INTERIM BUDGET 2024 Summary

Key Announcements:

➞ Revised estimate of fiscal deficit is 5.8% of GDP. FY25 BUDGET-DEFICIT TARGET AT 5.1% OF GDP

➞ New solar power schemes launched by PM Modi recently would lead to saving of INR15,000-18,000 per households annually who install roof top solar panels. 1cr households will be enabled to get 300units per month fully free.

➞ PM Awas Yojana Grameen: Close to achieving target of 3 cr homes; 2 cr more homes planned due to growing need.

➞ Ayushmaan Bharat to cover all worker under ASHA and Anganwadi scheme.

➞ Government to launch a scheme to help deserving sections of the middle class living in rented houses or slums or chawls and unauthorized colonies to buy or build their own houses - Likely positive for Steel, Cement and Building material.

➞ Corpus of 1 lakh crore to be established with 50 year interest free loans for sunrise domains.

➞ Railway corridor-port connectivity under DFC - More than 2 corridors to be set up. Also, 3 more rail corridors for Energy, cement and mineral to be added, apart from DFC.

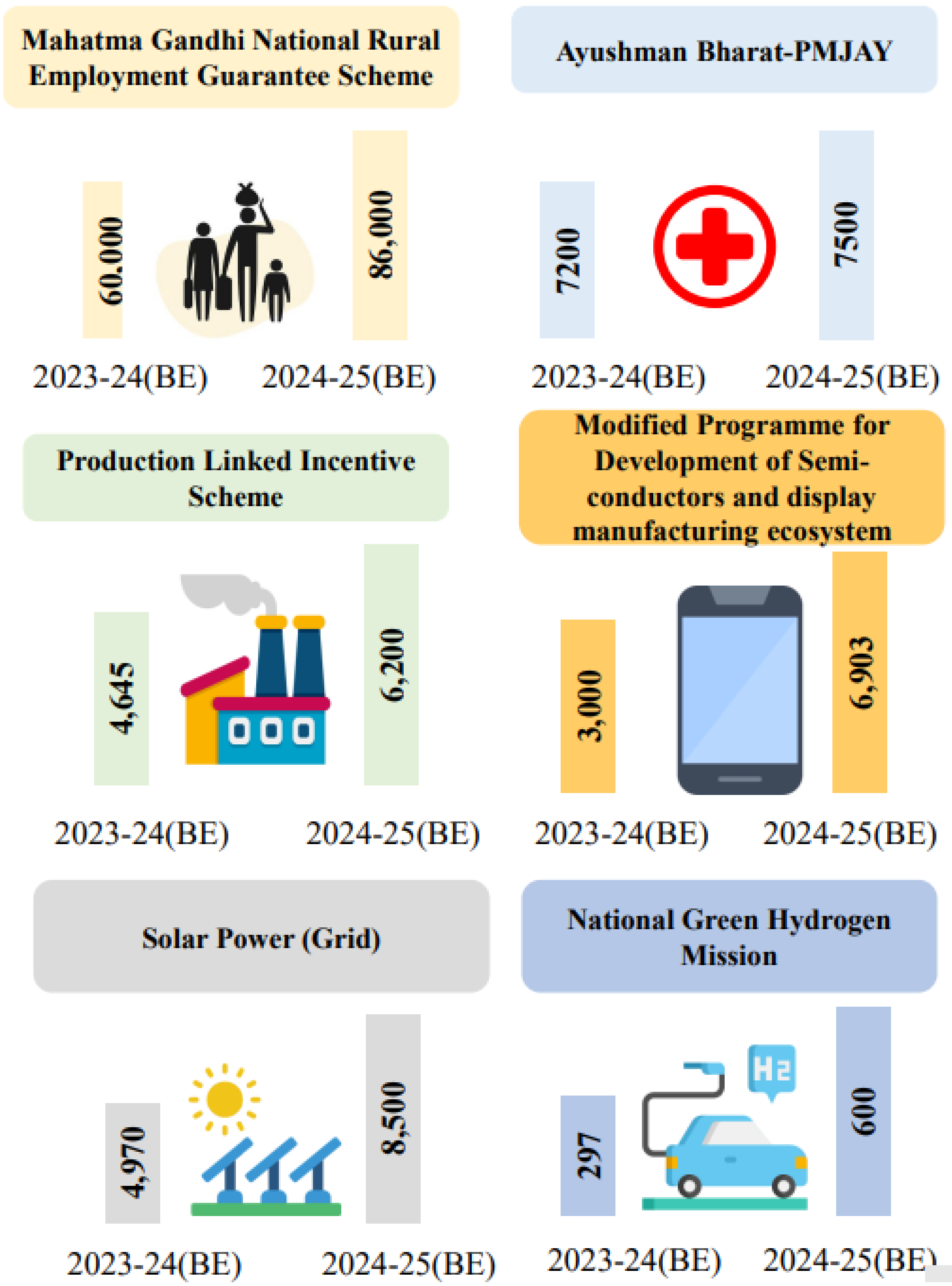
➞ 40,000 rail bogies to be converted to Vande bharat standards.

➞ The capex target of FY25 has been set at Rs 11.1 lakh crore, up by 11.1%. FY25 capex outlay at 3.4% of GDP.

➞ Govt plans to set up more medical colleges by using existing hospital infrastructure and a committee for this will be set up to examine and make necessary recommendation.

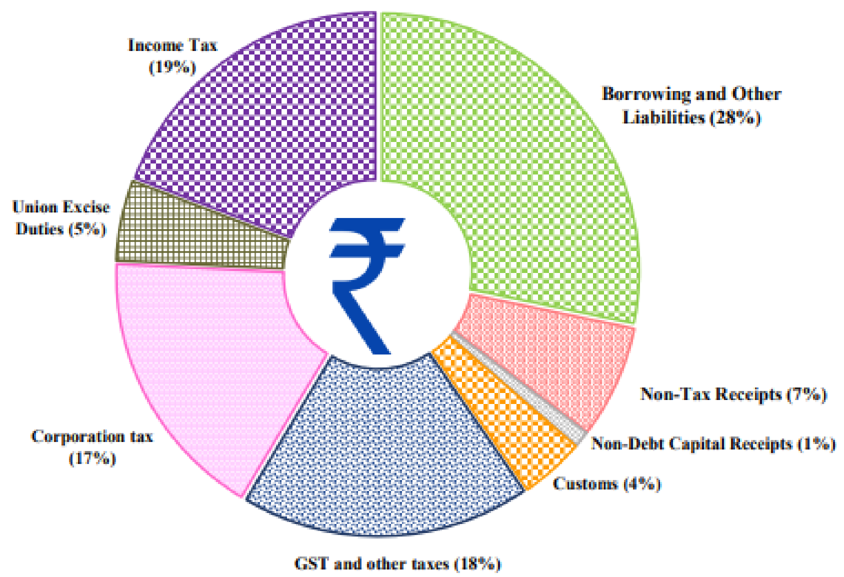
➞ Tourist Centre development - states to be encouraged to take up development of tourist centres- long term interest free loans to provided for states.

Allocation to Major Schemes (in ₹ crore)

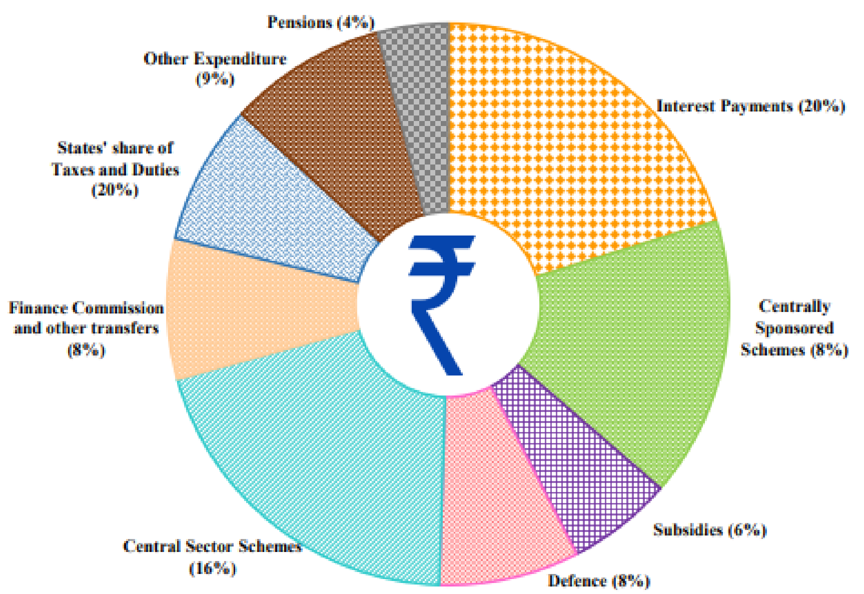


Budget At a Glance:

Rupee Comes From



Rupee Goes To



Allocation to Specific Ministries:

Ministry of	Rs. Lakh Crs.
Defense	6.20
Road Transport and Highways	2.78
Railways	2.55
Consumer Affairs, Food & Public Distribution	2.13
Home Affairs	2.03
Rural Development	1.77
Chemicals & Fertilizers	1.68
Communication	1.37
Agriculture and Farmer's Welfare	1.27

Conclusion:

- The budget conveyed a growth-oriented tone, surprisingly avoiding populism despite the election year. This reflects the government's confidence in its ability to lead the country.
- From the market perspective, the equity market remained stable, but the Debt Market experienced a significant rally.
- With the government's intention to reduce borrowing, the 10-year G-Sec yield dropped nearly 10 basis points, now trading below 7.05%.

However, there has been a consistent historical trend where this government establishes very tight fiscal deficit targets but eventually surpasses them. If this pattern is broken in the upcoming year, it could have an effect like an RBI rate cut, leading to a reduction in the cost of borrowing for businesses—ultimately, a positive development for the equity market. With this, banks, especially public sector banks, may derive the greatest benefits.