Interim Union Budget 2024-25: Growth, prudence and stability

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Mumbai

Economic Policy & Research Department

Summary

- The Interim Union Budget FY25 focuses on growth, welfare and fiscal prudence, while ensuring policy continuity.
- The focus on capacity building through higher spending on hard as well as soft infrastructure and consequently facilitating job creation has continued. Capex now is the highest in 26 years, as share of GDP (3.4%), with a CAGR of 27% in the last five years. Focus areas have remained housing, roads, railways, defence and solar.
- The welfare of four major 'castes', the poor, farmers, women and youth is recognized as being crucial to the overall well-being of the country and its long-term economic growth.
- While there were no tax changes in an interim budget, the tax regime has been rationalized over the years to ensure stability and certainty. This is reflected in tax collections over the years, with direct tax to GDP ratio at 6.6% being the highest since 1980s.
- The support to growth and welfare has come without compromising on fiscal restraint. Notwithstanding a lower-than-budgeted nominal GDP growth, FY23RE at 5.8% undershoots BE by 10bps, aided by strong tax buoyancy.
- Fiscal deficit budgeted at 5.1% for FY25 based on reasonable estimates, with a commitment to bring it down to sub-4.5% in the following year.
- Market borrowings at Rs 14.1 lakh crores is expected to fund 70% of the deficit, with 28% funded by small savings.
- Overall, the budget ensure economic stability and growth while providing a welfare umbrella for the Indian population.

Salient points

- ✓ **Vision:** The Interim Union Budget FY25 represents a continuation of the Government's strategic vision for the nation's growth, infrastructure development, technological advancement, social empowerment and fiscal consolidation. It builds on the foundation for the country to navigate global challenges in the coming years by ensuring sustainable and inclusive growth via next-gen reforms and become a developed nation by 2047.
- ✓ **Fiscal Math:** Nominal FY25 GDP at Rs328 lakh crore, assuming 10.5% growth. Total receipts growth at 11.8% reasonable, led by 11.9% growth in net tax receipts. Expenditure growth modest at 6.1% YoY, thanks to a mere 3.2% growth in revenue expenditure, while capex growth is pegged at a strong 16.9%. Gross market borrowings down 8.4% YoY to Rs 14.1 lakh crore—lower than market expectations, even as net borrowings remain flat, thanks to lower repayments (Funding 70% of the deficit). Overall, the fiscal math looks credible.
- ✓ **Fiscal strategy:** Striking a balance between capex-led growth and welfare, while ensuring fiscal restraint; on track to reduce fiscal deficit/GDP to sub-4.5% by FY26. Continuation of 50-year interest free loans for another year, coupled with an additional provision of interest-free milestone-based loans, to States to allow greater autonomy in charting a growth roadmap.

Salient points (Contd.)

- ✓ **Capex-led support to growth** has continued for yet another year. Capex at 3.4% of GDP is the highest in 26 years, and now comprises of 23.3% of total expenditure—the highest in 30 years.
- ✓ The focus has remained on empowerment over entitlement to reduce poverty and foster sustainable and inclusive development.
- ✓ **Simplified tax filing/refund process:** The tax filing process has gained significant transparency, efficiency and accountability over the last several years. Average processing time down from 93 days to 10 days this year, ensuring faster returns and consequently improving ease of doing business. Outstanding direct tax demands below some thresholds for past years up to FY15.

Figure 1: Annual fiscal deficit trend

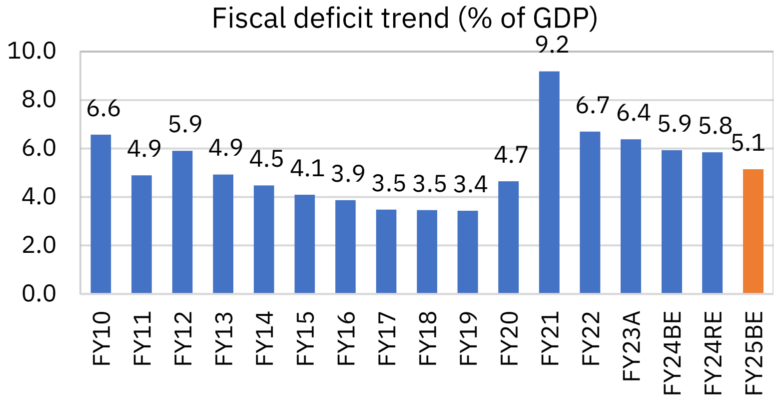


Table 1: A quick glance at fiscal balances

Rs lakh crore	FY24RE	%YoY	FY25BE	%YoY
Net tax revenues	23.2	10.8	26.0	11.9
Non-tax revenues	3.8	31.7	4.0	6.4
Non-debt cap receipts	0.6	-22.4	0.8	41.1
Total receipts	**27.6**	**12.2**	**30.8**	**11.8**
Revenue Expenditure	35.4	2.5	36.5	3.2
Capital Expenditure	9.5	28.4	11.1	16.9
Total expenditure	**44.9**	**7.1**	**47.7**	**6.1**
Fiscal deficit	**17.3**	**-0.2**	**16.9**	**-2.8**
% GDP	**5.8**		**5.1**	

Source: Budget Documents, NSE EPR. BE – Budget Estimate, RE – Revised Estimate, A – Actual

Fiscal deficit snapshot

Table 2: Fiscal math

Items (Rs lakh crore)	FY23A	FY23A (% YoY)	FY24BE	FY24BE (% YoY)	FY24RE	FY24RE (% YoY)	FY25BE	FY24BE over FY23RE (% YoY)
Central govt. net tax revenue	**21.0**	**16.2**	**23.3**	**11.1**	**23.2**	**10.8**	**26.0**	**11.9**
Gross tax revenues	**30.5**	**12.7**	**33.6**	**10.0**	**34.4**	**12.5**	**38.3**	**11.5**
Of which:								
Direct Tax	**16.6**	**17.8**	**18.2**	**9.9**	**19.5**	**17.2**	**22.0**	**13.1**
Corporation tax	8.3	16.0	9.2	11.7	9.2	11.7	10.4	13.0
Income tax	8.3	19.7	9.0	8.1	10.2	22.7	11.6	13.1
Indirect Tax	**14.0**	**7.2**	**15.4**	**10.2**	**14.9**	**7.0**	**16.3**	**9.4**
Goods and service tax	8.5	21.6	9.6	12.7	9.6	12.7	10.7	11.6
Custom Duties	2.1	6.8	2.3	9.2	2.2	2.5	2.3	5.8
Excise Duties	3.2	(19.2)	3.4	6.3	3.0	(4.8)	3.2	5.0
States Share	(9.5)	5.6	(10.2)	7.7	(11.0)	16.5	(12.2)	10.4
Transferred to NCCD	(0.1)	30.5	(0.1)	9.7	(0.1)	10.0	(0.1)	7.3
Non-Tax Revenue	2.9	**(21.8)**	3.0	**5.7**	3.8	**31.7**	4.0	**6.4**
Dividends and profits	1.0	(37.8)	0.9	(8.9)	1.5	54.5	1.5	(2.9)
Central govt. revenue receipts	**23.8**	**9.8**	**26.3**	**10.5**	**27.0**	**13.3**	**30.0**	**11.2**
Non-Debt Capital Receipts	0.7	83.4	0.8	16.3	0.6	(22.4)	0.8	41.1
Divestment proceeds	0.5	214.5	0.6	32.5	0.3	(34.8)	0.5	66.7
Total Receipts	**24.6**	**11.1**	**27.2**	**10.6**	**27.6**	**12.2**	**30.8**	**11.8**
Revenue Expenditure	34.5	7.9	35.0	1.4	35.4	2.5	36.5	3.2
Interest Payments	9.3	15.3	10.8	16.3	10.6	13.7	11.9	12.8
Subsidy outgo	5.8	14.7	4.0	(30.3)	4.4	(23.8)	4.1	(7.0)
Capital Expenditure	7.4	24.8	10.0	35.3	9.5	28.4	11.1	16.9
Total Expenditure	**41.9**	**10.5**	**45.0**	**7.4**	**44.9**	**7.1**	**47.7**	**6.1**
Fiscal Deficit	**(17.4)**	**9.7**	**(17.9)**	**2.8**	**(17.3)**	**(0.2)**	**(16.9)**	**(2.8)**
Fiscal Deficit/GDP	**(6.4)**		**(5.9)**		**(5.8)**		**(5.1)**	

Source: Budget Documents, NSE EPR. BE – Budget Estimate, RE – Revised Estimate, A – Actual. Growth in FY24BE and FY24RE figures are on FY23 actual figures.

Fiscal deficit snapshot (% of GDP)

Table 3: Fiscal math (% of GDP)

Items (% of GDP)	FY22	FY23	FY24BE	FY24RE	FY25BE
Central govt. net tax revenue	**7.6**	**7.7**	**7.7**	**7.8**	**7.9**
Gross tax revenues	**11.4**	**11.2**	**11.1**	**11.6**	**11.7**
Of which:					
Direct Tax	**6.0**	**6.1**	**6.0**	**6.6**	**6.7**
Corporation tax	3.0	3.0	3.1	3.1	3.2
Income tax	2.9	3.1	3.0	3.4	3.5
Indirect Tax	**5.5**	**5.1**	**5.1**	**5.0**	**5.0**
Goods and service tax	3.0	3.1	3.2	3.2	3.3
Custom Duties	0.8	0.8	0.8	0.7	0.7
Excise Duties	1.7	1.2	1.1	1.0	1.0
States Share	-3.8	-3.5	-3.4	-3.7	-3.7
Transferred to NCCD	0.0	0.0	0.0	0.0	0.0
Non-Tax Revenue	**1.5**	**1.0**	**1.0**	**1.3**	**1.2**
Dividends and profits	0.7	0.4	0.3	0.5	0.5
Central govt. revenue receipts	**9.2**	**8.7**	**8.7**	**9.1**	**9.2**
Non-Debt Capital Receipts	0.2	0.3	0.3	0.2	0.2
Divestment proceeds	0.1	0.2	0.2	0.1	0.2
Total Receipts	**9.3**	**9.0**	**9.0**	**9.3**	**9.4**
Revenue Expenditure	13.5	12.7	11.6	11.9	11.2
Interest Payments	3.4	3.4	3.6	3.6	3.6
Subsidy outgo	2.1	2.1	1.3	1.5	1.3
Capital Expenditure	2.5	2.7	3.3	3.2	3.4
Total Expenditure	**16.0**	**15.4**	**14.9**	**15.1**	**14.5**
Fiscal Deficit	**6.7**	**6.4**	**5.9**	**5.8**	**5.1**

Source: Budget Documents, NSE EPR. BE – Budget Estimate, RE – Revised Estimate, A – Actual

Tax collections to remain robust

- The buoyancy in direct tax receipts led to gross tax collections exceeding the budget estimate by Rs 0.8 lakh crore, with growth pegged at 12.5% (vs. 9.9% in BE). In fact, direct tax to GDP ratio at 6.6% is the highest ever. Net tax collections, however, met the target on higher states' share.
- Gross tax collections are expected to remain robust and grow by 11.4% in FY25BE, implying a tax buoyancy of 1.1, lower than 1.4 in BE.
- Direct tax receipts are budgeted to grow at 13.0% in FY25BE, while indirect tax receipts growth is pegged at a marginally lower 9.4%, with the latter benefiting from continued uptick in GST collections (+11.6%).

Figure 2: Annual net tax collections trend

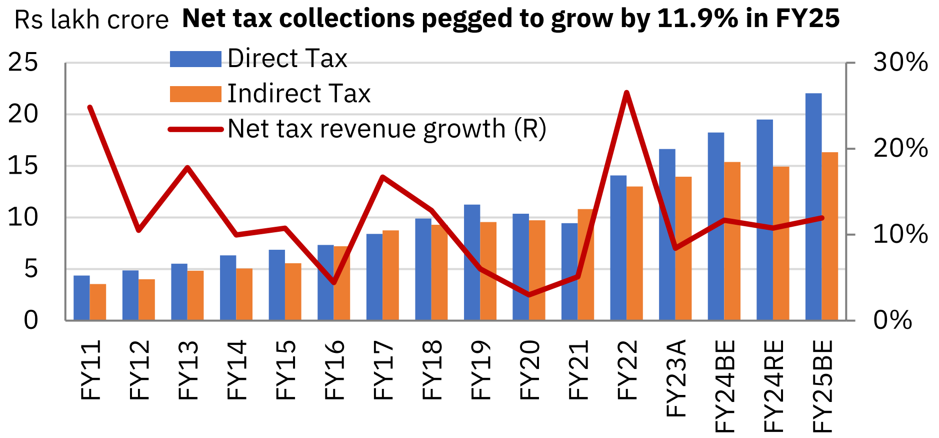


Table 4: Tax revenue assumptions seem quite realistic and achievable

Rs lakh crore	FY23A	FY23A (% YoY)	FY24BE	FY24BE (% YoY)	FY24RE	FY24RE (% YoY)	% chg. From BE	FY25BE	FY25BE over FY24RE (% YoY)
Direct Tax	**16.6**	**18.1%**	**18.2**	**9.6%**	**19.5**	**17.2%**	**6.9%**	**22.0**	**13.0%**
Corporation tax	8.3	16.0%	9.2	11.7%	9.2	11.7%	0.0%	10.4	13.0%
Income tax	8.3	19.7%	9.0	8.1%	10.2	22.7%	13.5%	11.6	13.1%
Indirect Tax	**14.0**	**7.2%**	**15.4**	**10.2%**	**14.9**	**7.0%**	**-3.0%**	**16.3**	**9.4%**
Goods and service tax	8.5	21.6%	9.6	12.7%	9.6	12.7%	0.0%	10.7	11.6%
Customs	2.1	6.8%	2.3	9.2%	2.2	2.5%	-6.2%	2.3	5.8%
Union excise duty	3.2	-19.2%	3.4	6.3%	3.0	-4.8%	-10.4%	3.2	5.0%
Gross tax collections	**30.6**	**12.9%**	**33.6**	**9.9%**	**34.4**	**12.5%**	**2.4%**	**38.4**	**11.4%**
Net tax collections	**21.0**	**16.2%**	**23.3**	**11.1%**	**23.2**	**10.8%**	**-0.3%**	**26.0**	**11.9%**

Source: Budget Documents, NSE EPR. BE – Budget Estimate, RE – Revised Estimate, A – Actual. Growth in FY24BE and FY24RE figures are on FY23 actual figures.

Non-tax revenues in FY25 to find support from telecom receipts

- Non-tax revenues overshot BE by 24.6% in FY24RE, growing by a strong 31.7%, thanks to much higher dividends and profits transferred by the CPSEs and RBI (+54.5%).
- In FY25, non-tax revenues are expected to grow by a modest 6.4%. This assumes a 2.9% YoY contraction in dividend and profit transfer from PSBs/RBI and significantly higher telecom receipts (+28.6%), factoring in instalments from spectrum sale and spectrum-related adjustments for BSNL.

Figure 3: Annual non-tax collections trend

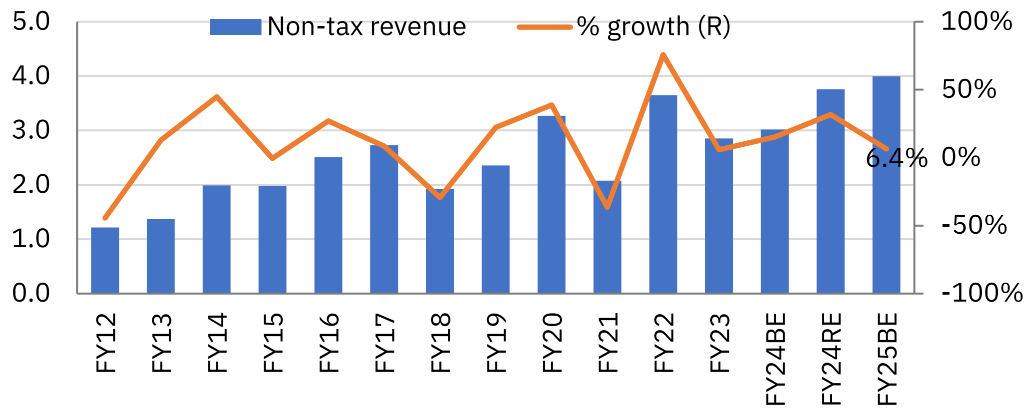


Table 5: Surge in telecom receipts to result in a strong growth in non-tax revenues in FY24

Rs crore	FY23A	FY23A (% YoY)	FY24BE	FY24BE (% YoY)	FY24RE	FY24RE (% YoY)	% chg. From BE	FY25BE	FY25BE over FY24RE (% YoY)
Non-tax revenue	**2,85,420**	**-21.8%**	**3,01,650**	**5.7%**	**3,75,795**	**31.7%**	**24.6%**	**3,99,701**	**6.4%**
Interest receipt	27,852	27.3%	24,820	-10.9%	31,778	14.1%	28.0%	33,107	4.2%
Dividends and profits	99,913	-37.8%	91,000	-8.9%	1,54,407	54.5%	69.7%	1,50,000	-2.9%
Union Territories	2,191	25.6%	2,313	5.6%	2,526	15.3%	9.2%	2,910	15.2%
Other non-tax revenue	1,55,464	-14.0%	1,83,517	18.0%	1,87,084	20.3%	1.9%	2,13,684	14.2%
Fiscal services	1,128	483.5%	1,431	26.9%	1,770	56.9%	23.7%	2,034	15.0%
General services	24,324	-38.9%	24,313	0.0%	25,059	3.0%	3.1%	23,321	-6.9%
Social and community services	6,888	44.7%	3,961	-42.5%	6,080	-11.7%	53.5%	5,891	-3.1%
Economic services	1,21,238	-10.1%	1,51,677	25.1%	1,52,734	26.0%	0.7%	1,81,394	18.8%
Communication	64,835	-24.5%	89,469	38.0%	93,541	44.3%	4.6%	1,20,267	28.6%

Source: Budget Documents, NSE EPR. BE – Budget Estimate, RE – Revised Estimate, A – Actual. Growth in FY24BE and FY24RE figures are on FY23 actual figures.; https://www.financialexpress.com/business/industry-loss-making-bsnl-to-help-govt-tide-over-rs-90k-cr-telecom-receipts-target-in-fy24-3372402/

Disinvestments undershot budget estimates for fifth year in a row

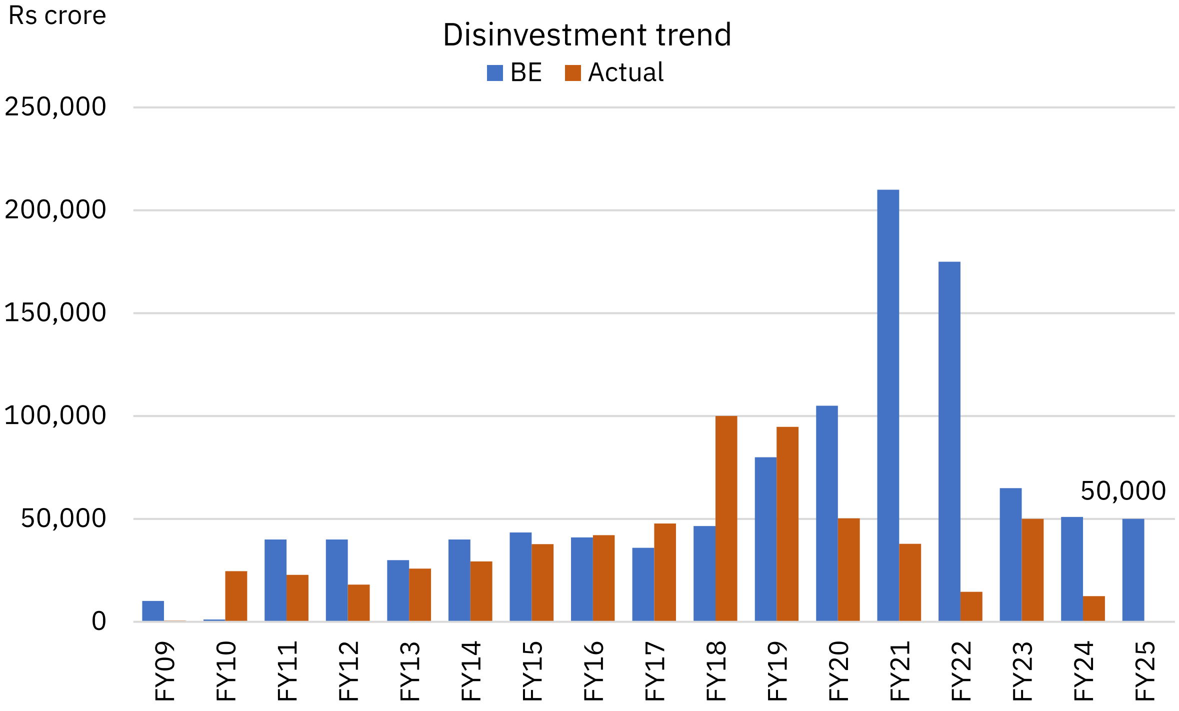
- Disinvestments in FY24RE at Rs 30,000 crore falls short of the BE by 40%, even as it is significantly higher than Rs 12,504 crore garnered till December 2023.
- In FY25, the Government aims to raise Rs 50,000 crore (at par with FY24BE) through divestments.
- Eight strategic disinvestments are currently in various stages including IDBI, BEML Ltd., Shipping Corp of India among others.

Table 6: Key disinvestments in FY24 (Apr-Dec'23)

Name	% of Govt. stake sold	Method	Receipts (Rs cr)	Govt. stake post disinvestment
Hindustan Aeronotics Ltd.	0.01	EMP OFS	9.3	71.6
Coal India Ltd.	3.0	OFS	4,185.3	63.1
Coal India Ltd.	0.0003	EMP OFS	0.4	63.1
Rail Vikas Nigam Ltd.	5.4	OFS	1,365.6	72.8
SJVN Ltd.	4.9	OFS	1,348.5	55.0
SJVN Ltd.	0.0	EMP OFS	0.8	55.0
HDFC Ltd.	6.6	OFS	1,050.0	75.2
IREDA Ltd.	10.0	IPO (OFS portion of 10%)	858.4	75.0
Ircon International Ltd.	8.0	OFS	1,191.1	65.2
Ircon International Ltd.	0.0	EMP OFS	2.1	65.2
NHPC LTD.	3.5	OFS	2,452.6	67.5
Others (Remittance from SUUTI)	0.0	OTHERS	40.3	0.0
Total				**12,504.3**

Source: DIPAM

Figure 4: Annual trend of revenue proceeds through the disinvestment route



Source: Budget Documents, NSE EPR.
Data for FY24 actuals is up to Jan 31st .

NSE

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Focus on capex continues

- The Government's focus on capacity building via higher capital expenditure has continued for yet another year, with a budgeted capex of Rs 11.1 lakh crore, up 16.9% YoY and 27% annualised over the last five-year period. This is 3.4% of GDP—the highest in 26 years.
- Share of capex in total expenditure at 23.3% is the highest in 30 years, indicating a steady improvement in the quality of expenditure.
- Roads, transport, Railways, housing and renewable energy continue to remain the focus areas, with Roads receiving the highest outlay of Rs.2.7 lakh crore in FY25, marginally up by 2.9%YoY.

Figure 5: Annual revenue and capital expenditure trend

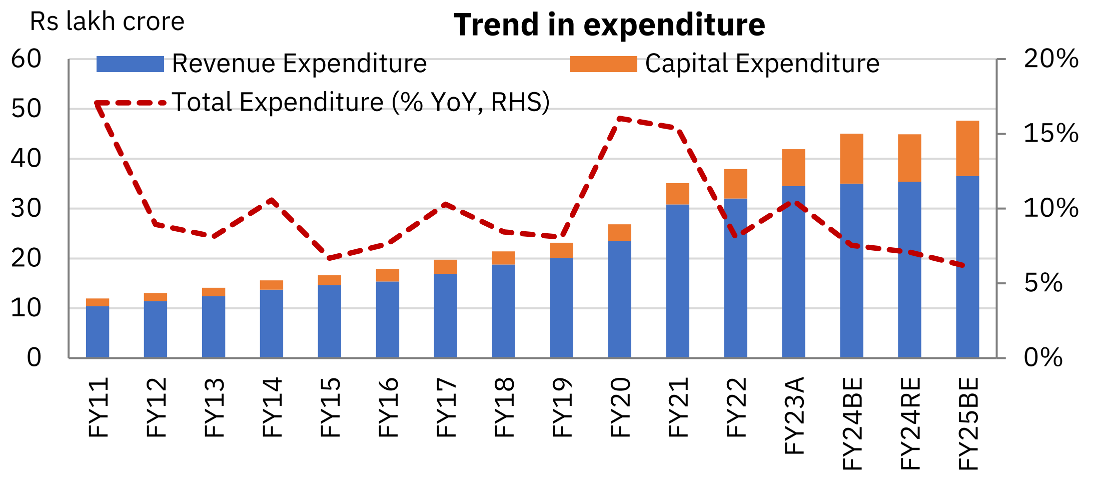


Figure 6: Share of capex in overall expenditure has improved meaningfully…

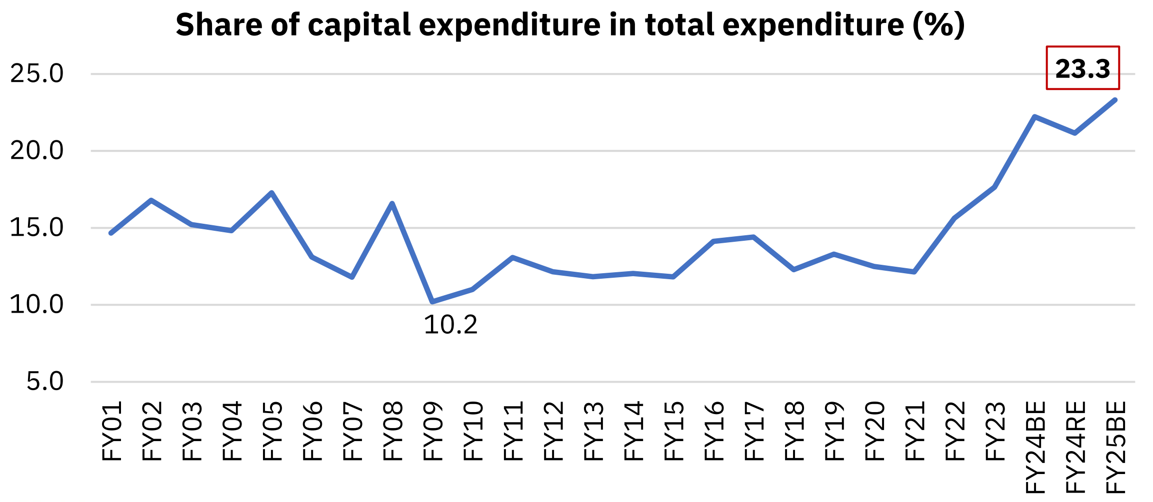
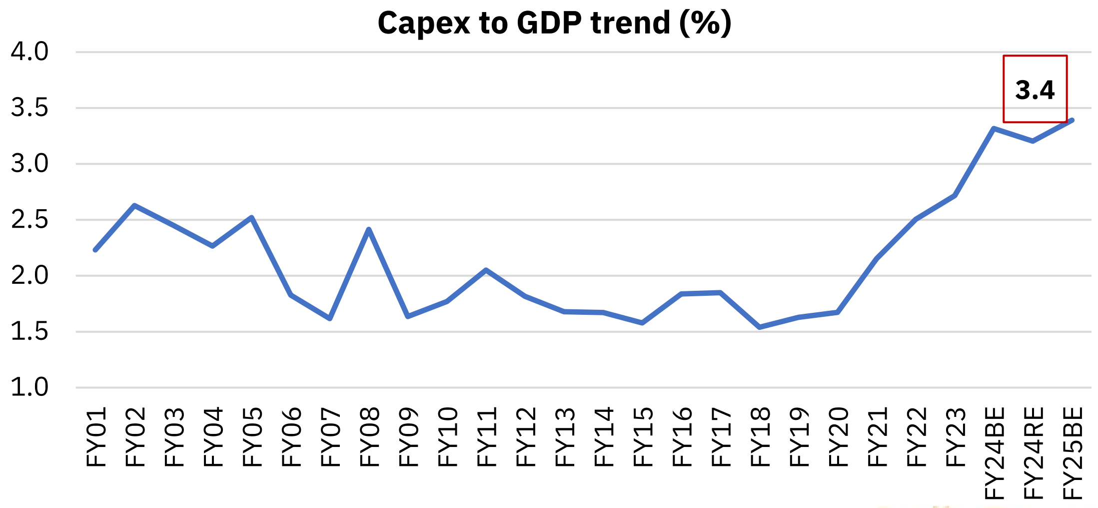


Figure 7: …And so as a % of GDP



Source: Budget Documents, NSE EPR.
*IEBR – internal and Extra Budgetary Resources GBS – Gross Budgetary Support

Ministry-wise outlay

Table 7: Ministry-wise total outlay (includes Internal and Extra Budgetary Resources, IEBR)

(Rs crore)	FY23			FY24RE			FY25BE				
Departments	Revenue	Capital	IEBR	Revenue	Capital	IEBR	Revenue	Capital	IEBR*	Total outlay	% YoY
Food and Public Distribution	2,81,733	2,011	0	2,21,723	202	0	2,12,976	44	0	2,13,020	-4.0
Road Transport & Highways	11,104	2,05,986	0	11,826	2,64,526	0	5,759	2,72,241	0	2,78,000	0.6
Railways	3,154	1,59,256	44,727	3,272	2,40,000	20,000	3,393	2,52,000	13,000	2,68,393	1.9
Defense	12,612	7,956	2,809	15,354	10,543	2,852	15,322	10,241	2,781	28,344	-1.4
Rural Development	1,76,837	0	0	1,71,066	4	0	1,77,562	4	0	1,77,566	3.8
Telecommunications	64,232	54,729		28,260	70,099	110	27,419	84,458	110	1,11,987	13.7
Power	9,290	23	57,384	17,511	124	59,120	19,984	518	67,286	87,788	14.4
New and Renewable Energy	7,550	13	18,249	7,833	15	21,355	12,833	17	26,499	39,349	34.7
Housing & Urban Affairs	50,432	26,878	16,512	42,737	26,533	16,789	48,897	28,626	16,020	93,543	8.7
Labour and Employment	14,757	38	0	12,483	38	0	12,482	50	0	12,531	0.1
Health and Family Welfare	70,258	3,051	54	74,915	2,709	125	83,305	4,352	59	87,716	12.8
MSMEs	23,135	406	150	21,543	595	220	21,550	588	240	22,378	0.1
Drinking Water & Sanitation	59,655	0	0	77,031	2	0	77,389	2		77,391	0.5
Others	26,68,383	2,79,678	2,23,236	28,34,685	3,34,857	2,05,622	29,35,786	4,57,971	2,17,017	36,10,774	7.0
Total	**34,53,132**	**7,40,025**	**3,63,120**	**35,40,239**	**9,50,246**	**3,26,193**	**36,54,657**	**11,11,111**	**3,43,012**	**51,08,780**	**6.1**

Source: Budget Documents, NSE EPR.

Revenue expenditure contained

- While focus on capex has continued, revenue expenditure is budgeted to grow by a modest 3.2% in FY25. In fact, after the COVID-led spike in FY21, revenue expenditure has since grown at a CAGR of a mere 4.3%.
- Amid expectations of policy easing this year, interest payments of the Centre are budgeted to increase by 12.8% in FY25—the lowest growth in four years.
- Subsidy bill is budgeted to drop by 7% in FY25BE on top of a 23.8% decline in FY24RE. This would translate into share of subsidies in overall expenditure falling to a 24-year low of 8.6%.

Figure 8: Annual revenue expenditure trend

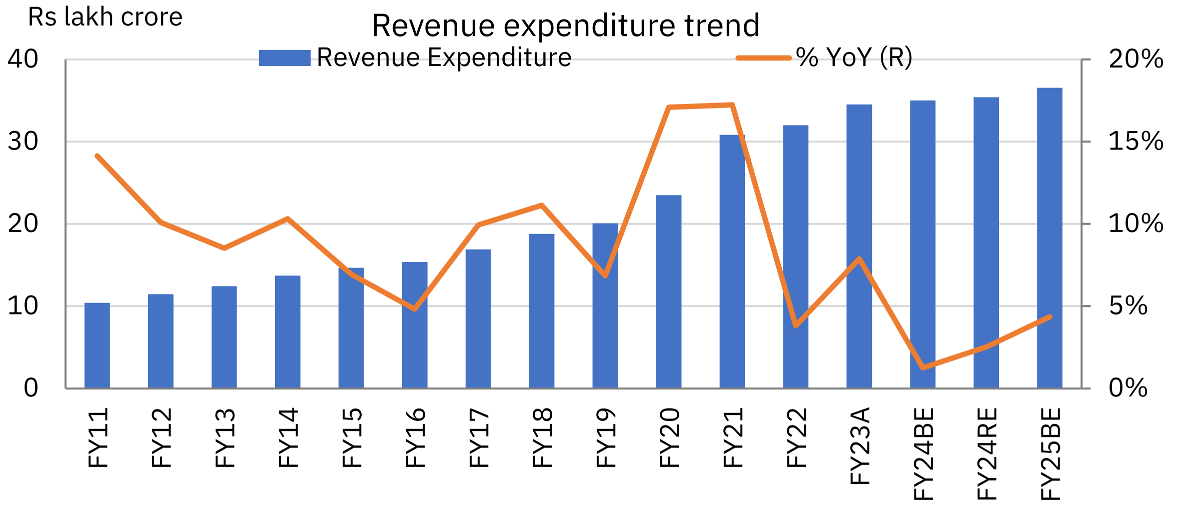


Figure 9: Share of subsidies in Government expenditure

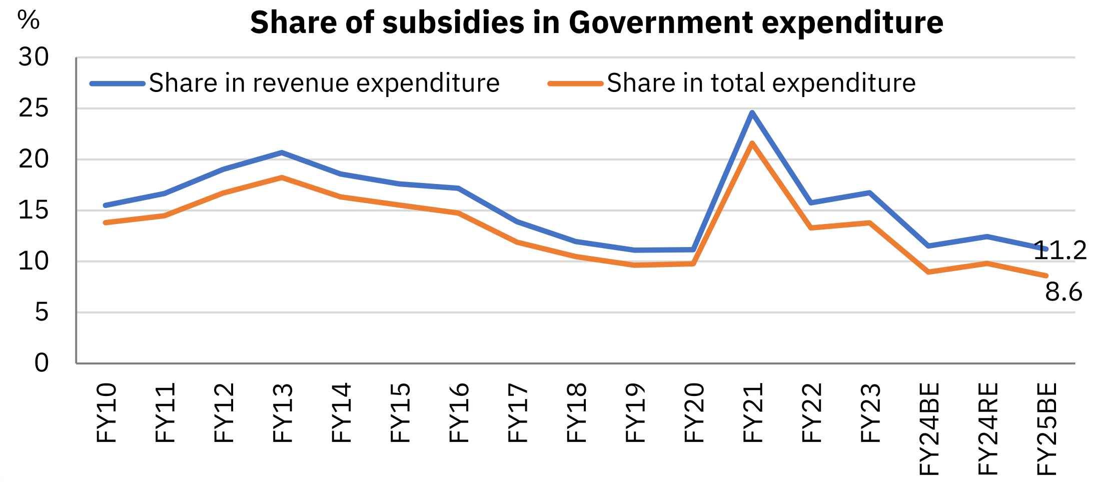
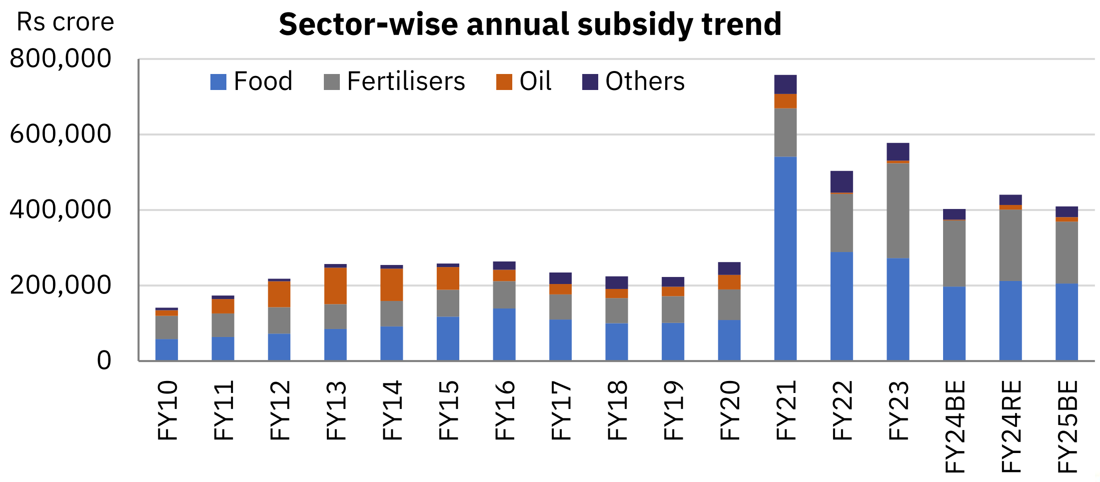


Figure 10: Subsidy expenditure declined by 28% in FY24BE



Source: Budget Documents, NSE EPR.
*IEBR – internal and Extra Budgetary Resources GBS – Gross Budgetary Support

Spending in social programs remains intact

Figure 11: Rural employment (MGNREGS Scheme)

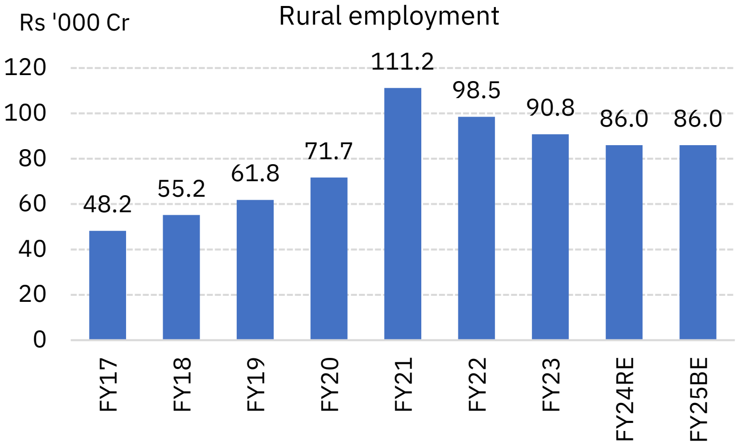


Figure 12: Housing for All (PMAY*)

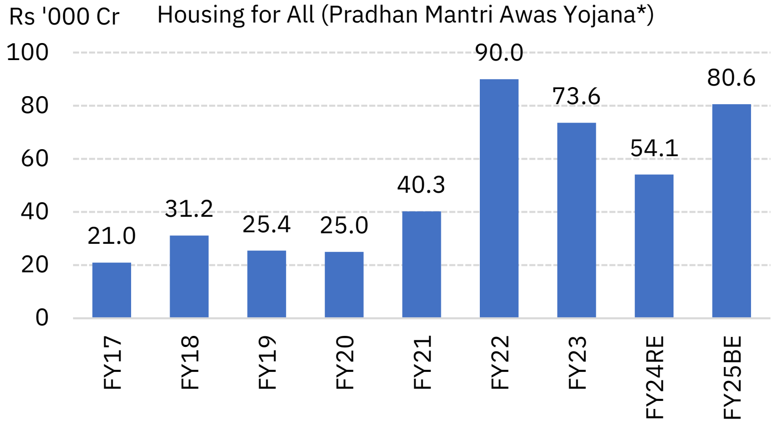


Figure 13: Rural Infrastructure (PMGSY)

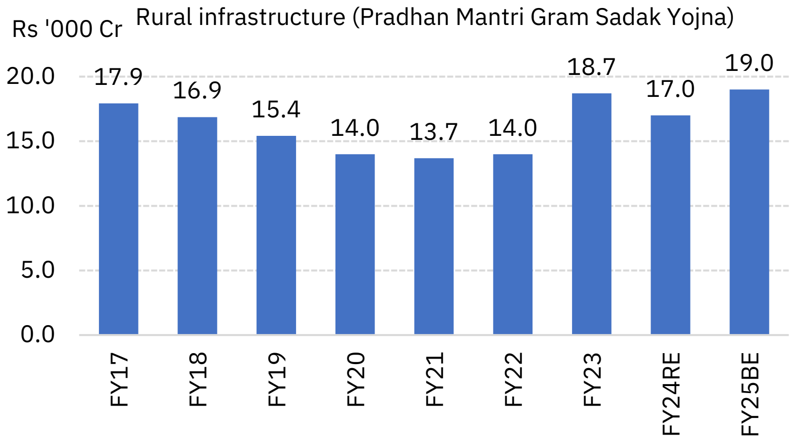


Figure 14: Education (NEM)

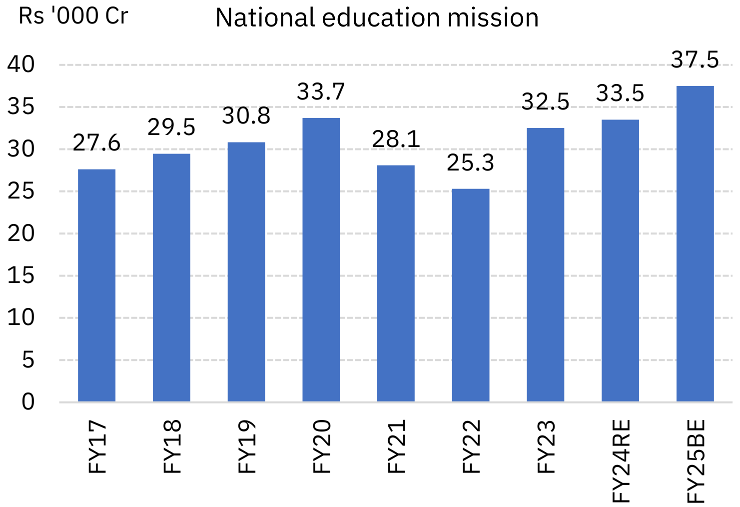


Figure 15: Swachh Bharat Mission

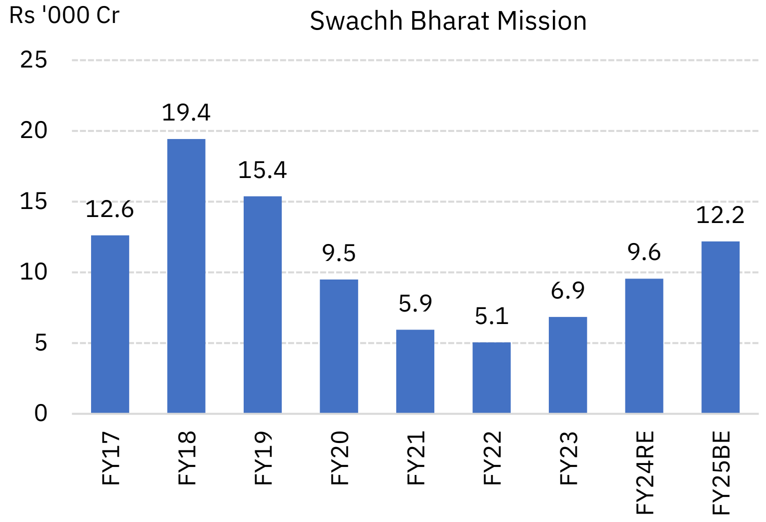
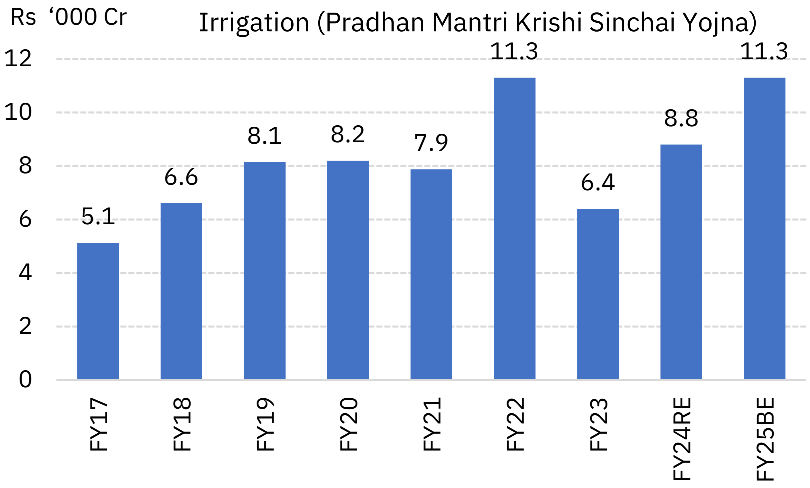


Figure 16: Irrigation (PMKSY)



Source: Budget Documents, NSE EPR
* Erstwhile Indra Awas Yojna

Fiscal transparency improves further

- The Government has continued to focus on bringing transparency in finances by reducing reliance on off balance sheet items such as IEBR.
- Capex through IEBR declined for the seventh consecutive year to 23.6% in FY25BE.
- The effective capital spending stands at Rs 15 lakh crore for FY25BE, up 17.7% YoY.

Figure 17: Trend of capital outlay breakup

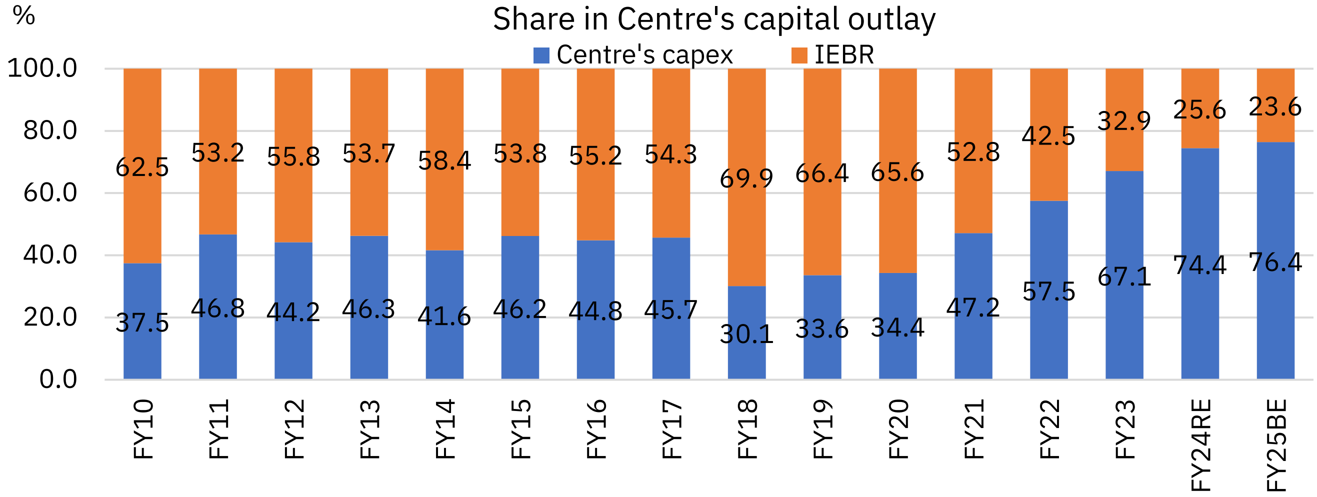


Table 8: Centre's total capital outlay

Rs crore	FY22	FY23	FY24RE	FY25BE
1. Budgetary capex	5,92,874	7,40,025	9,50,246	11,11,111
% YoY	*39.1%*	*24.8%*	*28.4%*	*16.9%*
2. Grant to states	2,42,600	306264	321190	385582
% YoY	*5.1%*	*26.2%*	*4.9%*	*20.0%*
3. Effective capex (1 + 2)	**8,35,474**	**10,46,289**	**12,71,436**	**14,96,693**
% YoY	*27.1%*	*25.2%*	*21.5%*	*17.7%*
4. IEBR	4,37,600	3,63,120	3,26,193	3,43,012
% YoY	*-8.4%*	*-17.0%*	*-10.2%*	*5.2%*
5. Total capex (3 + 4)	**12,73,074**	**14,09,409**	**15,97,629**	**18,39,705**
% YoY	*12.2%*	*10.7%*	*13.4%*	*15.2%*
6. Centre's capital outlay (1 + 4)	**10,30,474**	**11,03,145**	**12,76,439**	**14,54,123**
% YoY	*14.0%*	*7.1%*	*15.7%*	*13.9%*

Source: Budget Documents, NSE EPR.
*IEBR – internal and Extra Budgetary Resources GBS – Gross Budgetary Support

Public debt in check

- Even as growth remains the priority for now, the Government remains on track to bring down fiscal deficit/GDP to below 4.5% by FY26.
- Government liabilities to GDP ratio (Centre + States) is pegged to increase from 83.4% in FY23 to 85.0% in FY24, while a decrease in the ratio is expected in FY25.
- Higher-than-expected pace of fiscal consolidation should keep the debt levels in check.

Figure 18: Public debt to GDP for India relative to peers

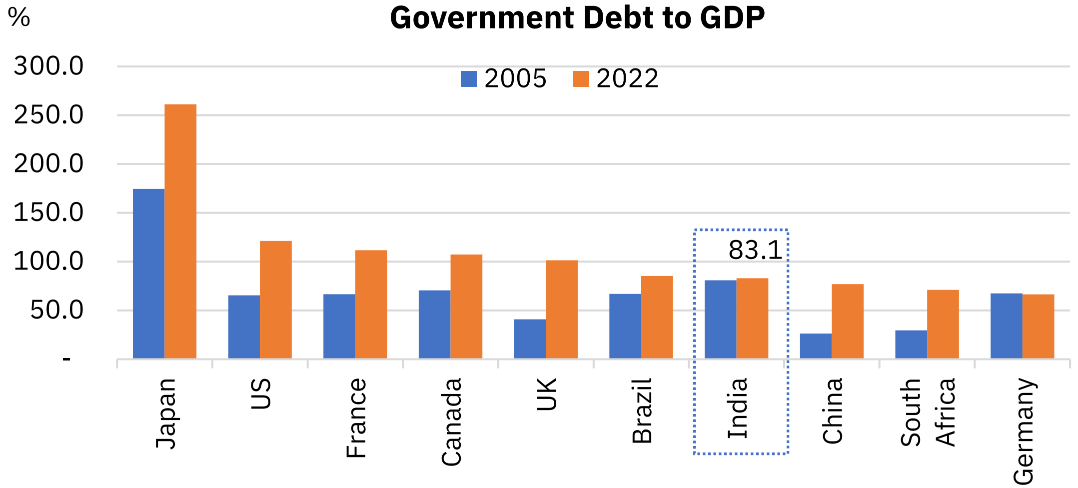
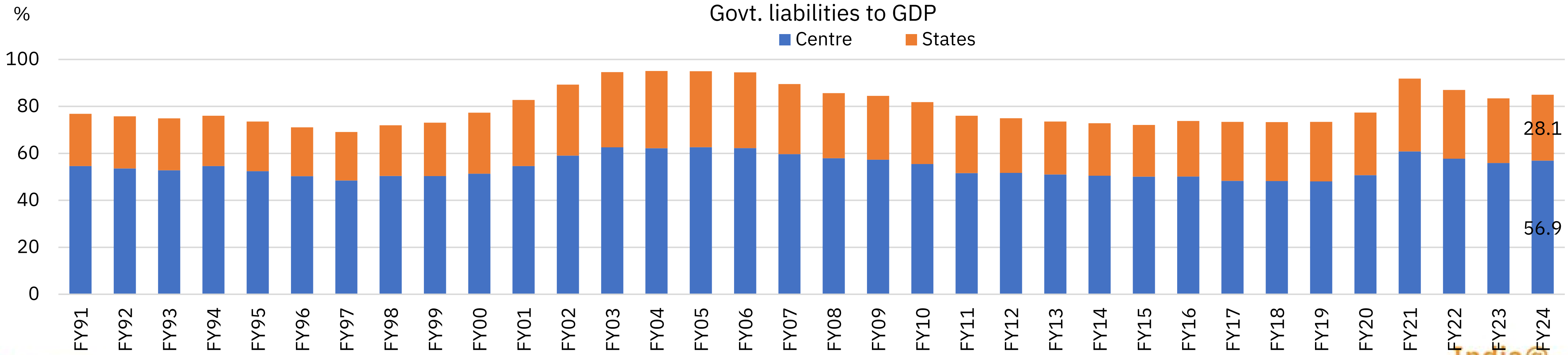


Figure 19: General Government liabilities to GDP ratio slowly coming off from pandemic peak levels (fiscal years)



Source: Budget Documents, RBI, CMIE, IMF, NSE EPR. *Excludes switching of securities.

Market loans and small savings to fund 98% of fiscal deficit

- Market borrowings expected to fund ~70% of the deficit in FY24, with the balance to be funded by small savings (28%).
- Gross market borrowings for FY25 pegged at Rs14.1 lakh crores, lower than market expectations. Net market borrowings are expected to remain largely unchanged at Rs 11.8 lakh crore, thanks to lower repayments.
- Nearly 59% of the Centre's debt is set to mature over the next 10 years, with the share of maturities in 20+ years bucket rising from 20% a year ago to 22% now.

Table 9: Sources of funding the deficit

Rs lakh crore	FY24BE	FY24RE	% of total	% YoY	FY25BE	% of total	% YoY
Gross market borrowings*	15.4	15.4		9%	14.1		-8%
Net market borrowings	11.8	11.8	66%	7%	11.8	70%	0%
Short-term borrowings	0.5	0.0	3%	-99%	0.5	3%	3679%
External assistance (net)	0.2	0.2	1%	-33%	0.2	1%	-36%
Small savings (net)	4.7	4.7	26%	19%	4.7	28%	-1%
State provident funds (net)	0.2	0.1	1%	2%	0.1	0%	0%
Draw down of cash balance	-0.1	-0.3	-1%	NM	0.0	0%	NM
Other capital receipts	0.5	0.8	3%	-6%	-0.3	-2%	-139%
Total	**17.9**	**17.3**	**100%**	**0%**	**16.9**	**100%**	**-3%**

Figure 20: Nearly 41% of Centre's debt has maturity beyond 10 years

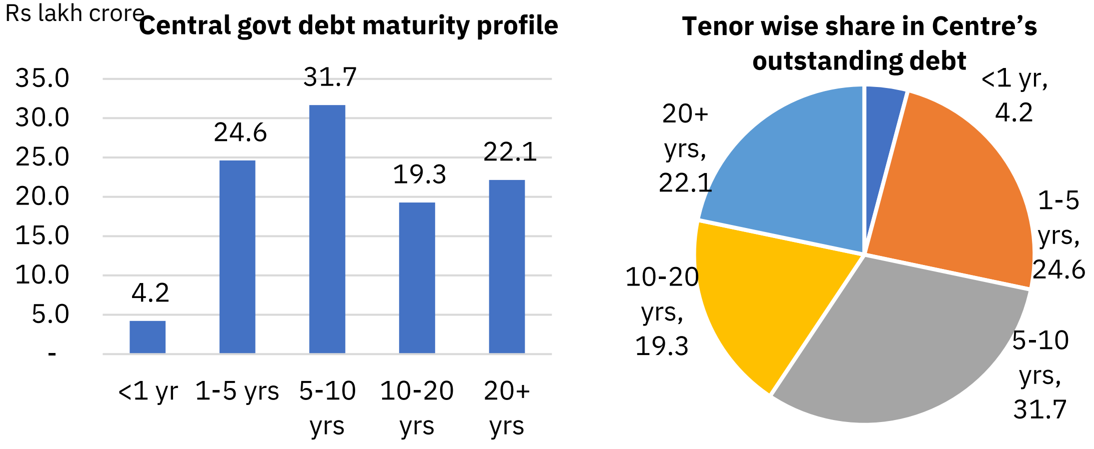
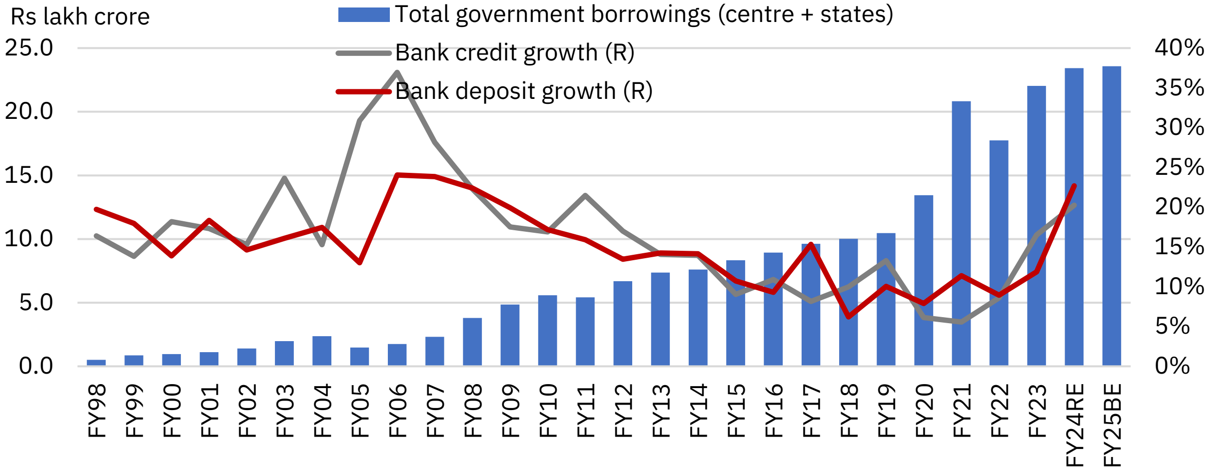


Figure 21: Centre's gross borrowings pegged at Rs14.1 lakh crore in FY25



Source: Budget Documents, RBI, CMIE, NSE EPR. *Excludes switching of securities. As of January 23rd, 2024.

Notes: 1. Credit and deposit growth for FY24 is as of January 12th, 2024.
2. State borrowings for FY24 is a sum of actual borrowings over Apr-Dec'23 and borrowing calendar for Q4FY24.
3. Figure for FY24 is sum of the Centre's BE of Rs15.4trn and our estimate of Rs9.5 lakh crore for state borrowings.

Key sector-wise announcements and implications

Sector	Announcements	Implications
Agriculture	Introduction of Nano DAP on various crops will be expanded in all agro-climatic zones	To promote agriculture sustainability, smart agriculture and combat climate change
	Strategy formulation for Atmanirbhar Oil Seeds Abhiyan focusing on 'atmanirbharta' for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower	To increase the availability of high-yielding oil seeds
	Formulation of comprehensive programme for supporting dairy farmers	To increase the productivity of milch-animals
	Expansion of Pradhan Mantri Matsya Sampada Yojana (PMMSY)	To increase the aquaculture productivity, exports and potentially generate 55 lakh employment opportunities
Infrastructure, Transportation and Logistics	Expansion of Metro rail and NaMo Bharat to more cities; Conversion of 40,000 normal rail bogies to Vande Bharat standards	To foster urban transformation by focusing on transit-oriented development
	Expansion of existing airports and development of new airports	

Source: Budget documents, NSE EPR.

Key sector-wise announcements and implications (Contd.)

Sector	Announcements	Implications
Infrastructure, Transportation and Logistics	Development of three railway economic corridors under PM Gati Shakti Yojana - Energy , mineral and cement corridor, Port connectivity corridor, High traffic density corridor	To reduce congestion, logistical cost and foster multi-modal connectivity
Healthcare	Encouragement of vaccination among girls in age group 9-14 for prevention of cervical cancer	To reduce the risk of cervical cancer and improve vaccine coverage
	Upgradation of Anganwadi centres under “Saksham Anganwadi and Poshan 2.0”	To improve health outcomes for children
	Launch of U-WIN platform for immunization management	To ease the operational burden for executing vaccination drives
	Expansion of the Ayushman Bharath healthcare scheme to include ASHA, Anganwadi workers and Helpers	To provide equitable access to healthcare facilities
Technology	Provision of Corpus of Rs 1 lakh crore for long-term financing/refinancing at low or nil interest rates to scale up research and innovation in private sector	To promote new/existing startups to get into research and development
	Potential launch of new schemes in defense sector to strengthen deep-tech technologies	To promote “atmanirbharta” in defense sector

Key sector-wise announcements and implications (Contd.)

Sector	Announcements	Implications
Renewable Energy	Development of coal gasification and liquefaction capacity of 100 MT and provision for viability gap funding for offshore wind energy potential of 1 GW capacity	To help meet "net-zero" carbon emission target by 2070 and diversify India's renewable energy portfolio
	Introduction of phased mandatory blending of biogas in CNG and PNG for transport purpose and financial assistance for biomass aggregation machinery	
	Rooftop solarization under PM Suryoday Yojana will enable 1 cr households to obtain 300 units of free-electricity every month	To reduce energy bills, increase entrepreneurship and employment opportunities
	Supporting manufacturing, charging infrastructure for e-vehicles and adoption of public e-buses will be encouraged through payment security mechanism	To strengthen the e-vehicle ecosystem in India
Tourism	Provision of long-term interest free loan to states for developing tourist centres along with developing a framework for rating centres based on quality	To foster tourism ecosystem and marketing at a global scale
	Focus on port connectivity and tourism infrastructure projects in islands	To encourage domestic tourism

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Tax Reforms

- No changes in direct and indirect tax structure.
- Extension of sunset clause from March 31st, 2024 to March 31st, 2025 for some IFSC units for availing certain tax benefits and tax exemptions.
- Withdrawal of outstanding direct tax demands (large number of petty, non-verified, non-reconciled or disputed direct tax demand) as under to improve taxpayers' services:
    - up to Rs 25,000 pertaining to the period up to financial year FY10 and
    - up to Rs.10,000 for financial years FY11 to FY15

Other reforms

- Assistance to states for faster development of aspirational districts
- Focus on making Eastern India a powerful driver in India's growth
- Additional 2 crore houses to be built in the next five years under PM Aawas Yojana (Grameen)
- Launch of scheme for housing for middle-class people living in rented houses, slums, chawls and unauthorized colonies to buy or build house
- Target for "lakhpati didi" increased from Rs 2 crore to Rs 3 crore
- Plans to set up more medical colleges using existing hospital infrastructure
- Additional corpus of Rs 75,000 crore proposed for providing interest-free loans for milestone-linked reforms by the state governments
- A high-powered committee to be formed for recommending on challenges of population growth and demographic changes.

Economic Policy and Research

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