



Vote on Account (Interim Budget)


2024


Highlights and Observations


1st February 2024



Highlights

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- ❑ Finance Minister Nirmala Sitharaman proposes no change in direct and indirect tax including import tax after one of her shortest budget speech which lasted for 58 minutes.
 - ❑ Government to Extend Tax Benefits For Start-Ups To March 31, 2025.
 - ❑ Focus on improving tax payers service and view on tax reforms which have widened the tax base and increased tax collections.
 - ❑ New solar power schemes launched by PM Narendra 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.
 - ❑ Government to launch a scheme to help deserving sections of the middle class living in rented houses or slums and unauthorized colonies to buy or build their own houses.
 - ❑ 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.

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- ❑ 40,000 rail bogies to be converted to Vande-Bharat standards.
 - ❑ Government 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.
 - ❑ States to be encouraged to take up development of tourist centres long term interest free loans to provided for states.
 - ❑ FY 24 Divestment Target Cut to ₹30,000 CRs and FY 25 Divestment Target set at ₹50,000 CRs.
 - ❑ FY24 Fiscal Deficit target revised to 5.8 % of GDP from 5.9 % and 5.1 % Fiscal Deficit target for FY25.
 - ❑ FY25 Gross market borrowing target is ₹14.13 lakh CRs and Net market borrowing seen at ₹11.75 lakh CRs
 - ❑ Capital expenditure outlay of ₹11.11 lakh CRs and it outlay at 3.4 % of GDP.
 - ❑ Nominal GDP growth seen at 14%.

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- ❑ Crop insurance has been given to ₹4 CRs farmers under PM Fasal Bima Yojana.
 - ❑ 1-lakh CRs corpus will be made available with 50 year interest free (long-term financing or refinancing) to encourage the private sector to scale up R&D. Corpus of 1 Lakh CRs for Reduced Rate Loans to Private Sector for Research in Sunrise Domains
 - ❑ Rooftop solarisation and free electricity Through rooftop solarisation, 1 CR households will be enabled to obtain up to 300 units of free electricity every month.
 - ❑ The Government is working to make India -**Vikasit Bharat** by 2047.



Observations



Approach to the Interim Budget

- ❖ Set the country on course to be Developed nation by 2047
- ❖ Four pillars targeted for support:
 - ❖ Poor
 - ❖ Women
 - ❖ Youth
 - ❖ Farmer
- ❖ New definition of GDP:
 - ❖ Governance
 - ❖ Development
 - ❖ Performance

Citrus views on the Interim Budget

Positives

- ❑ 1. Fiscal deficit contained: target for FY25 at 5.1% and FY24 revised down to 5.8% of GDP. Better than street ests.
- ❑ 2. Gross and net market borrowing lower than expectation - Bond yields down 7 bp and PSU banks up. Gross borrowing at 14.13 lakh crs (lower than FY24) . Bond yields fell
- ❑ 3. Infra allocation higher by 11%
- ❑ 4. Thrust on rural housing - positive for steel cement cos
- ❑ 5. Huge plans for railways - 40,000 bogies to be converted to Vande Bharat, 3 rail corridors etc
- ❑ 6. Corpus of 1 lakh crs with 50 year interest free loan for long term financing at low or nil interest for research in sun rise sectors
- ❑ 7. Focus on solar power schemes. To invest in rooftop solar panels. 1 cr households to get 300 units per month free

Citrus views on the Interim Budget

Positives....contd

- ❑ 8. Coal gasification and liquefaction with a capacity of 100 MT will be setup by 2030
- ❑ 9. Government to launch new housing scheme for middle class.
- ❑ 10. Tax slabs unchanged
- ❑ 11. Tax payers service - Withdrawal of direct tax demands of period upto ₹25000 for period upto 2009-10 and ₹10000 for period upto 2014-15, 1 Crore people will benefit
- ❑ 12. 1-lakh crore corpus will be made available with 50 year interest free (long-term financing or refinancing) to encourage the private sector to scale up R&D. Corpus of 1 Lakh Crore for Reduced Rate Loans to Private Sector for Research in Sunrise Domains
- ❑ 13. Rooftop solarisation and free electricity Through rooftop solarisation, 1 crore households will be enabled to obtain up to 300 units of free electricity every month
- ❑ 14. Govt will lay a white paper in house on mismanagement of the economy before 2014

Citrus views on the Interim Budget

Negatives

- 1. While prima facie allocation to Infrastructure is up by 11.1% , expenditure on Railways up from Rs 2.4 lakh cr in FY 24 (RE) to Rs 2.52 lakh cr (BE) i.e. only 5%. Road sector up from Rs 2.76 lakh cr (RE) to Rs 2.77 lakh cr i.e. a measly 0.3%
- 2. No further relief to individual or corporate tax payer .
- 3. Capital gains tax not touched.
- The subject of disinvestment has not been touched in the Budget speech



Conclusion

- ❖ The Interim Budget limited itself to being a strictly a vote on account
- ❖ No major measure was announced. Achievements of the Government was listed out in great detail.
- ❖ We can expect major announcements in the main budget that will be announced in June/July '24
- ❖ It is quite clear that the focus will be on growth but all attempt will be made to make it as inclusive as possible
- ❖ Railway and infrastructure will be thrust areas and it is possible that higher allocation may be made in the main Budget
- ❖ Disinvestment subject has been avoided in the Interim Budget speech but we can see some concrete announcements in the main Budget



Thank You

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