



Interim Budget 2024 – Vote on account Budget

Interim Budget was very balanced with desired higher capital outlay growth (INR 11.1 trillion, increase of 11.1% yoy) coupled with reduction in the fiscal deficit.

Revenue & expenditure estimates for FY25 period looks reasonable and are not aggressively projected. Divestment target is estimated at INR 500 bn for FY25 vs. INR 300 bn in FY24 RE. Nominal GDP growth rate is estimated to grow by 10.5% in FY25 (H1FY24 real GDP growth was at 7.7%). Based on this, g-sec market borrowing programme is estimated at INR 11.75 trillion similar to FY24 levels of INR 11.8 trillion. Lower fiscal deficit coupled with lower borrowings is likely to push yields downwards. This sets the tone of lower g-sec yields in FY25 period which is likely to be positive for the economy in general.

Fiscal deficit is pegged at 5.1% levels for FY25 vs. FY24 revised estimates of 5.8%. Also, major popular schemes are continued in next fiscal as well like Pradhan Mantri Awas Yojana Scheme.

Tax rates including direct and indirect are kept unchanged. The budget's strong emphasis on capital infrastructure capex ensures the continuity of previous investments, positioning India for third place in the global economy by 2030.

Union Budget Highlights

- Outlay for the Pradhan Mantri Awas Yojana pegged at INR 806.7 bn (1.3% yoy growth in FY25)
- Housing for Middle Class scheme is likely to be launched to promote middle class to buy/built their own houses
- Capital spending for FY25 increased by 11.1% yoy to INR 11.11 trillion which is 3.4% of the GDP
- To enable mutli-modal connectivity, three new corridors for the railways - Energy, Mineral and Cement corridor, Port Connectivity Corridor and a High Traffic Density Corridor - were announced under PM Gati Shakti Scheme
- Also, 40,000 bogies will be converted to Vande Bharat standard to improve safety and convenience for passengers.
- No major changes in the direct & indirect tax rates
- Expansion of existing airports and comprehensive development of new airports under UDAN scheme
- Promotion of urban transformation via Metro rail and NaMo Bharat

- National Health Mission outlay increased by 12.7% yoy to INR 381.8 bn (Encourage Cervical Cancer Vaccination for girls (9-14 years, Health cover under Ayushman Bharat scheme to be extended to all ASHA, Angawadi workers and helpers)
- After the successful adoption of Nano Urea, application of Nano DAP on various crops will be expanded in all agro-climatic zones.
- **Increased allocation for blue revolution by 16.2% yoy to INR 23.5 bn**
 - a. Application of Nano-DAP to be expanded in all agro-climatic zones
 - b. Atmanirbhar Oilseeds Abhiyaan-Strategy to be formulated to achieve atmanirbharta for oilseeds
 - c. Comprehensive programme for dairy development to be formulated
 - d. Integrated Aquaparks to be set up
 - e. Implementation of Pradhan Mantri Matsya Sampada Yojana to be stepped up to enhance aquaculture productivity, double exports and generate more employment opportunities
- Outlay for solar power (Grid) by more than 100% to INR 100 bn; this will enable rooftop solarization of 1 cr households that will get 300 units free electricity every month
- Outlay for Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) pegged at INR 2 trillion which will include Direct financial assistance to 11.8 crore farmers under PM-KISAN, Crop Insurance to 4 crore farmers under PM Fasal Bima Yojana, integration of 1,361 mandis under eNAM, supporting trading volume of ₹ 3 lakh crore
- Expansion of existing airports and development of new airports will continue expeditiously.
- Provision of INR 750 bn for realizing mission of Vikshit Bharat which will be interest free loans to support those milestone-linked reforms by the State Governments.

KEY FISCAL MEASURES

- **Expenditure:** The government proposes to spend Rs 47.7 trillion in 2024-25
- **Revenue Receipts:** The total revenue receipts (gross tax revenue + non-tax revenue) in 2024-25 are expected to be to INR 30 trillion, an increase of 11.2% over revised estimate of 2023-24.
- **GDP:** The government has estimated a nominal GDP growth rate of 10.5% in 2024-25 over advance estimate of FY23-24. As per latest estimate of NSO, real GDP has grown by 7.7% in H1 FY24.
- **Deficits:** Fiscal deficit in 2024-25 is targeted at 5.1% of GDP, lower than the revised estimate of 5.8% of GDP in 2023-24.

Key Budget Parameters

(Rs.cr)	FY23	FY24 (RE)	FY25 (BE)	Growth (Y-o-Y %)	
				FY24	FY25
Revenue Receipts	23,83,206	26,99,713	30,01,275	13.3	11.2
Tax Revenue	20,97,786	23,23,918	26,01,574	10.8	11.9
Non Tax Revenue	285,421	375,795	399,701	31.7	6.4
Revenue Deficit (10-1)	10,69,926	8,40,527	6,53,383	-21.4	-22.3
<i>(as a % of GDP)</i>	<i>(3.9)</i>	<i>(2.8)</i>	<i>(2.0)</i>		
Effective Revenue Deficit	7,63,662	5,19,337	2,67,801	-32.0	-48.4
<i>(as a % of GDP)</i>	<i>(2.8)</i>	<i>(1.8)</i>	<i>(0.8)</i>		
Fiscal Deficit	17,37,755	17,34,773	1,685,494	-0.2	-2.8
<i>(as a % of GDP)</i>	<i>(6.4)</i>	<i>(5.8)</i>	<i>(5.1)</i>		
Primary Deficit	8,09,238	6,79,346	4,95,054	-16.1	-27.1
<i>(as a % of GDP)</i>	<i>(3.0)</i>	<i>(2.3)</i>	<i>(1.5)</i>		
Market Borrowings (G-Sec)	11,05,836	11,80,456	11,75,182	6.7	-0.4

Source: Dalal & Broacha Research, Company

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