancing tax incentives and financial flexibility for deep tech startups and the space industry.	Reduction in corporate tax rate on foreign companies from 40% to 35%.



Focus Area	SIA-India Proposal in Pre-Budget Memo	Budget Announcement 2024-2025
Credit Guarantee Scheme for MSMEs	- Facilitate loans to start-ups and MSMEs	For facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme will be introduced. The scheme will operate on pooling of credit risks of such MSMEs. A separately constituted self-financing guarantee fund will provide, to each applicant, guarantee cover up to ` 100 crore, while the loan amount may be larger. The borrower will have to provide an upfront guarantee fee and an annual guarantee fee on the reducing loan balance.
Geospatial Applications	Promote demand for satellite data analytics and remote sensing applications.	- The urban land records are to be digitized with Geographic Information Systems (GIS) mapping through the establishment of an IT based system. The aforesaid activities will involve coverage and mapping of large area of lands, and will require support from space players engaged in geo-spatial data imagery. The GOI will, in partnership with the States, facilitate implementation of Digital public infrastructure (DPI) in agriculture for coverage of farmers and their land in 3 (three) years. This DPI will involve digital crop survey which involves usage of satellite imagery, thereby likely leading to a growth in the space sector.
R&D	Incentives to boost R&D and incentives to encourage private sector involvement in high-risk ventures, specifically for deep tech R&D.	-The GOI has announced the operationalization of Anusandhan National Research Fund (ANRF), which aims to foster R&D across various fields including technology, earth sciences and agriculture. GOI will provide a corpus of Rupees 1 (one) Lakh Crore in the form of a fifty-year interest-free loan to support research and innovation at a commercial scale, and it is likely that considerable funds will be devoted by ANRF towards fostering innovation and growth in the space sector.



KEY AREAS TO BE ADDRESSED

Key areas that remain to be addressed in the budget 2024 will be taken up by SIA-India with the relevant ministries and departments to ensure that the interests of the space industry are adequately represented. These efforts will focus on advocating for policy adjustments and incentives that support the growth and competitiveness of the sector, fostering a robust ecosystem for innovation and development.

- 1. Implementation of PLI:** Need for effective implementation of the Production Linked Incentive (PLI) schemes for the space sector.
- 2. Quantitative Analysis of the Space Economy:** Detailed quantitative analysis, including adopting a satellite account aligned with global standards to ensure accurate measurement and prevent double counting.
- 3. Government Procurements:** The government should act as a key customer for startups and MSMEs by prioritizing their procurement needs, which can drive innovation and support emerging technologies. Emphasis on procuring downstream products like satellite data analytics and remote sensing applications to foster innovation and economic growth.
- 4. Extended Tax Holidays:** Extend tax holidays to seven years for deep-tech startups to stimulate R&D innovation.
- 5. Lower GST Rates and Import Duties:** Advocate for lower GST rates and reduced import duties on critical components and low-interest financial loans.
- 6. Cybersecurity:** Allocate sufficient resources for effective cybersecurity systems to safeguard valuable space assets.
- 7. Integration into Defence Offsets:** Integrate space manufacturing into defence offset obligations to ensure sustained funding and maintain market demand.
- 8. Startup Validity Extension:** Extend the startup validity period for deep tech startups by another four years to support longer gestation periods.
- 9. Loans & Interest Subsidies:** Establish/designate public sector undertakings for financing space sector projects with specifically crafted loan facilities, including appropriate moratoriums.
- 10. Educational and Research Institutions:** Establish more centres of excellence in space technology and research across the country.
- 11. Advanced Testing Facilities:** Channel funds into developing advanced testing facilities for space-related technologies.
- 12. Data Centers:** Develop dedicated data centers for space data management.

ANNEXURE

Analysis of Budget Demands for Grants 2024-2025: Department of Space

Gross Budget Allocation

2022-2023: ₹10,158.48 crores

2023-2024: ₹12,543.91 crores

Revised 2023-2024: ₹11,070.07 crores

2024-2025: ₹13,042.75 crores

Year-on-Year Increase (2022-2023 to 2023-2024): 23.76%

Recent Increase (Revised 2023-2024 to 2024-2025): 17.83%

A. Establishment Expenditure:

Secretariat: Increased from ₹113.43 crores in 2022-2023 to ₹161.49 crores in 2024-2025.

ISRO Headquarters: Increase from ₹190.40 crores in 2022-2023 to ₹221.07 crores in 2024-2025.

IN-SPACe: Increase from ₹20.91 crores in 2022-2023 to ₹96.00 crores in 2024-2025.

Secretariat Increase (2022-2023 to 2024-2025): 42.36%

ISRO Headquarters Increase (2022-2023 to 2024-2025): 16.11%

IN-SPACe Increase (2022-2023 to 2024-2025): 359.61%

Total Establishment Expenditure Increase (Revised 2023-2024 to 2024-2025): 5.46%

B. Central Sector Schemes/Projects:

- Space Technology: Increased from ₹7,646.71 crores in 2022-2023 to ₹10,087.52 crores in 2024-2025.
- Space Applications: Increased from ₹1,268.56 crores in 2022-2023 to ₹1,611.71 crores in 2024-2025.
- Space Sciences: Slight increase from ₹114.13 crores in 2022-2023 to ₹133.57 crores in 2024-2025.
- INSAT Satellite Systems: Decreased from ₹414.18 crores in 2022-2023 to ₹276.00 crores in 2024-2025.

C. Autonomous Bodies:

- *Indian Institute of Space Science and Technology (IIST): Increased from ₹72.77 crores in 2022-2023 to ₹129.50 crores in 2024-2025.*
- *Semi-Conductor Laboratory (SCL): No budget provision for 2024-2025 due to administrative transfer.*
- *North Eastern Space Applications Centre (NE-SAC): Increased from ₹24.27 crores in 2022-2023 to ₹51.49 crores in 2024-2025.*
- *National Atmospheric Research Laboratory (NARL): Increased from ₹33.92 crores in 2022-2023 to ₹52.00 crores in 2024-2025.*
- *Physical Research Laboratory (PRL): Increased from ₹177.50 crores in 2022-2023 to ₹217.00 crores in 2024-2025.*

Total Autonomous Bodies:

2022-2023: ₹388.46 crores

2023-2024: ₹408.69 crores

Revised 2023-2024: ₹421.99 crores

2024-2025: ₹449.99 crores

The Total Autonomous Bodies expenditure increased by 6.64% from 2023-2024 to 2024-2025.

D. Others:

1. *NewSpace India Limited (NSIL): Budget remains minimal at ₹1 crore in 2023-24, no allocation this fiscal.*
2. *International Co-operation: Decreased from ₹13.90 crores in 2023-2024 to ₹4.40 crores in 2024-2025.*
3. *Space Research: Increased from ₹5,772.57 crores in 2022-2023 to ₹7,313.73 crores in 2024-2025.*

Disclaimer:

Figures are extracted from the Union Budget.

Errors and Omissions are regretted.

ABOUT US



About Us

As a dynamic, not-for-profit space sector association, SIA-India is dedicated to advancing sectoral interests, accelerating industry growth, and catalysing innovation through strategic engagements with key governmental and global stakeholders, policymakers, regulatory bodies, and standardization entities, aiming to create a vibrant and innovative ecosystem.

For more information, please contact

SATCOM INDUSTRY ASSOCIATION

**Suite B-306, 3rd Floor, Somdatt Chambers-I, 5-Bhikaji Cama Place,
New Delhi-110066**



Tel: +91-11-4604 8743



Email: info@sia-India.com



www.sia-india.com