Key highlights

- **Capex spend** : Quality of government spend continues to improve, with capital expenditure being steeply increased for the third year in a row. The share of capex in GDP has gone up steadily, from 1.67% in FY20 to 3.3% of GDP in FY24.
- **Fiscal Consolidation** : Revised estimates for fiscal deficit (FY23) were in line with the budgeted estimates at 6.4% of the GDP, indicating consistency via commitment to fiscal discipline.
- **Digital Nation** : The focus on digital nation continues, with promotion of DigiLockers, digital payments and digital library.
- **Consumption** : Rationalization of tax slabs under the new tax regime, along with the increase in rebate limit to Rs. 7 lakhs is likely to increase consumption and support demand.
- **Market borrowings** : To finance the fiscal deficit, market borrowings are estimated at Rs. 11.8 lakh crore.
- **Infrastructure Spending** : The share of infrastructure spending increased from Rs. 1.2 lakh crore in FY20 and Rs. 3.6 lakh crore in FY23 to Rs. 5.2 lakh crore in FY24. 50 additional airports, heliports, aerodromes, other infrastructure to improve regional connectivity.

Sectoral Support

Renewable Energy

- To achieve its target of net-zero carbon emission by 2070, Rs. 35,000 crore has been allocated for priority capital investments towards energy transition and net zero objectives.
- **Battery Energy Storage Systems** with capacity of 4000 MWh to be supported with viability gap funding.
- **Customs duty exemption** on imports of key inputs required for manufacturing lithium-ion cells for batteries used in electric vehicles.

Fintech Services

- Expansion of scope of documents available in DigiLocker for individuals.
- Tax benefits on Non ULIP's Policy with premium exceeding Rs 5 lakhs to not receive any Tax benefit upon maturity (not death).

Real Estate

- REITs/InVITs income distributed as capital reduction (repayment of debt) to unitholders to be taxed.
- Deduction on long term capital gains arising from sale of house property if the capital gain reinvested in a residential house u/s 54 maximum deduction restricted to Rs 10 cr.
- Outlay for PM Awas Yojana up by 66% to over Rs. 79,000 crore.

Sectoral Impact

Infrastructure

Roads

The Rs.75,000 crore outlay (including Rs.15,000 crore from private sources) for 100 critical transport infrastructure projects, for last and first mile connectivity is a big push towards investments in road infrastructure.

Airports

Announcement of 50 additional airports to improve regional connectivity would enhance infrastructure in tier 2 and tier 3 cities.

Energy

A greener budget for FY24 with Rs. 19,744 crore allocated towards the Green Hydrogen Mission along with an Rs. 35000 crore allotted to priority capital investments towards energy transition is expected to give a boost to existing green energy projects as well as attract more foreign investments.

Central Electricity Authority (CEA) has projected a 34.28% share for solar energy in its projected estimates for optimal mix of installed capacity for FY2030, indicating a higher contribution by solar in meeting future energy requirements.

Real Estate

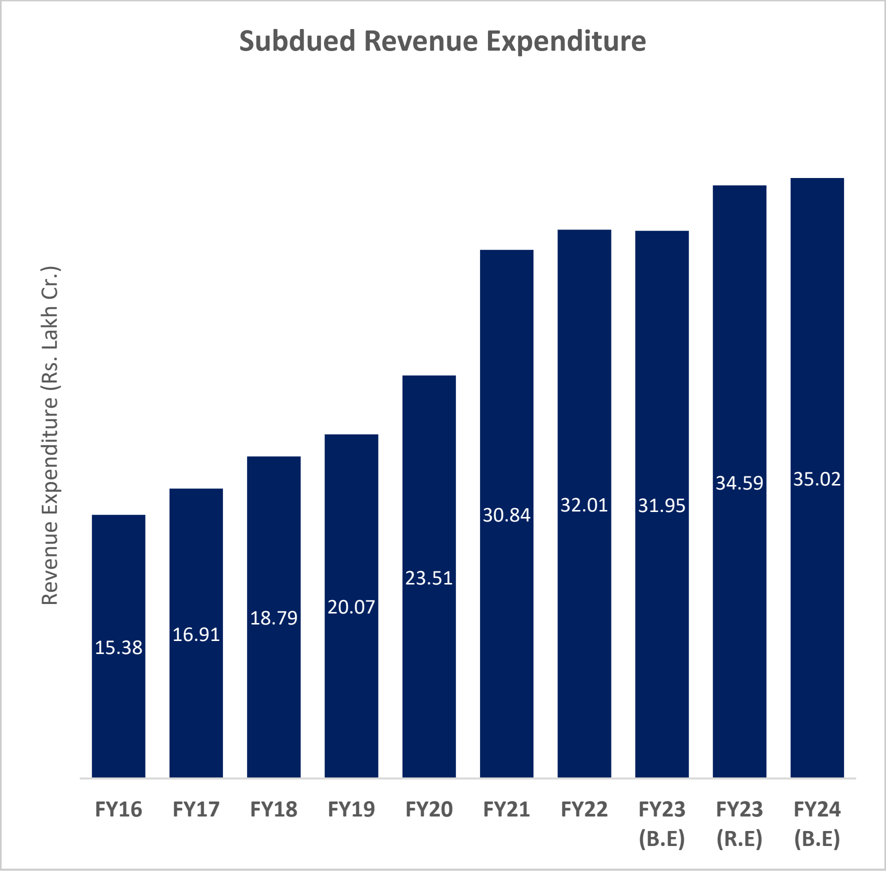
Increase in the outlay under PM AWAS Yojana by 66% to Rs.79,590 crore for FY24, from Rs.48,000 crore in FY23 is expected to give a boost to affordable housing.

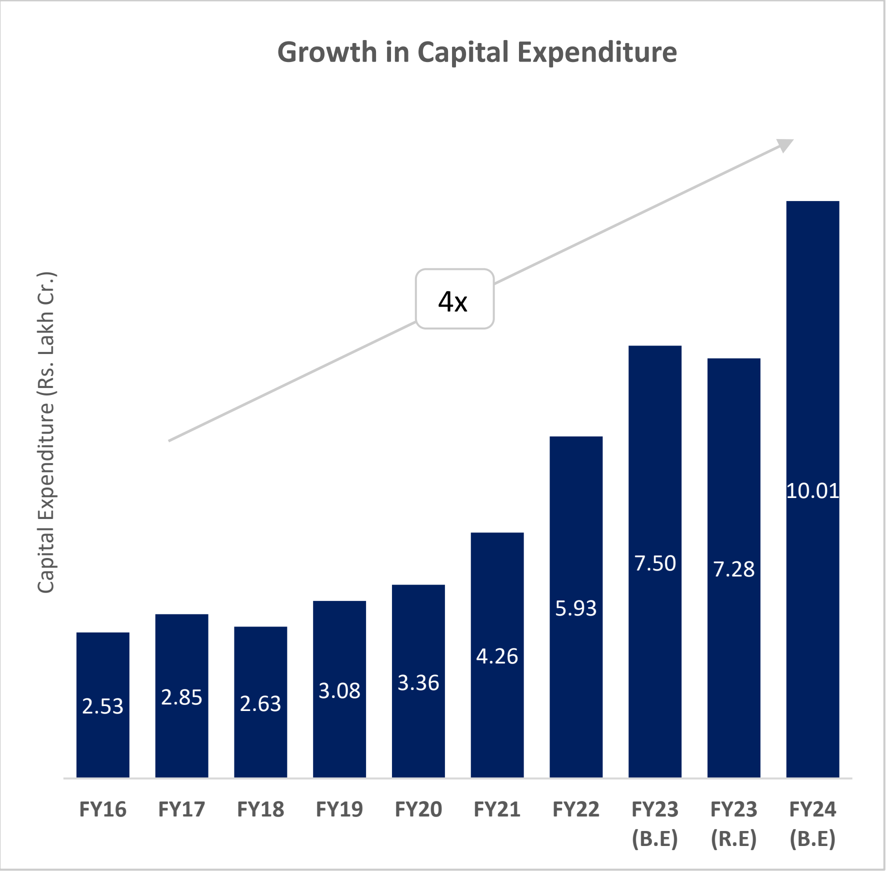
Provision of a corpus of Rs.10,000 crore p.a towards creating urban infrastructure in Tier 2 and Tier 3 cities is a welcome move towards inclusive development.

Retail

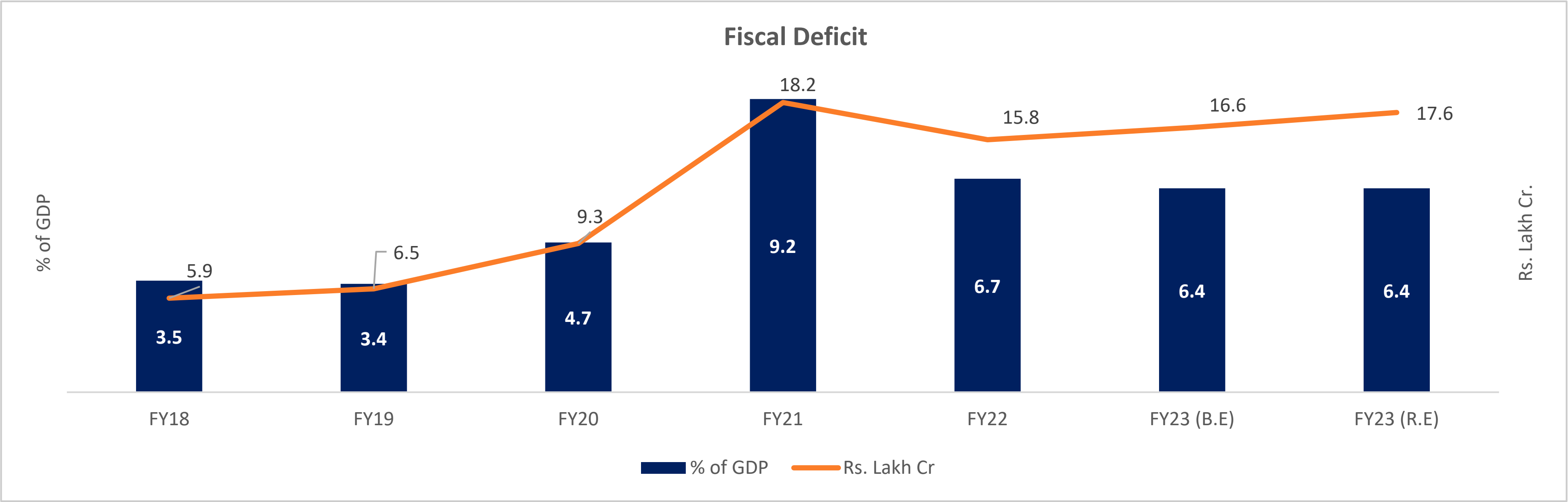
Reduction in the number of slabs in the New Tax Regime from 6 to 5, with the tax exemption limit raised to Rs.3 lakh is expected to have positive spillovers in consumption, owing to higher disposable incomes.

Expenditure Profile





Fiscal Consolidation



New Tax Regime

Income	Tax Rate
0-3 lakh	Nil
3-6 lakh	5%
6-9 lakh	10%
9-12 lakh	15%
12-15lakh	20%
15+ lakh	30%

- Budgetary support for capital expenditure increased by nearly 37% in FY24 budget estimates over revised estimates for FY23.
- Financing of the fiscal deficit through market borrowings estimated at Rs. 15.4 lakh crore for FY24, up by 8% compared to FY23, at Rs. 14.2 lakh crore.

TruQuest

TruQuest is a knowledge series launched by TruBoard Partners providing succinct updates and views on:

- Liquidity Outlook
- India's macro-economic view
- Trends within the Infrastructure, Real Estate and Renewable Energy sectors
- Impact analysis of new regulations and policies on lending and capital flow

TruBoard Partners

TruBoard provides bespoke solutions for capital providers to better manage their investments and optimise returns. TruBoard brings in a combination of domain expertise and artificial intelligence to the mainstream of financial analysis, enabling speedy and effective decision making. TruBoard's core area of operations are Credit Monitoring, Real Asset Management, Retail Loan Servicing and Collection, and Dispute Resolution and Advisory.

Website:

www.truboardpartners.com

Email Id:

research@truboardpartners.com

Author:

Nandkumar Surti, Cofounder

Kunal Shah, Head – Retail & Group CFO

Ria Rattanpal, Research Associate

Komal Chavan, Marketing Associate