

Budget 2024

Key Highlights

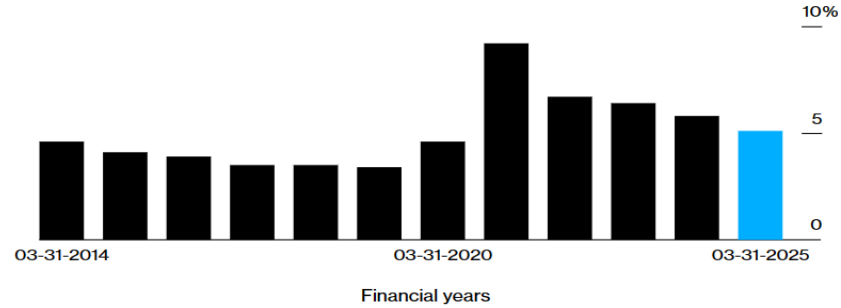


Budget 2024 Key Highlights

India Focused on Fiscal Consolidation

Budget aims lower deficit for 2024-25

■ Fiscal deficit as % of GDP ■ Projection



Source: Government of India, Bloomberg

Note: India's financial year runs from April to March. FY24 is revised estimate, FY25 is budget estimate

Key India Budget Numbers

In trillion of rupees

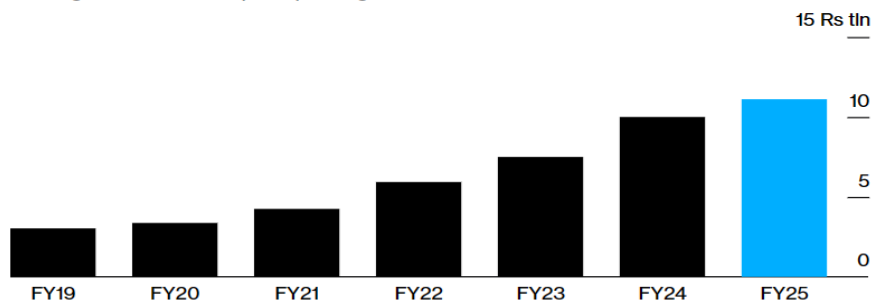
	2023-24 BE	2023-24 RE	2024-25 BE
Total expenditure	45.0	44.9	47.7
Of which: A. Capital expenditure	10.0	9.5	11.1
B. Interest Payments	10.8	10.6	11.9
Revenue Receipts	26.3	27.0	30.0
Market Borrowings	15.4	15.4	14.1
Fiscal deficit (as % of GDP)	5.9	5.8	5.1

Source: Ministry of Finance

Note: BE is Budget Estimates, RE is Revised Estimates. India's financial year runs from April to March. Taxes make for 87% of revenue receipts next year

India Steadily Boosting Infrastructure Spending

■ Budget estimate for capital spending



Source: Comptroller and Auditor General, Govt. Of India,

Note: India's financial year runs April to March

- The government plans to sharply **reduced the budget deficit in the next fiscal year, aiming for 5.1% of GDP**, lower than economists' predictions of 5.3%. The deficit for the current year was revised down slightly to 5.8%.
- **Capital spending saw a modest allocation of Rs. 11 tn (\$134 bn)**, reflecting an **11.1% increase from the previous year**. The government had ramped up capital expenditure by almost a third annually in the past three years.
- **Gross government borrowing projected at Rs. 14.13 tn** for the next fiscal year, lower than economists' estimates.
- No changes in tax rates for individuals; tax benefits for startups extended to March 2025.
- The government announced to launch a program to help some sections of the middle class living in rented houses, slums and unauthorized colonies to buy or build their own houses.
- The government will encourage states to develop tourist centers and market them at global scale. It is also planning long-term interest-free loan to states for tourism.
- Reductions in fertilizer and food subsidies; emphasis on supporting offshore wind and achieving net-zero ambitions.
- **Current fiscal year's disinvestment target was reduced to Rs. 300 bn** from the initial Rs.510 bn due to uncompleted high-ticket stake sales. **Next fiscal year's disinvestment goal set at Rs. 500 bn.**
- **Dividends from state-owned companies are projected to reach Rs.480 bn** in the next fiscal year, with transfers from the Reserve Bank of India and state-owned banks expected to reach 1.02 trillion rupees.
- In light of the upcoming April election, there was a potential for increased spending to appeal to voters. However, the budget prioritizes significant fiscal consolidation, suggesting the administration may be confident in the current government's prospects for a third term without additional expenditures.

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