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UNION BUDGET 2024-25

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FOREWORD

Union Budget 2024-25, as has been the trends over years, remains a policy document of predictable continuities and incremental reforms. The announcement does not deviate much from the foundation laid in the interim budget but have accommodated new realties and emerging opportunities.

Taking forward the theme of Garib' (Poor), 'Mahilayen' (Women), 'Yuva' (Youth) and 'Annadata' (Farmer) the Budget has targeted agricultural productivity, thrust to MSME and start-ups and skilling, infrastructure, R&D and next generational reforms mostly centered on pensions, labour, ease of doing business etc.

Stating with the macroeconomic imprints, the nominal GDP growth is estimated at 10.5%. Fiscal deficit has been pegged at 4.9% of GDP or Rs 16.13 lakh crore in FY25 (lower than 5.1% of GDP or Rs 16.85 lakh crore in interim budget FY25 presented in Feb'24) compared to 5.6% of GDP in FY24 (Rs 16.53 lakh crore). The market borrowings as a result through dated securities during 2024-25 are estimated at ₹14.01 lakh crore and ₹11.63 lakh crore respectively. The fiscal consolidation trends in the post-pandemic period remains intact and serves well as economy sheds the public expansion during COVID-19 making way for private activity to thrive.

Coming to the specific, the Budget announcement presents a careful reading of the emerging macroeconomic opportunities and challenges. The Honourable Finance Minister has tried to strike a delicate balance addressing challenges with noticeable surprises and handholding opportunities with predictable continuity.

At the heart of it, the Budget is mostly focused on middle class and employment generation, aiming at reversal in tapering private consumption. With more than two-thirds taxpayers having availed simplified tax regime for personal income tax in FY 24, the income tax structures under the new regime have been made more attractive with higher standard deduction and deduction of expenditure by employers towards NPS increased from 10 to 14 per cent.

The thrust to skilling is noticeable with Prime Minister's Five schemes for Employment and Skilling to be implemented over the next 5 years targeting 4.1 crore youth. A new centrally sponsored scheme for skilling has been announced to skill 20 lakh youth over a 5-year period. 1,000 Industrial Training Institutes to be upgraded in hub and spoke arrangements to bridge the demand supply gap for skilled labour in industrial establishments.

Since the objective appears to revive labour intensive economic activity, it is understandable, the Budget has proposed a credit guarantee scheme without collateral or third-party guarantee in term loans to MSMEs for purchase of machinery and equipment. The limit of Mudra loans under 'Tarun' category to be enhanced to ₹20 lakh from ₹10 lakh for those who have successfully repaid previous loans. E-Commerce Export Hubs will be set up under public-private-partnership (PPP) mode for MSMEs. Turnover threshold of buyers for mandatory onboarding on the TReDS platform to be reduced from Rs 500 crore to Rs 250 crore.

The fiscal thrust to infrastructure remains intact. ₹11.11 lakh crore (or 3.4 % of GDP) have been allocated for capital expenditure. This has been matched by ₹1.5 lakh crore for long-term interest free loans to support states in infrastructure investment. With growing urbanisation, Transit Oriented Development plans and strategies to implement and finance 14 large cities above 30 lakh population has been envisaged. Investment of ₹10 lakh crore, including the central assistance of ₹2.2 lakh crore in next 5 years, under PM Awas Yojana Urban 2.0 has also been proposed.

Climate transition and adaptation received a major focus in this budget and a number of announcements are associated to this theme. At the policy level, Budget proposes a policy document on 'Energy Transition Pathways' to balance the imperatives of employment, growth and environmental sustainability and promoting pumped storage projects for electricity storage to be brought out. Appropriate regulations for transition of 'hard to abate' industries from the current 'Perform, Achieve and Trade' mode to 'Indian Carbon Market' mode will be put in place. Financial support will be provided for shifting of micro and small industries to cleaner forms of energy.

Budget also proposes that one crore farmers across the country to be initiated into natural farming, with certification and branding in next 2 years. To secure the green future, a Critical Mineral Mission will be set up for domestic production, recycling of critical minerals, and overseas acquisition of critical mineral assets. 25 critical minerals have been fully exempted from customs duties and BCD on two critical minerals has been reduced.

Government will partner with private sector for R&D of Bharat Small Modular Reactor and newer technologies for nuclear energy, and to set up Bharat Small Reactors paving way for private capital in atomic sector.

On the taxation side the announcement ranges from measure to boost consumption as noted above already to rationalisation of capital gains. To begin with, in a major move, Budget has targeted capital gain altering the tax rate and definition of holding period and removal of indexation on sale of property and gold. The concerns on growing retail participation in derivatives has prompted the Security Transactions Tax on futures and options of securities increased to 0.02 per cent and 0.1 per cent respectively. The short-term gains will attract a tax rate of 20 per cent. Long term gains on all financial and non-financial assets will attract a tax rate of 12.5 per cent. The overall exemption limit of capital gains on certain financial assets has also been increased to ₹ 1.25 lakh per year.

On the corporate income side, the tax rate on foreign companies is reduced from 40 to 35 per cent to encourage further onshoring to India and capitalise on the reordering of global supply chains.

Lastly form the perspective of banking the budget remains a mixed bag. Direct announcement affecting banking are modest compared to previous Budget. Nonetheless, the thrust to consumption revival, PM Surya Ghar Muft Bijli Yojana, PMAY-Urban, MSME and startup, agriculture and boost to infrastructure throws considerable opportunity for banks. The guidance on climate transition in the form of policy document is a plus as greening the balance sheet is imperative going forward. The trust to digital economy, digitalisation of land records and Bhu-Aadhaar for all lands impact banks in a positive way. On the caution side, it remains to be seen how proposals on capital gains will affect the price formation in property markets particularly the behaviour of second and third buyer and in gold demand in general.

Overall, the Budget with its development tenor along with its continuity and predictability make choices and decisions in line with vision of Viksit Bharat. The measure for ease of doing business, energy security, orderly green transition, infrastructure and urban development, women participation in labour force, skill development show sensitivity to immediate concerns and emerging risks. The announcements are well crafted statement of intent, grounded in enhanced growth prospects for India in post COVID world.

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PREAMBLE

Few documents capture the imagination of one and all, galvanizing the rank and file across the masses to classes as the budget, finding its genesis in the French practices, as it pens the blueprint for the trajectory of a nation in not only the year ahead but for years to come chasing prosperity that benefits one and all.

The Union Budget presented today, a record seventh in a row by the Honb. Finance Minister is the crafted assembly of building blocks that upends the possibility of India remaining steadfast in pursuing the prosperity for all, through achieving significant milestones with destination earmarked as Viksit Bharat 2047. The centricity to four pillars namely the Poor, the Women, the Youth and the Farmer, through overarching tenets of nine areas of priorities bodes well for employment, skilling, MSMEs, and the middle class while ensuring traction across urban development, energy security, infrastructure, Innovation, Research & Development and Next Generation Reforms.

The demonstrated success of India, remaining exceptionally resilient from global uncertainties of late, lends credibility to our shared dream as the budget proposes using the Digital Public Infrastructure (DPI) across agri, MSMEs, skill set acquisition, roping in India Inc. and states to bring more populace in the ambit of formalization and financialization, the twin engines ushering in a powerful change, with focussed initiatives to bring more women into the workforce, diversifying skills acquisition and redistribution, positioning India as the preferred destination for Global supply chain, being rejigged and rebalanced post pandemic.

The demographics, the bandwidth, the can-do mindset and an all-encompassing knowledge centricity ensure India's ascent as the Vishwa Guru for the Global South (and beyond eventually) and the budget proposals spelt today put the winds in the sails and lays the groundwork for ensuring efficiency and effectiveness in our calibrated goals and deliverables in time.

The efforts of Team ERD in compiling the budget document, analysing the underlying and way forward, beyond mere compilation of facts and data, make the document an interesting insight into the evolving landscape, a harbinger of good times to come.

Section 1

The Macro Picture

KEY HIGHLIGHTS OF THE UNION BUDGET 2024-25

- The Union Budget 2024-25 focuses on 9 priority areas with potential for transformative changes. The budget also covers some of the previously made announcements with an intent to strengthen them and step up their implementation for expediting the goal of Viksit Bharat.
- Adhering to the path of sound fiscal management, fiscal deficit for FY25 is estimated at the 4.9% of GDP as against the 5.8% of GDP in revised estimate of FY24. The nominal GDP for FY25 is estimated at Rs 326 lakh crore, a 10.5% growth over FY24. Assuming a conservative 6.5% real GDP growth rate (Economic Survey projected real GDP growth of 6.5-7%), this translates into an inflation of around 4.0%. Given that inflation in FY25 is likely to decline nominal GDP growth in FY25 could be around 11%. Additionally, the RBI GDP projection for FY25 at 7.2% (SBI at 7.5%) implies that budgeted nominal GDP numbers for FY25 could be an underestimate. Thus, the fiscal deficit numbers for FY25 could have a potential downside.
- The Centre's gross tax revenue for FY24 has been revised upwards to Rs 34.4 lakh crore, which is almost Rs 1.0 lakh crore greater over the Budget estimate for FY24. Regarding FY25 projections, Government has budgeted 11.7% growth to Rs 38.4 lakh crore. The revenue target from taxation is supported by 16.1% increase in income tax, 10.5% rise in corporation tax and 8.7% growth in custom duty. The tax buoyancy for FY25 is estimated at 1.1 (based on gross tax revenue). GST collection target is budgeted to increase by 11% to Rs 10.6 lakh crore over FY24 revised estimates. Major subsidies will decline by 7.8% to Rs 3.8 lakh crore. The tax buoyancy numbers look reasonable are lower than the historical trends and thus are likely to be more than achievable.
- Non-tax revenue for FY25 has been budgeted at Rs 5.46 lakh crore which is almost Rs 1.7 lakh crore more than the revised estimates of FY24. The higher budgeted amount is owing to higher dividends and profits and other non-tax receipts.
- The total dividend from the Reserve Bank of India, nationalised banks and financial institutions is estimated at Rs 2.3 lakh crore for FY25, more than double than the revised estimated of FY24 (Rs 1.0 lakh crores).
- For FY25, the Gross Government Borrowing is budgeted at Rs 14.01 lakh crore and net borrowing requirement is pegged at Rs 11.63 lakh crore (72% of the Fiscal Deficit) considering repayments of Rs 2.37 lakh crore (including buyback of Rs 30,000 crore).
- Fiscal deficit has been pegged at 4.9% of GDP or Rs 16.13 lakh crore in FY25 (lower than 5.1% of GDP or Rs 16.85 lakh crore in interim budget FY25 presented in Feb'24) compared to 5.8% of GDP in FY24 RE (Rs 17.34 lakh crore).
- For FY25, Government has set a modest target of Rs 50,000 crore of disinvestment as against Rs 30,000 crore revised estimate for FY24.
- FM has announced Prime Minister's package of 5 schemes and initiatives. The package aims to facilitate employment, skilling and other opportunities for 4.1 crore youth over a 5-year period with a central outlay of Rs 2 lakh crore.
- The government will implement 3 schemes for 'Employment Linked Incentive', as part of the Prime Minister's package. These will be based on enrolment in the EPFO, and focus on recognition of first-time employees, and support to employees and employers.
- A financial support for loans up to Rs 10 lakh for higher education in domestic institutions. E-vouchers for this purpose will be given directly to 1 lakh students every year for annual interest subvention of 3% of the loan amount.

- *Agriculture*: (a) Provision of 1.52 lakh crore for the agriculture and allied sectors while 6 crore farmers and their land will be brought into the farmer and land registry, (b) 10,000 bio research centres will be established, (c) Next two years, 1 crore farmers will be initiated into natural farming supported by branding and certification, (d) Vegetable production and supply chain, large clusters to be developed closer to consumption centres, (e) Jan Samarth based Kisan Credit Cards to be launched in 5 states, (f) To ensure self-sufficiency in pulses and oil seeds.
- *MSME*: The Budget proposes eight new measures in support for promotion of MSMEs. Major ones are: (a) A credit guarantee scheme for facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee, (b) A new mechanism for facilitating continuation of bank credit to MSMEs during their stress period, and (c) Enhanced the limit of Mudra loans to ₹20 lakh from the current ₹10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.
- Under the PM Awas Yojana Urban 2.0, housing needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹ 10 lakh crore. This will include the central assistance of ₹ 2.2 lakh crore in the next 5 years.
- Phase IV of Pradhan Mantri Gram Sadak Yojana will be launched to provide all-weather connectivity to 25,000 rural habitations which have become eligible in view of their population increase.
- In partnership with the State Governments and Multilateral Development Banks, government will promote water supply, sewage treatment and solid waste management projects and services for 100 large cities through bankable project.
- Government will facilitate the provision of a wide array of services to labour, including those for employment and skilling. A comprehensive integration of e-shram portal with other portals will facilitate such one-stop solution. Shram Suvidha and Samadhan portals will be revamped to enhance ease of compliance for industry and trade.
- Several benefits to provide tax relief to salaried individuals and pensioners opting for the new tax regime. Finance Minister proposed to increase the standard deduction for salaried employees from ₹50,000 to ₹75,000. Also, deduction on family pension for pensioners is proposed to be enhanced from ₹15,000 to ₹25,000 under the new tax regime. This will provide relief to about four crore salaried individuals and pensioners. As a result of these changes, a salaried employee in the new tax regime stands to save up to ₹17,500 annually in income tax.
- Short term gains on certain financial assets shall henceforth attract a tax rate of 20% (earlier: 15%). Long term gains on all financial and non-financial assets will attract a tax rate of 12.5% (earlier: 10%). Now the listed financial assets held for more than a year will be classified as long term. The long-term indexation benefit for properties has been abolished.
- Budget has abolished 'angel tax' for all classes of investors and this move is aimed to bolster the Indian start-up eco-system, boost the entrepreneurial spirit and support innovation. FM also proposed to reduce the corporate tax rate on foreign companies from 40% to 35% to attract foreign capital for India's development needs.
- *Custom Duty:* (a) In a big relief to cancer patients, three more medicines have been completely exempted from Customs Duties. Further, BCD on x-ray tubes & flat panel detectors for use in medical x-ray machines have also been decreased, so as to synchronise them with domestic capacity addition, (b) Reduced the BCD on mobile phone, mobile PCBA and mobile charger to 15%, (c) Full exemption of Customs Duties on 25 Critical Minerals and while reducing BCD on two of them, (d) Customs Duties on gold and silver have been reduced from 15% to 6% while that on platinum from 15.4% to 6.4%, to enhance domestic value addition in Gold and Precious metal jewellery in the country. Further, BCD on ferro nickel and blister copper have been removed to reduce the cost of production of Steel and Copper.

MACRO VIEW AND FISCAL MANAGEMENT

New York Times, long considered a cheerleader of the select global fan club skeptical of India's exponential Phy-gital capabilities build-up in recent years, did a kind of bow down, writing in late June how the 'positive vibes' from India are making it a preferred destination for marquee American and European chaebols, accentuating a clear shift away from mainland China.

Today's budget, a record seventh for the finance minister, cements the idea of competitive capacity and capability building through putting in place 9 enablers / NAVRATNA levers that ensure the incremental centricity of the country in the fast changing global production and supply chains ecosystem through impinging upon relevant skillsets, enhancing women participation in workforce while formalizing the labour force, simultaneously anchoring upliftment of MSMEs, capex, education, rationalization of taxes with a long term imperative that has the potential to structurally change the way financialization benefits both the savers as also the users without being susceptible to shocks embedded in the financial fabric.

Given the change in food intake and nutrition habits with rising income and education levels, the announcements regarding usage of DPI to bring around 6 crore farmers' lands into digital registries can revolutionize agri credit deliverance, strengthening market infrastructure through loops of forward and backward linkages. Additionally, digital crop survey and clusters of vegetable productions near major consumption centres can blunt the volatility in core inflation components. Self-sufficiency in oil seed production will further lessen the import substitutes while stability on pulses front, along with a nudge to farmers to adopt natural farming practices, augurs well for our 'return to roots' ancient agrarian system.

However, for agriculture to usher in a sustainable path, the policy makers and regulators will do well to revisit the recommendations of committee on Agri Value Chain Financing headed by C S Shetty of SBI to enable the desired transition. The report has been submitted in 2021 and still awaiting implementation.

The three-pronged approach to enhance formalization of employment generation, through incentivizing all stakeholders, should upend the changing labour landscape evident through EPFO data while ensuring benefits are reaped over a long term, most handsomely by those who are freshly entering the job markets while creating a sizeable corpus for their future benefits.

Increasing participation of women in workforce, apart from gender diversity, should broaden the skillsets of entire workforce. A great example is country's flourishing SHG landscape were enhancing market access, at local level first, can work wonders for strengthening the rural economy in particular. Financing the skills acquisition through a guaranteed loan, as also financial support through e-vouchers for educational loans is a good omen indeed.

Bringing the group of resources rich eastern states into the mainframe through targeted corridor development schemes augurs well for the holistic national development. MSMEs, that have a pivotal role in India's ascent to a Developed Nation by 2047, will be benefitting significantly through the guarantee scheme for purchase of machinery and equipment without collateral/third-party guarantee up to Rs 100 crore, while usage of alternate data viz. tax and other digital footprints for delivering in-time and just credit (initiated by SBI last month) can be a game changer given rising integration with platform based initiatives like OCEN and ONDC that promise to democratize the existing architecture.

The maturity of MUDRA loans gets a fillip with enhancement in limit to Rs 20 lakh that would enhance transition of Shishu to Kishore and Tarun variants through incremental value proposition. Enhancing the latitude of TReDS platform, incrementally dedicated coverage of MSME clusters through SIDBI branches, E-Commerce Export Hubs under PPP mode strengthen and create a robust environment for MSMEs. From creating industrial park, on 'Plug and Play' model to offering internships for 1 crore youth in India Inc., the budget truly opens new possibilities.

On the taxation front, the intent of the government is noteworthy as it has taken bold initiatives to smoothen the asymmetries in taxation of various asset classes.

However, some clarification is needed on taxation aspects of capital gains from non-financial assets, notably ancestral properties where indexation and grand fathering benefits seem a natural for the genuine cases. While the proposed taxation ensures that end usage of funds will be assured across same asset classes transfer to leverage the tax benefits and discouraging cross-usage of gains for speculative purposes (also bolstered by higher taxation on F&O), there is also a possibility of increased usage of cash. Also, the earlier taxation of 20% in most cases were effectively nil after adjusting for inflation. This now seems to have increased to 12.5%.

Furthermore, there is a genuine need to offer tax incentives to bank deposits to keep them competitive and centric to savers. Currently bank deposits are subject to taxation of interest income at accrual level and we must appreciate that banks in India largely fund themselves through retail deposits rather than wholesale funding as seen in other regions which has been a clear and frequent source of contagion. Clearly, banks which are the custodians of large deposit franchise in a country deserve better. It may be also reminded that India has limited social security and interest from bank deposits are often used by senior citizens for offsetting consumption expenditure. The good thing of increase in capital gains tax could be a temporary interest in bank deposits in interregnum that could but fizzle out.

Finally, adhering to the path of sound fiscal management, fiscal deficit for FY25 is estimated at the 4.9% of GDP as against the 5.8% of GDP in revised estimate of FY24. The nominal GDP for FY25 is estimated at Rs 326 lakh crore, a 10.5% growth over FY24. With RBI growth projections at 7.2% for FY25 (SBI:7.5%) we believe that this is conservative estimate. In such a case, the budget numbers could throw up a positive surprise at the end of the fiscal. We believe that cost of borrowing of the Government is likely to decline as budgeted borrowing numbers are lower than FY24 estimates by Rs 20,000 crores.

To sum up, the net revenue gain to Centre in FY25 is around Rs 4.5 lakh crores, of which Rs 3.3 lakh crores has been negated because of increase in expenditure. This has resulted in a fiscal deficit decline by equivalent amount. With tax revenue continuing to be buoyant, we expect fiscal deficit in FY25 to have a downward bias than 4.9%.

Overall, this is a budget that lays the groundwork to deliver on promises that benefit each and every Indian, sans any differentiation. There lies its simple magic.

The genesis of fiscal deficit in incremental terms (Rs lakh crore)

Item		FY25BE/ FY24RE
Gross Tax gain	A	4.0
Non tax receipts gain	B	1.7
Non Debt Receipts	C	0.2
Total Revenue Gain	D=Sum: A to C	5.9
Revenue Gain of States	E	1.4
Net Revenue gain to Center after adjusting for States transfer	F=D-E	4.5
Expenditure increase	G	3.3
Fiscal Deficit FY24 RE	H	17.3
Fiscal Deficit FY24 RE(% of GDP)	-	5.8
Fiscal Deficit FY25 BE	I=H+G-F	16.1
Fiscal Deficit FY25BE (% of GDP)	-	4.9

Source: SBI Research.

A PACKAGE FOR ANDHRA PRADESH AND BIHAR

We have noticed that the bifurcation of states in the past impacted the tax situation of parent states significantly even for the long-term. For example, in case of Bihar, the share of non-tax revenue as total revenue declined from 14% in year 2000 to merely 3.3% in 2004 and is still below the pre-division mark. The same trend is visible in case of MP and AP also.

Consequently, FM has announced an allocation of Rs 15,000 crore for Andhra Pradesh's development with assurances of further funds in subsequent years. For Bihar, FM has revealed plans for new airports, medical colleges, and sports infrastructure. The central Government has assured the state government that their requests to multilateral banks would be fast-tracked. Additionally, Rs 26,000 crore has been earmarked for highways in Bihar.

How Division of States impact their Revenues					
Rs crore	**Bihar (Undivided)**	**Bihar**	**Jharkhand**	**Bihar**	**Jharkhand**
Year	2000	2004	2004	2024	2024
Revenue Receipts (RR)	12579	13525	7443	212327	98337
of which, state's own Tax Revenue	3638	3361	2278	49700	30857
state's own Non-tax Revenue (NTR)	1759	446	1151	6512	17259
NTR as % of RR	**14.0%**	**3.3%**	**15.5%**	**3.1%**	**17.6%**
FD as % of GDP	**11.9%**	**6.2%**	**3.9%**	**8.9%**	**2.7%**
Rs crore	**MP (Undivided)**	**MP**	**Chhattisgarh**	**MP**	**Chhattisgarh**
Year	2000	2004	2004	2024	2024
Revenue Receipts (RR)	13204	14289	5959	225710	106001
of which, state's own Tax Revenue	5795	6789	2588	86500	38000
state's own Non-tax Revenue (NTR)	2469	1480	1124	14913	18200
NTR as % of RR	**18.7%**	**10.4%**	**18.9%**	**6.6%**	**17.2%**
FD as % of GDP	**4.9%**	**7.1%**	**5.7%**	**3.6%**	**6.5%**
Rs crore	**AP (Undivided)**			**AP**	**Telangana**
Year	2013			2024	2024
Revenue Receipts (RR)	103830			206224	216567
of which, state's own Tax Revenue	59875			102599	131029
state's own Non-tax Revenue (NTR)	15999			15400	22808
NTR as % of RR	**15.4%**			**7.5%**	**10.5%**
FD as % of GDP	**4.3%**			**4.2%**	**2.3%**

Source: SBI Research,RBI, Budget documents , FY24 FD is RE.

Budget at a glance (Rs Crore and as a % of GDP)									
	FY23	**FY24 RE**	**FY25(IBE)**	**FY25(BE)**	**FY25(BE)/ FY24(RE) (%Gr)**	**FY25(IBE)/ FY24(RE) (%Gr)**	**FY24(RE)/ FY23 (%Gr)**	**Decadal CAGR (FY 15-25 in %)**	**5 Yr CAGR (FY 20-25 in %)**
1.1 Revenue Receipts	23,83,206	26,99,713	30,01,275	31,29,200	15.9	11.2	13.3	11.0	13.2
% of GDP	**8.8**	**9.1**	**9.2**	**9.6**					
1.1.1 Tax Revenue (Net to centre)	20,97,786	23,23,918	26,01,574	25,83,499	11.2	11.9	10.8	11.1	13.7
% of GDP	**7.8**	**7.8**	**7.9**	**7.9**					
1.1.2 Non-Tax Revenue	2,85,421	3,75,795	3,99,701	5,45,701	45.2	6.4	31.7	10.7	10.8
% of GDP	**1.1**	**1.3**	**1.2**	**1.7**					
1.2 Capital Receipts	18,09,951	17,90,773	17,64,494	16,91,312	-5.6	-1.5	-1.1	11.6	11.0
% of GDP	**6.7**	**6.0**	**5.4**	**5.2**					
1.2.1 Recoveries of Loans	26,161	26,000	29,000	28,000	7.7	11.5	-0.6	7.4	8.9
% of GDP	**0.1**	**0.1**	**0.1**	**0.1**					
1.2.2 Other Receipts	46,035	30,000	50,000	50,000	66.7	66.7	-34.8	2.9	-0.1
% of GDP	**0.2**	**0.1**	**0.2**	**0.2**					
1.2.3 Borrowings and other liabilities	17,37,755	17,34,773	16,85,494	16,13,312	-7.0	-2.8	-0.2	12.2	11.6
% of GDP	**6.4**	**5.8**	**5.1**	**4.9**					
1. Total Receipts(1.1+1.2)	41,93,157	44,90,486	47,65,768	48,20,512	7.3	6.1	7.1	11.2	12.4
% of GDP	**15.6**	**15.1**	**14.5**	**14.8**					

Budget at a glance (Rs Crore and as a % of GDP)									
	FY23	FY24 RE	FY25(IBE)	FY25(BE)	FY25(BE)/ FY24(RE) (%Gr)	FY25(IBE)/ FY24(RE) (%Gr)	FY24(RE)/ FY23 (%Gr)	Decadal CAGR (FY 15-25 in %)	5 Yr CAGR (FY 20-25 in %)
2. Total Expenditure (2.1+2.1)	41,93,157	44,90,486	47,65,768	48,20,512	7.3	6.1	7.1	11.2	12.4
% of GDP	**15.6**	**15.1**	**14.5**	**14.8**					
2.1 Revenue Expenditure	34,53,132	35,40,239	36,54,657	37,09,401	4.8	3.2	2.5	9.7	9.6
% of GDP	**12.8**	**11.9**	**11.2**	**11.4**					
2.1.1 Grants for creation of Capital Assets	3,06,264	3,21,190	3,85,582	3,90,778	21.7	20.0	4.9	11.6	16.1
% of GDP	**1.1**	**1.1**	**1.2**	**1.2**					
2.1.2 Interest Payments	9,28,517	10,55,427	11,90,440	11,62,940	10.2	12.8	13.7	11.2	13.7
% of GDP	**3.4**	**3.6**	**3.6**	**3.6**					
2.2 Capital Expenditure	7,40,025	9,50,246	11,11,111	11,11,111	16.9	16.9	28.4	18.9	27.0
% of GDP	**2.7**	**3.2**	**3.4**	**3.4**					
3.Effective Capital Expenditure(2.1.1+2.2)	10,46,289	12,71,436	14,96,693	15,01,889	18.1	17.7	21.5	16.5	23.6
% of GDP	**3.9**	**4.3**	**4.6**	**4.6**					
4. Revenue Deficit (2.1-1.1)	10,69,926	8,40,527	6,53,383	5,80,201	-31.0	-22.3	-21.4	4.7	-2.7
% of GDP	**4.0**	**2.8**	**2.0**	**1.8**					
5. Effective Revenue Deficit (4-2.1.1)	7,63,662	5,19,337	2,67,801	1,89,423	-63.5	-48.4	-32.0	-2.1	-17.0
% of GDP	**2.8**	**1.8**	**0.8**	**0.6**					
6. Fiscal Deficit {2-(1.1+1.2.1+1.2.2)}	17,37,755	17,34,773	16,85,494	16,13,312	-7.0	-2.8	-0.2	12.2	11.6
% of GDP	**6.4**	**5.8**	**5.1**	**4.9**					
7. Primary Deficit (6-2.1.2)	8,09,238	6,79,346	4,95,054	4,50,372	-33.7	-27.1	-16.1	15.3	7.0
% of GDP	**3.0**	**2.3**	**1.5**	**1.4**					
Revenue Deficit / Fiscal Deficit (%)	61.6	48.5	38.8	36.0					
Memo:									
Nominal GDP	2,69,49,646	2,96,57,745	3,27,71,808	3,26,36,912					
Growth rate	14.2	10.0	10.5	10.5					

Source: Union Budget Documents & SBI Research.

Capex Arithmetic (Rs Cr)							
	FY 23	FY24(RE)	FY25(IBE)	FY25(BE)	FY25(BE)/ FY24(RE) (% Gr)	FY25(IBE)/ FY24(RE) (% Gr)	FY24(RE)/ FY23 (% Gr)
1.Total Capex through Budget	740025	950246	1111111	1111111	16.93	16.93	28.41
% of GDP	**2.7**	**3.2**	**3.4**	**3.4**			
2. Grants for creation of capital assets	306264	321190	385582	390778	21.67	20.05	4.87
% of GDP	**1.1**	**1.1**	**1.2**	**1.2**			
3. Capex by CPSE(IEBR)	363120	326193.05	343011.8	368632.2	13.01	5.16	-10.17
% of GDP	**1.3**	**1.1**	**1.0**	**1.1**			
4. Effective Capex (1+2)	1046289	1271436	1496693	1501889	18.13	17.72	21.52
% of GDP	**3.8**	**4.3**	**4.6**	**4.6**			
5. Capex by budget and CPSE (1+3)	1103145	1276439	1454123	1479743	15.93	13.92	15.71
% of GDP	**4.0**	**4.3**	**4.4**	**4.5**			
6. Grand Total Capex (1+2+3)	1409409	1597629	1839705	1870521	17.08	15.15	13.35
% of GDP	**5.2**	**5.4**	**5.6**	**5.7**			

Source:Union Budget Documents & SBI Research.

TAX REVENUE TRENDS

The Centre's gross tax revenue for FY24 has been revised upwards to Rs 34.4 lakh crore, which is almost Rs 1.0 lakh crore greater over the Budget estimate for FY24. Regarding FY25 projections, Government has budgeted 11.7% growth to Rs 38.4 lakh crore. The revenue target from taxation is supported by 16.1% increase in income tax, 10.5% rise in corporation tax and 8.7% growth in custom duty. GST collection target is budgeted to increase by 11% to Rs 10.6 lakh crore over FY24 revised estimates.

Direct and Indirect taxes (Rs crore and as a % of GDP)

	FY23	FY24(RE)	FY25(IBE)	FY25(BE)	FY25(BE)/ FY24(RE) (%Gr)	FY25(IBE) /FY24(RE) (%Gr)	FY24(RE)/ FY23 (%Gr)	Decadal CAGR (FY 15-25 in %)	5 Yr CAGR (FY20-25 in %)
Gross Tax Revenue	30,54,192	34,37,211	38,30,796	38,40,170	11.7	11.5	25.4	11.9	13.8
% of GDP	**11.3**	**11.6**	**11.7**	**11.8**					
Direct Tax									
Corporation Tax	8,25,834	9,22,675	10,42,830	10,20,000	10.5	13.0	26.3	9.0	12.9
% of GDP	**3.1**	**3.1**	**3.2**	**3.1**					
Taxes on Income Other than Corporation Tax	8,33,260	10,22,325	11,56,000	11,87,000	16.1	13.1	38.7	16.5	19.2
% of GDP	**3.1**	**3.4**	**3.5**	**3.6**					
Total Direct Taxes	1659093	1945000	2198830	2207000	13.5	13.1	32.5	12.4	16.0
% of GDP	**6.2**	**6.6**	**6.7**	**6.8**					
Indirect Taxes									
Customs	2,13,372	2,18,680	2,31,310	2,37,745	8.7	5.8	8.4	2.4	16.8
% of GDP	**0.8**	**0.7**	**0.7**	**0.7**					
Union Excise Duty	3,22,724	3,39,000	3,23,480	3,24,000	-4.4	-4.6	0.2	5.4	5.8
% of GDP	**1.2**	**1.1**	**1.0**	**1.0**					
Service Tax	431	500	100	100	-80.0	-80.0	-76.8	-52.4	-55.9
% of GDP	**0.0**	**0.0**	**0.0**	**0.0**					
Goods and Services Tax	8,49,132	9,56,600	10,67,650	10,61,899	11.0	11.6	25.7	-	12.1
% of GDP	**3.2**	**3.2**	**3.3**	**3.3**					
Major Indirect taxes	1385660	1514780	1622540	1623744	7.2	7.1	17.1	11.5	11.1
% of GDP	**5.1**	**5.1**	**5.0**	**5.0**					

Source: Union Budget documents & SBI Research

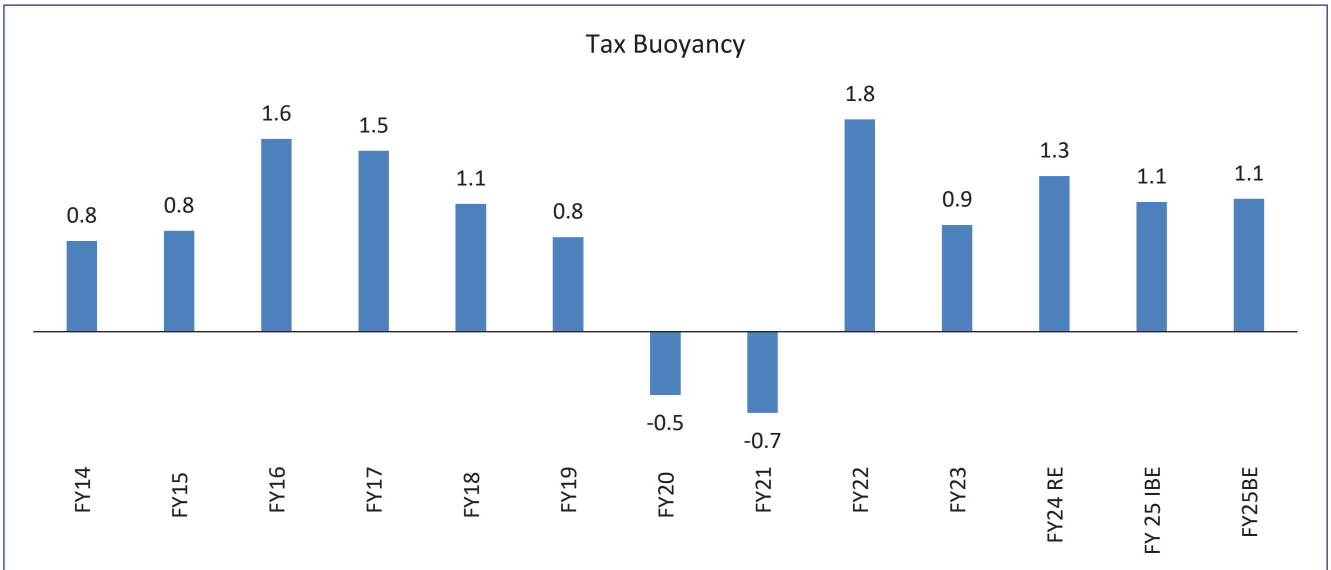
Interesting to note that the share of surcharge plus STT as percentage of total income tax, which was in the range of 3-4% during FY15-19, now rose to in the range of 9-10%. This indicates how the buoyancy in the capital market is resulting in more direct tax revenue to Government.

Income tax break up in Rs cr						
FY	Income tax	*of which* collections	Surcharge	Security Transaction Tax	Health and Education Cess	(Surcharge + STT)/IT
FY15	258326	238074	1343	7398	7581	3.4%
FY16	287628	270312	1565	7350	8445	3.1%
FY17	349436	324421	2299	8998	10266	3.2%
FY18	419880	388198	3172	11881	11869	3.6%
FY19	472983	399212	44483	11528	17793	11.8%
FY20	492593	453409	5237	12374	18243	3.6%
FY21	487139	442607	5538	16927	18026	4.6%
FY22	696238	635442	7923	23191	25592	4.5%
FY23	833233	718827	53914	25085	30792	9.5%
FY24RE	1022325	887325	65000	32000	38000	9.5%
FY25BE	1187000	1031000	75000	37000	44000	9.4%

Source: SBI Research.

TAX BUOYANCY

The tax buoyancy (based on gross tax revenues) for FY25 is reasonably estimated at 1.1 as nominal GDP growth is projected by 10.5% while gross tax revenues are projected to grow by 11.7%. For FY24 (RE), the tax buoyancy is estimated at 1.3.



GOVERNMENT BORROWINGS

Central Government Borrowings

Gross market borrowing of the Centre for FY24 came at Rs 15.43 lakh crore, with net borrowing at Rs 11.80 lakh crore same as in BE. The Government undertook switch of Rs 1.0 lakh crore. Meanwhile, the buyback has been nil. The Government had used only Rs 1323 crore as the short-term borrowing through treasury bills as against the budgeted Rs 50,000 crore.

For FY25, gross market borrowing through dated securities has been budgeted at Rs 14.01 lakh crore (slightly lower than the interim budget of Rs 14.13 lakh crore). Repayments have also been estimated at Rs 2.37 lakh crore (with Rs 30,247 crore as buyback). The net market borrowing therefore stands at Rs 11.63 lakh crore (~72% of fiscal deficit) against Rs 11.75 lakh crore in the interim budget). The Government has also announced switch of Rs 1.50 lakh crore in FY25. Notably, the Government stocks repurchased by means of switch will not have any impact on the fiscal situation.

The short-term borrowing for FY25 has been pegged at Rs (-) 50,000 crore.

State gross borrowing for FY25 is expected at Rs 10 lakh crore and with repayment of Rs 3.2 lakh crore, net borrowing is pegged at Rs 6.9 lakh crore. Thus, **the net borrowing of the Centre and State combined comes to Rs 18.5 lakh crore.**

Market Borrowings through Dated Securities (Rs lakh crore)				
Centre	**FY23**	**FY24 (RE)**	**FY25 (IBE)**	**FY25 (BE)**
Gross Borrowing	14.2	15.4	14.1	14.0
Repayments*	3.1	3.6	2.4	2.4
Net Borrowing	11.1	11.8	11.8	11.6
State				
Gross Borrowing	7.6	10.1	10.0	10.0
Repayments	2.4	2.8	3.2	3.2
Net Borrowing	5.2	7.3	6.9	6.9
Total				
Gross Borrowing	21.8	25.5	24.2	24.1
Net Borrowing	16.3	19.1	18.6	18.5

Source: Union Budget Documents, RBI & SBI Research; *Repayment in FY24(RE) and FY25(BE) is net of recovery of ₹.78 and ₹1.24 lakh crore respectively from GST compensation fund and Includes buy back of ₹0.30lakh crore by the Government.

Off Balance Sheet Borrowings

Extra budgetary resources (EBR) for PSUs have increased by 20.5% to Rs 1.93 lakh crore in FY25 (0.6% of GDP) as compared to Rs 1.60 lakh crore in FY24 RE. EBR for Coal, Petroleum and Natural gas, Steel and railways has reduced while that of Housing & Urban Affairs and Power has increased. For Housing and Urban Affairs, the EBR has been increased from Rs 14,633 crore in FY24 RE to Rs 40,000 crore in FY25 (Rs 13,500 crore in FY25 Interim budget). For FY25 the Government has budgeted Rs 45,619 crore (21.4% yoy) in EBR of Power.

Total borrowing requirement of the Centre, State and PSUs in FY25 comes to Rs 20.4 lakh crore or 6.3% of the GDP.

The Government has budgeted the EBR mobilised through NSSF and fully serviced bonds to nil since FY23. When we look at NSSF, the Government has projected net decline in collection to Rs 3.88 lakh crore in FY25 from the revised Rs 4.36 lakh crore in FY24. Interestingly, when the investment of NSSF funds is looked at, it is observed that investment in public agencies has reduced to zero. This is good for transparency.

Extra Budgetary Resources for PSUs (Rs Crore)					
	FY24(RE)	**FY25(IBE)**	**FY25(BE)**	**FY25(BE)/ FY24(RE) (%Gr)**	**FY25(IBE)/ FY24(RE) (%Gr)**
Coal	2330	2192	2192	-5.9	-5.9
Ministry of Housing and Urban Affairs	14633	13500	40000	173.3	-7.7
Petroleum and Natural Gas	34668	29481	29481	-15.0	-15.0
Power	37588	46188	45619	21.4	22.9
Steel	4189	1260	1260	-69.9	-69.9
Railway	2285	1229	1200	-47.5	-46.2
Others	64690	74271	73486	13.6	14.8
Total	160384	168121	193238	20.5	4.8
% of GDP	0.5	0.5	0.6	-	
GDP	29657745	32771808	32636912	10.0	10.5

Source: Union Budget Documents & SBI Research.

NSSF Fund allocation (Rs crore)			
	FY23	**FY24 RE**	**FY25 BE**
Net collection during the year	**305369**	**436832**	**388225**
Net additional allocation during the year	**358544**	**433801**	**447511**
Central Government securities (Budgetary borrowing from NSSF)	**395860**	**471317**	**484632**
Special Central Government Securities	213129	251568	158976
Reinnvestment in Central Government Special Securities	182731	219749	325657
Special State Government Securities	**-37096**	**-37166**	**-37121**
Public Agencies	**-220**	**-350**	**0**
MTNL	-220	-350	0

Source: SBI Research, Union Budget Documents.

Total Borrowing Requirements including EBR (Rs lakh crore)			
	FY24 (RE)	**FY25 (IBE)**	**FY25 (BE)**
Net market borrowing of Centre	11.8	11.8	11.6
Net market borrowing of State	7.3	6.9	6.9
Extra Budgetary Resources for PSUs	1.6	1.7	1.9
Total Borrowing	**20.7**	**20.3**	**20.4**
Total Borrowing (% of GDP)	**7.0**	**6.2**	**6.3**

Source: Union Budget Documents & SBI Research.

Financing of Fiscal Deficit

The Government continues to rely on small savings for financing its fiscal deficit, with the number pegged at Rs 4.20 lakh crore or 26.0% of the fiscal deficit in FY25, though it is lower than Rs 4.71 lakh crore (27.1% of fiscal deficit) in FY24. This, in turn, underlines the importance of small savings collections for the Government and bond market.

Based on the ownership pattern of Government of India dated securities as on Mar'24 and given the total net borrowings at Rs 19 lakh crore (G-sec, SDL and T-bill issuances), we believe demand of securities from banks to be in line with the incremental supply (around Rs 7.0 lakh crore) to ensure LCR compliance and also benefit from reasonably high carry. The insurance sector could subscribe to Rs 4.5 lakh crore. Considering the inclusion of India into the JP morgan bond index and the demand from different participants, we believe there is unlikely to be a shortfall. Since insurance sector and pensions funds are the key players for long-term securities of 15 years and above, we believe RBI can make some special arrangement with insurance sector or pension funds for long-term bonds and go for exclusive placement in long tenor bonds with these investors.

Sources of Financing Fiscal Deficit (Rs Crore)							
	FY23	**FY24(RE)**	**FY25(IBE)**	**FY25(BE)**	**FY25(BE)/ FY24(RE) (%Gr)**	**FY25(IBE)/ FY24(RE) (%Gr)**	**FY24(RE)/ FY23 (%Gr)**
External Debt	37,124	24,832	15,952	15,952	-35.8	-35.8	-33.1
% of GDP	**0.1**	**0.1**	**0.0**	**0.0**			
Market Borrowing(Gsec+ Tbills)	**12,17,845**	**11,81,779**	**12,25,182**	**1113182**	**-5.8**	**3.7**	**-3.0**
% of GDP	**4.5**	**4.0**	**3.7**	**3.4**			
Securities against Small Savings	3,95,860	4,71,317	4,66,201	4,20,063	-10.9	-1.1	19.1
% of GDP	1.5	1.6	1.4	1.3			
State Provident Funds	5,089	5,200	5,200	5,000	-3.8	0.0	2.2
% of GDP	0.0	0.0	0.0	0.0			

Sources of Financing Fiscal Deficit (Rs Crore)							
	FY23	**FY24(RE)**	**FY25(IBE)**	**FY25(BE)**	**FY25(BE)/ FY24(RE) (%Gr)**	**FY25(IBE)/ FY24(RE) (%Gr)**	**FY24(RE)/ FY23 (%Gr)**
Other Receipts (Internal Debts and Public Account)	83,460	78,296	-30,591	-81,282	-203.8	-139.1	-6.2
% of GDP	0.3	0.3	-0.1	-0.2			
Draw-Down of Cash Balance	-1,622	-26,652	3,549	1,40,397	-626.8	-113.3	1543.2
% of GDP	0.0	-0.1	0.0	0.4			
Fiscal Deficit	17,37,755	17,34,773	16,85,494	16,13,312	-7.0	-2.8	-0.2
% of GDP	6.4	5.8	5.1	4.9			
Memo:							
Net Borrowing as a % of FD	**70**	**68**	**73**	**69**			

Source: Union Budget Documents & SBI Research.

DISINVESTMENT

The Government has revised FY24's divestment target to Rs 30,000 crore from Rs 51,000 crore budgeted previously. Furthermore, the target for FY25 has been set at Rs 50,000 crore. After Air India and NINL privatisations, the Government's divestment dreams have come to a temporary halt with the Government missing its divestment targets for the fifth consecutive year.

Disinvestment – Target vs. Actual (in Rs crore)			
Year	**Budget Estimate**	**Revised Estimate**	**Actual**
FY16	69,500	25,312	42,132
FY17	56,500	45,500	34,939
FY18	72,500	1,00,045	1,00,057
FY19	80,000	80,000	94,727
FY20	1,05,000	65,000	50,304
FY21	2,10,000	32,000	37,897
FY22	1,75,000	78,000	13627
FY23	65,000	50000	46035
FY24	51,000	30000	-
FY25 IBE	50,000	-	-
FY25 BE	50,000		

Source: Union Budget Documents, SBI Research.

SUBSIDY TRENDS

The subsidy expenditure under three major heads is budgeted at Rs 3.8 lakh crore for FY25, a decline of 7.8% over FY24 RE. As compared to FY24 (RE) almost all subsidies are postulated to decline.

Subsidy Trends (Rs crore and as a % of GDP)									
	FY23	**FY24(RE)**	**FY25(IBE)**	**FY25(BE)**	**FY25(BE)/ FY24(RE) (%Gr)**	**FY25(IBE)/ FY24(RE)**	**FY24(RE)/ FY23 (%Gr)**	**Decadal CAGR (FY 15-25 in %)**	**5 Yr CAGR (FY 20-25 in %)**
Total 3 Major Subsidies	530959	413466	381175	381175	-7.8	-7.8	-22.1	4.3	10.8
% of GDP	**2.0**	**1.4**	**1.2**	**1.2**					

Subsidy Trends (Rs crore and as a % of GDP)									
	FY23	FY24(RE)	FY25(IBE)	FY25(BE)	FY25(BE)/ FY24(RE) (%Gr)	FY25(IBE)/ FY24(RE)	FY24(RE)/ FY23 (%Gr)	Decadal CAGR (FY 15-25 in %)	5 Yr CAGR (FY 20-25 in %)
Fertiliser Subsidy	251339	188894	164000	164000	-13.2	-13.2	-24.8	8.7	15.1
% of GDP	**0.9**	**0.6**	**0.5**	**0.5**					
Food Subsidy	272802	212332	205250	205250	-3.3	-3.3	-22.2	5.7	13.6
% of GDP	**1.0**	**0.7**	**0.6**	**0.6**					
Petroleum Subsidy	6817	12240	11925	11925	-2.6	-2.6	79.5	-15.0	-20.9
% of GDP	**0.03**	**0.04**	**0.04**	**0.04**					

Source: Union Budget documents & SBI Research.

EMPLOYMENT & SKILLING

The Government will implement 3 schemes for 'Employment Linked Incentive', as part of the Prime Minister's package. These will be based on enrolment in the EPFO, and focus on recognition of first-time employees, and support to employees and employers. The three schemes to be implemented are as below:

1. **Scheme A: First Timers:** Direct benefit transfer of 1-month salary to all new entrants in all formal sectors in 3 instalments up to ₹15,000. This will benefit 2.1 crore youth.
2. **Scheme B: Job Creation in Manufacturing**: Incentive to both employee & employer for EPFO contributions in the specified scales for the first 4 years of employment. This is expected to benefit 30 lakh youth.
3. **Scheme C: Support to Employers:** Government will reimburse EPFO contributions of employers up to ₹3000 per month for 2 years for all new hires. Expected to generate 50 lakh jobs.
4. Under the Prime Minister's package, **the 4th Scheme** is for skilling in collaboration with State governments and industry to skill 20 lakh youth over a 5-year period. 1,000 Industrial Training Institutes will be upgraded in hub and spoke arrangements with outcome orientation. The course content and design will be aligned to the skill needs of industry and new courses will be introduced for emerging needs.

AGRICULTURE AND ALLIED SECTOR

As part of measures to enhance productivity and resilience in Agriculture sector, the Union Budget 2024-25 has announced several measures including:

- The Budget has made a provision of ₹1.52 lakh crore for agriculture and allied sector.
- Buoyed by the success of the pilot project, the Government, in partnership with the states, will facilitate the implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in 3 years.
- For achieving self-sufficiency in pulses and oilseeds, the Government will strengthen their production, storage and marketing.
- The large-scale clusters for vegetable production will be developed closer to major consumption centres.

Impact: With increased spending on agriculture research, it will result in scientific farming which will in turn increase higher yield per acre. National Cooperation Policy will create opportunities for the Banks to tie-up with the Co-operative societies for on-lending. Banks can collaborate with FPOs, Co-operatives and Agri Startups for increasing the Agri Loan Book. The collaboration / partnership will also help the Bank in accessing the cashflow of the farmer.

The farmers would be encouraged to switch over to horticulture crops and seeking financial support for bringing out orchards. Traditionally, farm lending by banks in India is largely titled towards seasonal agriculture credit operations. This will help the banks to increase their portfolio under horticulture crops financing.

MSME

The Budget proposes eight new measures in support for promotion of MSMEs:

- A credit guarantee scheme for facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee.
- To make credit more accessible to MSMEs via a new, independent, and in-house mechanism, Budget proposed that Public Sector Banks (PSBs) will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment. They will also take a lead in developing or getting developed a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy.
- Proposing a new mechanism for facilitating continuation of bank credit to MSMEs during their stress period.
- Enhancing the limit of Mudra loans to ₹20 lakh from the current ₹10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category.
- Reducing the turnover threshold of buyers for mandatory onboarding on the TReDS platform from ₹500 crore to ₹250 crore. This measure will bring 22 more Central Public Sector Enterprises (CPSEs) and 7,000 more companies onto the platform.
- SIDBI will open new branches to expand its reach to serve all major MSME clusters within 3 years and provide direct credit to them.
- Financial support for setting up of 50 multi-product food irradiation units in the MSME sector will be provided.
- To enable MSMEs and traditional artisans to sell their products in international markets, the Budget proposed that E-Commerce Export Hubs will be set up in public-private-partnership (PPP) mode.

Impact: We believe that the overall impact of above measures is extremely positive. Since enhancement of Mudra limit would include existing customers, pre-qualified leads based on analytics can be explored. It will also lead to low capital requirement & reduced loss in case of default.

TAX PROPOSALS

Emphasizing that it has been a consistent endeavor of the government to simplify taxation, improve taxpayer services and reduce litigation, the Finance Minister observed that it has been appreciated by the taxpayers as 58% of corporate tax came from the simplified tax regime in 2022-23 and more than two-thirds have availed the new personal income tax regime in 2023-24.

Simplification of IT Tax

- A comprehensive review of the Income-tax Act, 1961 in six months to make it concise and lucid. This will provide tax certainty to the taxpayers reducing disputes and litigation.
- Opening of reassessment beyond 3-years from the end of the assessment year only if the escaped income is ₹ 50 lakh or more, up to a maximum period of five years from the end of the assessment year.
- Time limit for search cases reduced to 6-years from 10-years.
- Short-term capital gains on certain financial assets to be taxed at 20%. Long-term gains on all financial and non-financial assets to be taxed at 12.5%. Increase in limit of exemption of capital gains on financial assets to ₹1.25 lakh per year

Personal Income Tax

In the last couple of years, Government has taken several initiatives to provide tax relief to salaried individuals and pensioners opting for the new tax regimes. In the budget, Government has announced the followings, which will help around 4 crore salaried individuals and family pensioners under the new tax regime. This may save income tax of Rs 17,500 for salaried employees in new tax regime.

- Increase the standard deduction for salaried employees from ₹50,000 to ₹75,000.
- Propose to enhance deduction on family pension for pensioners from ₹15,000 to ₹25,000. This will provide relief to about four crore salaried individuals and pensioners.
- Revised tax slabs in new tax regime

Tax Treatment in New Tax Regime				
Income 21 Lakh, Tax Treatment as below, which will save Rs 17,500 Income up to Rs 3.75 lakh/PA , Tax is zero				
Old Tax under New Tax Regime		**Proposed Tax under New Tax Regime**		**Benefits**
Old Slabs	Tax	NEW Tax (Proposed)	Tax	Difference
Standard deductions on salary/family pension		No Change		
Upto 3.0 lakh = 0%	-	Upto 3.0 lakh = 0%	-	
3.0-6.0 lakh = 5%	15000	3.0-7.0 lakh = 5%	20000	-5000
6.0-9.0 lakh = 10%	30000	7.0-10.0 lakh = 10%	30000	0
9.0-12.0 lakh = 15%	45000	10.0-12.0 lakh = 15%	30000	15000
12.0-15.0 lakh = 20%	60000	12.0-15.0 lakh = 20%	60000	0
>15 lakh = 30%	165000	>15 lakh = 30%	157500	7500
Total	**3,15,000**		**2,97,500**	**17500**
Standard Deduction @30%: 50000		Standard Deduction @30%: 75000		

Source: SBI Research.

Others

To improve the tax base, Government has proposed the following

- **STT on F&O increased:** Futures up from 0.0125% to 0.02% and Options up from 0.0625% to 0.1%
- **Buy-back of shares:** It is proposed that the income from buy-back of shares by companies be chargeable in the hands of recipient investor as dividend, instead of the current regime of additional income-tax in the hands of the company. Further, the cost of such shares shall be treated as a capital loss to the investor.
- Abolish ANGEL tax for all classes of investors.
- Simpler tax regime to operate domestic cruise
- Provide for safe harbour rates for foreign mining companies (Selling raw diamonds)
- Corporate tax rate on foreign companies reduced from 40% to 35%
- The existing limit of deduction under section 36(1)(iva) towards employers contribution to pension scheme has been increased from 10% to 14% in case of employers (other than Central Government). Further, employees (other than Central Government) would also be able to claim a deduction of 14% provided they are opting to be taxed under new regime under section 115BAC of the Act. This will enable the Banks to claim a deduction of the NPS contribution made for up to 14% of the employee's salary. This will have a positive tax impact on bank. Also, the deduction in the hands of employee may be relevant while computing TDS under section 192 (under new tax regime only).

Indirect Taxes

To multiply the benefits of GST, Government will simplify further and rationalize the tax structure and endeavor to expand it to the remaining sectors. The Government proposal for customs duties intend to support domestic manufacturing, deepen local value addition, promote export competitiveness, and simplify taxation, while keeping the interest of the general public and consumers surmount.

- Fully exempt 3 more cancer medicines from custom duties
- Reduce BCD to 15% on Mobile phone, Mobile PCBA and charger
- Reduce custom duty on gold and silver to 6% and platinum to 6.4%
- Reduce BCD on shrimp and fish feed to 5%
- Exempt more capital goods for manufacturing of solar cells & panels
- Fully exempt custom duties on 25 critical minerals. This will provide a major fillip to the processing and refining of such minerals and help secure their availability for these strategic and important sectors.

With these proposals, Government has estimated that revenue of about ₹37,000 crore – ₹29,000 crore in direct taxes and ₹ 8,000 crore in indirect taxes – will be forgone while revenue of about ₹30,000 crore rupees will be additionally mobilized. Thus, the total revenue forgone is about ₹7,000 crore annually.

LONG-TERM CAPITAL GAINS TAX

The budget announcements today have tweaked the capital gains taxation aspects, significantly altering the present dispensation for Equity/MF holdings, having a long-term implication on how household financial savings are channeled through available financial avenues, juxtaposed against risk reward matrices for all investor classes. The tax on Short Term Capital Gains stands enhanced to 20%, against the earlier rate of 15% while the Long-Term Capital Gains will be taxed at a rate of 12.5%, enhanced from present moderate rate of 10%. Also, the with exemption allowed till income of LTCG up to one lakh during a given FY has been increased to Rs 1.25 lakh.

On the taxation front, the intent of the government is commendable as it has taken much desired initiatives to smoothen the asymmetries in taxation of various asset classes, aligning the means with the ends. Given the spurt in financialization and incremental channelling of savings into alternate avenues offering higher returns albeit having higher exogenous as also endogenous risks through market linked volatility, the realignment of taxation on both long as also short-term capital gains should act as a barrier for hasty investors believing the stock markets to be some kind of a gold mine, which goes against the long term capital appreciation embedded with equity ownership ab-initio.

On the back of buoyancy of equity market, in a very smart move Government has increased the long-term capital gains (LTCG) on all financial and non-financial assets from 10% to 12.5%. Further, short term gains on certain financial assets shall henceforth attract a tax rate of 20% from the earlier rate of 15%.

However, some clarification is needed on taxation aspects of capital gains from non-financial assets, notably ancestral properties where indexation and grand fathering benefits seem a natural for the genuine cases. While the proposed taxation ensures that end usage of funds will be assured across same asset classes transfer to leverage the tax benefits and discouraging cross-usage of gains for speculative purposes (also bolstered by higher taxation on F&O), there is also a possibility of increased usage of cash. Also, the earlier taxation of 20% in most cases were effectively nil after adjusting for inflation. This now seems to have increased to 12.5%.

Impact on Deposits: The increase in short-term/long-term tax and tax on F&O may be termed as a smart move to dis-incentivize young investors to bet in the market, which has raised a lot of concern by the regulators. This may help banks to temporarily experience an increase the deposits.

For example, in FY19, Government has introduced Long Term Capital Gan (LTCG) tax in equities, which may have been **one of the reasons for the rise in deposits of SCBs by 10.0% YoY (Rs 1.14 lakh crore incrementally)**. On the other hand, the MFs had seen a decline of Rs 1.1 lakh crore in Net Inflows to MFs in all schemes. So, the increase in short-term and long-term capital gain tax may help banks to push their deposits growth, though we believe this time, this may not be the case given that returns on bank deposits after adjusting for taxation is minimal. Also interest on deposits are taxed on an accrual basis and not like other asset classes that are purely on a redemption basis.

Ideally, Government should have categorized the deposits as short-term and long-term tax rate in line with MFs, rather the present applicable TDS and applicable tax rates as per income brackets.

In line with MF/equity markets, we are of the considered opinion that Government should tweak the 'tax on deposits interest".

Household net financial savings has declined to 5.3% of GDP in FY23 and expected to be 5.4% in FY24. If we make deposits rate attractive in line with MFs, then this will push up household financial savings. As this amount will be in the hand of depositors, these could unleash an additional spending and result in additional GST revenue to Government.

Increase in bank deposits will bring not only stability in core deposit base and financial system but also financial stability in household savings as banking system is better regulated and having a superior trust as compared to other alternatives with high volatility/risk.

The rule of grandfathering is given to safeguard asset owners that have already invested in assets as per the current rules of the same. Grandfathering rules ensure that any changes or additional rules proposed will not affect the present benefits, thus considered a tool used in budgeting, especially to maintain the stability and continuity of current investments. It also avoids harming investors committed to assets based on past benefits and returns. Inserting Grandfathering clause for properties acquired prior / through ancestral passage could harmonize the owners' interests and blunt the possibility of increased cash flowing into real estate transactions.

Impact on Real Estate**:** The new tax rate for LTCG on property sales will be 12.5% from the existing 20%, without indexation benefit. Though the intention of the Government is clear to have a stable real estate market, but this may increase cash transactions in the market to avoid tax by the investors.

However, one good thing is that lowering the holding period for LTCG of real estate with that of equity shares could boost much-needed investment and enhance competitiveness in the sector.

Global Experience of Capital Gains Tax

USA: Net capital gain income (assets held longer than 12 months) is taxed at ordinary rates, except that the maximum rate for long-term gains is limited to 0% for individuals in the 10% or 15% bracket, 20% for individuals in the 39.6% bracket and 15% for individuals in all other brackets. Net capital gain is equal to the difference between net long-term capital gains over net short-term capital losses. Short-term capital gains are taxed as ordinary income (10-39.6%)

UK: For gains realized on all disposals other than those realized on residential property disposals, a 10% rate applies to chargeable gains that fall within the individual's basic rate band limit, after taking into account income as calculated for income tax purposes. Chargeable gains in excess of the basic rate band are charged at a rate of 20%.

Australia: Trading stock acquired for the purpose of resale is not subject to capital gains treatment.

Canada: 50% of the year's capital gains are included in taxable income, to the extent that the amount exceeds 50% of capital losses for the year. This includes capital gains on real estate and personal property, regardless of whether used in a trade or business, and on shares held for personal investment. The federal government, as well as the provinces and territories, impose income taxes on resident individuals, with rates varying from 15-33% for federal Government and 22-27% for provinces.

China: Capital gains derived from transfers of shares listed on China stock exchanges in the secondary market are temporarily exempt.

Brazil: Capital gains derived from the sale of shares listed on Brazilian stock exchanges are taxable if the sale price exceeds BRL 20,000.

Malaysia: No Capital gain Tax.

Thailand: Gains derived from sales of shares are generally subject to Personal Income Tax (PIT). However, gains derived from sales of securities listed on the Stock Exchange of Thailand are exempt from tax.

Indonesia: Capital gains are added to income from other sources to arrive at total taxable income and is taxed at progressive rates (varying from 5-30%).

ARE STATE FINANCES IN BETTER SHAPE?

States borrowing less than the recommended borrowing

State Government gross market borrowing is expected to be Rs 10 lakh crore in FY25 and net borrowing at Rs 6.9 lakh crore. Various finance commissions have laid out different criteria for additional borrowing by states. For instance, the 15th FC recommended additional conditional state borrowing of 0.5% of GDP over and above the stipulated borrowing (4% of GDP for FY22, 3.5% of GDP for FY23 and 3% of GDP for FY24), based on power sector reforms. However, the data shows that states do not utilize the overall borrowing limit. In 2022, states which utilized additional borrowing based on their power sector reforms had net borrowing less than 4.5% of GDP. Meanwhile, in FY23 only three states, Bihar, Himachal Pradesh and Punjab have net borrowing more than their stipulated borrowing as recommended by the 15th FC and none of them had additional borrowing due to power sector reforms.

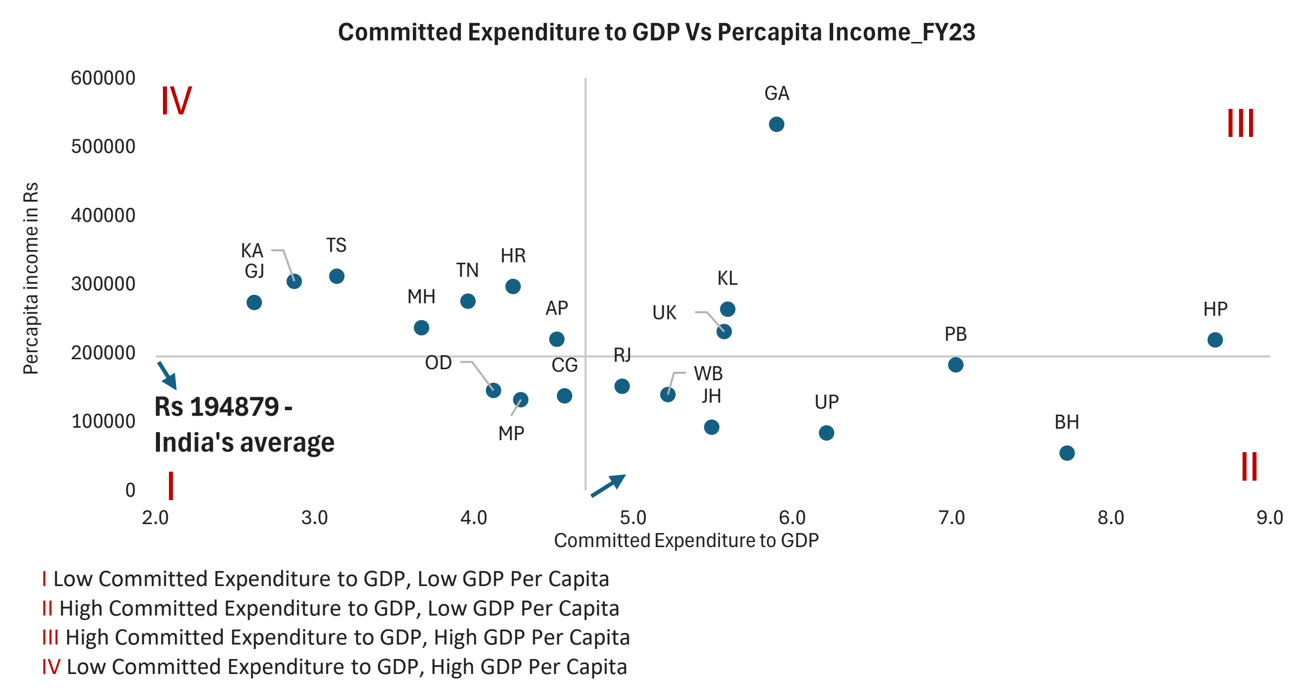
State Borrowing (% of GSDP)

State	Net Borrowing as % of GSDP		Eligible for additional 0.5% of GSDP borrowing due to power sector reforms		Excess borrowing	
	2022	2023	2022	2023	2022	2023
Andhra Pradesh	3.1	3.5	y	y	-1.4	-0.5
Assam	2.6	3.3	y	y	-1.9	-0.7
Bihar	3.7	3.7			-0.3	0.2
Chhattisgarh	0.2	-0.5			-3.8	-4.0
Gujarat	0.7	1.3			-3.3	-2.2
Haryana	2.4	2.9			-1.6	-0.6
Himachal Pradesh	1.1	6.2	y		-3.4	2.7
Jharkhand	0.9	0.0			-3.1	-3.5
Karnataka	2.5	1.1			-1.5	-2.4
Kerala	1.9	1.5	y	y	-2.6	-2.5
Madhya Pradesh	1.3	2.2			-2.7	-1.3
Maharashtra	1.3	1.2			-2.7	-2.3
Odisha	-1.0	-1.0	y		-5.5	-4.5
Punjab	2.0	5.0			-2.0	1.5
Rajasthan	3.2	2.2	y	y	-1.3	-1.8
Tamil Nadu	3.5	2.8	y		-1.0	-0.7
Telangana	3.5	2.4			-0.5	-1.1
Uttar Pradesh	2.1	1.9	y		-2.4	-1.6
Uttarakhand	0.7	0.5			-3.3	-3.0
West Bengal	3.4	2.8	y	y	-1.1	-1.2

Source: RBI, SBI Research.

But committed expenditure of States is increasing

Though the borrowings of the state government are lower than that permitted by the FC, states' committed expenditure are increasing. As per the RBI data on state finances, committed expenditure (pension, interest payment and administrative services) of states has increased by 14% to Rs 12.2 lakh crore in FY23 and further to Rs 13.5 lakh crore. Committed expenditure to GSDP of many states including Bihar, Punjab, Uttar Pradesh, Jharkhand, West Bengal and Rajasthan have committed expenditure to GDP higher than the national average and per capita income lower than the national average. Even Himachal



Pradesh, Uttarakhand and Kerala have low committed expenditure to GDP and their per capita income is only slightly higher than the national average. Meanwhile, richer states of Karnataka, Maharashtra, Gujarat, Telangana, Haryana and Andhra Pradesh lie in the most favourable region with low committed expenditure and high per capita income.

States transitioning to welfare state?

Additionally, if we look at the expenditure profile of states, it seems that many of these Indian states are transitioning into welfare state. Maharashtra, Andhra Pradesh, Telangana and Karnataka are now spending or proposing to spend significant amount of their revenue receipts on welfare schemes which are designed for the welfare of health and education of women and children, girl child. No doubt such schemes help a long way in achieving women empowerment and overall development of the country, but these must be properly targeted so that the deserving populace is the real beneficiary. When we compare expenditures made on these schemes to the revenue receipts it is found that some states such as Karnataka and West Bengal have revenue receipts growth lower than their allocation to such schemes. Other states yearly revenue receipt growth is just about the same level of proposed spend indicating states will have lower leeway of spending revenue receipts elsewhere.

Major welfare schemes and the amount allocated in FY25 BE

State	Scheme	Allocation (Rs crore)	% of Revenue Receipts	Revenue receipts, 5 year CAGR (%)
Maharashtra	Construction of 35 lakh affordable homes under PMAY	7425	12%	10%
	A fee waiver for girls from OBC and EWS families pursuing higher education. This initiative is expected to benefit 2 lakh girls	2000		
	CM ladki bahin yojana-provide a monthly stipend of Rs 1500 to eligible women aged between 21 and 60	46000		
	Gaon tethe godown and Jal Yukta Shivar Yojana	991		
	3 free gas cylinders annually to 52.4 lakh households under the newly announced CM Anna Suraksha Yojana	1258		

Major welfare schemes and the amount allocated in FY25 BE				
State	**Scheme**	**Allocation (Rs crore)**	**% of Revenue Receipts**	**Revenue receipts, 5 year CAGR (%)**
Rajasthan	Tap water connections	15000	7%	11%
	Reduction in VAT Rate on Petrol & Diesel	1500		
	Dr Shyamprasad Mukerjee Jilla Udyan Yojana	500		
	3 days milk in a week for children at Anganbari Centres and Agricultural equipment/tools for farmers, subsidy	400		
	Mukhyamantri Yuva Sambal Yojana	866		
	Mukhyamantri Jal Swavlamban Abhiyan	500		
	Cycle Distribution to Girl students & Mukhyamantri Rajshree Yojana.	573		
Haryana	Mukhyamantri Shehri Awas Yojana	1000	7%	11%
	Families earning less than one lakh rupees annually will be entitled to 1,000 km of free travel per year on Haryana Roadways buses	600		
	Assistance for solar rooftop	500		
	Waiver on irrigation charges	54		
	"Mukhyamantri Gramin Awas Yojana*"	250		
	Subsidy for rural electrification	5907		
Andhra Pradesh	Jagananna Vidya Kanuka, school-kits with uniform, bags, shoes, textbooks, etc. provided to 47 lakh children annually	3367	11%	12%
	Jagananna Gorumudda to serve tasty & quality food to more than 43 lakh students	1910		
	Jagananna Ammavodi scheme (for mothers of students in Government schools)	6450		
	YSR Cheyutha scheme (financial assistance to eligible women)	5060		
	YSR Sunna Vaddi reactivation of SHGs	4969		
Karnataka	Gruha Lakshmi Scheme-Woman head of her family (BPL) to get ₹2,000 every month	28608	15%	8%
	Gruha Jyoti (free electricity upto 200 units)	9657		
Telangana	Farm loan Waiver	31000	22%	16%
	Gruha Jyoti Scheme(1)	2418		
	Indiramma housing scheme(2)	7740		
	Mahalakshmi Scheme-Free RTC bus transport facility	3600		
Odisha	Biju Swasthya Kalyan Yojana	5450	8-10%	13%
	Mukhya Mantri Swasthya Seva Mission	2992		
	Financial Assistance to Women SHGs and their Federations	1179		
	Mukhyamantri Sampoorna Pushti Yojana (MSPY)	554		
	Subhadra Yojana - Cash vocuher of Rs 50,000 for 2 years for married women for food/ household expenditure *	5000-10000		
	Rs 5,000 scholarship per year to tribal students *	1000-1200		
West Bengal	Taruner Swapno- financial assistance for students in class 11 for purchasing smartphones or tablet computers	900	10%	8%
	Lakshmir Bhandar-: Financial assistance of Rs 1,200 per month for women from SC/ST communities and to Rs 1,000 per month for women from other categories	14400		
	Samudra Sathi to fisherman,West Bengal Handloom and Khadi Weavers Financial Benefit Scheme 2024,Swasthya Sathi Scheme for migrant workers residing outside of West Bengal	850		
	Financial support to Krishak Bandhu	5800		
	Talent support for meritorious students	1201		

Major welfare schemes and the amount allocated in FY25 BE				
State	**Scheme**	**Allocation (Rs crore)**	**% of Revenue Receipts**	**Revenue receipts, 5 year CAGR (%)**
Madhya Pradesh	Mukhyamantri Ladli Behna Scheme	18984	10%	8%
	"Payment of bonus on procurement of crops from farmers at support price "	1000		
	"Reimbursement for free electricity supply to 5 HP agricultural pumps/threshers and one light connections by MPEB "	4775		
	Ladli Laxmi Yojana	1231		
	Mukhyamantri Krishak Fasal Uparjan Sahayata Yojana	1000		

Source: SBI Research, Budget Documents, PRS, selected 6 representative states major schemes; * Estimate for these schemes.

How states' guarantee will shape state finances in future

Apart from fiscal deficit there is an important metric by which we can examine the overall fiscal situation of the state governments and that is the state guarantees. The inclusion of state guarantees with fiscal deficit gives the glimpses of not only the present situation but the future finances. Generally, every guarantee is by default a contingent liability however we believe that the guarantee that is not paid should be treated as contingent liability and not all guarantees. However, in our analysis we have included all the guarantees and, in that logic, the sum represent the maximum liability.

In our analysis of certain major states, there are few states (like AP, Kerala, Rajasthan, TN, and UP) where the outstanding liability is greater that the fiscal deficit of respective state (even more than double in some states). We believe these states should be more fiscally prudent in their working.

Fiscal Deficit + Outstanding Grarantees of State Governments										
Major States	**FD (Rs crore)**		**FD (% of GSDP)**		**Outstanding Guarantees (Rs crore)**		**FD+ Guarantees (in Rs crore)**		**FD+ Guarantees (% of GSDP)**	
	2022	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
Andhra Pradesh	25,013	47,717	2.2	3.7	1,17,503	1,38,875	1,42,516	1,86,592	12.4	14.3
Assam	18,089	40,184	4.4	8.1	312	1,157	18,401	41,341	4.5	8.4
Bihar	25,551	69,384	3.9	9.2	25,069	25,939	50,620	95,323	7.8	12.7
Gujarat	22,692	33,412	1.2	1.5	3,089	1,474	25,781	34,886	1.3	1.6
Haryana	31,778	32,727	3.7	3.3	24,343	23,058	56,120	55,785	6.5	5.7
Karnataka	65,617	61,137	3.3	2.7	33,192	38,356	98,809	99,493	5.0	4.4
Kerala	46,046	36,764	4.9	3.5	44,370	50,374	90,416	87,138	9.7	8.3
Madhya Pradesh	37,487	47,339	3.4	3.8	35,006	39,788	72,493	87,128	6.6	7.0
Maharashtra	64,302	94,982	2.1	2.7	51,263	49,633	1,15,565	1,44,615	3.7	4.1
Odisha	-20,627	21,833	-3.1	2.9	6,141	5,135	-14,486	26,968	0.9	3.6
Punjab	27,847	33,216	4.5	4.9	20,165	20,208	48,012	53,424	7.8	7.9
Rajasthan	48,238	61,264	4.0	4.5	95,868	1,04,832	1,44,106	1,66,096	12.1	12.2
Tamil Nadu	81,835	74,525	3.9	3.2	91,975	90,709	1,73,810	1,65,234	8.4	7.0
Telangana	46,631	50,147	4.1	3.8	1,35,283	1,98,244	1,81,913	2,48,391	16.2	19.0
Uttar Pradesh	38,686	81,326	2.0	3.6	1,71,705	1,70,781	2,10,392	2,52,106	10.6	11.2
West Bengal	50,528	61,721	3.7	4.0	16,885	13,156	67,413	74,877	5.1	4.9
All States and UTs	6,54,678	9,23,810	2.8	3.4	8,89,118	8,56,480	15,43,796	17,80,290	6.5	6.6

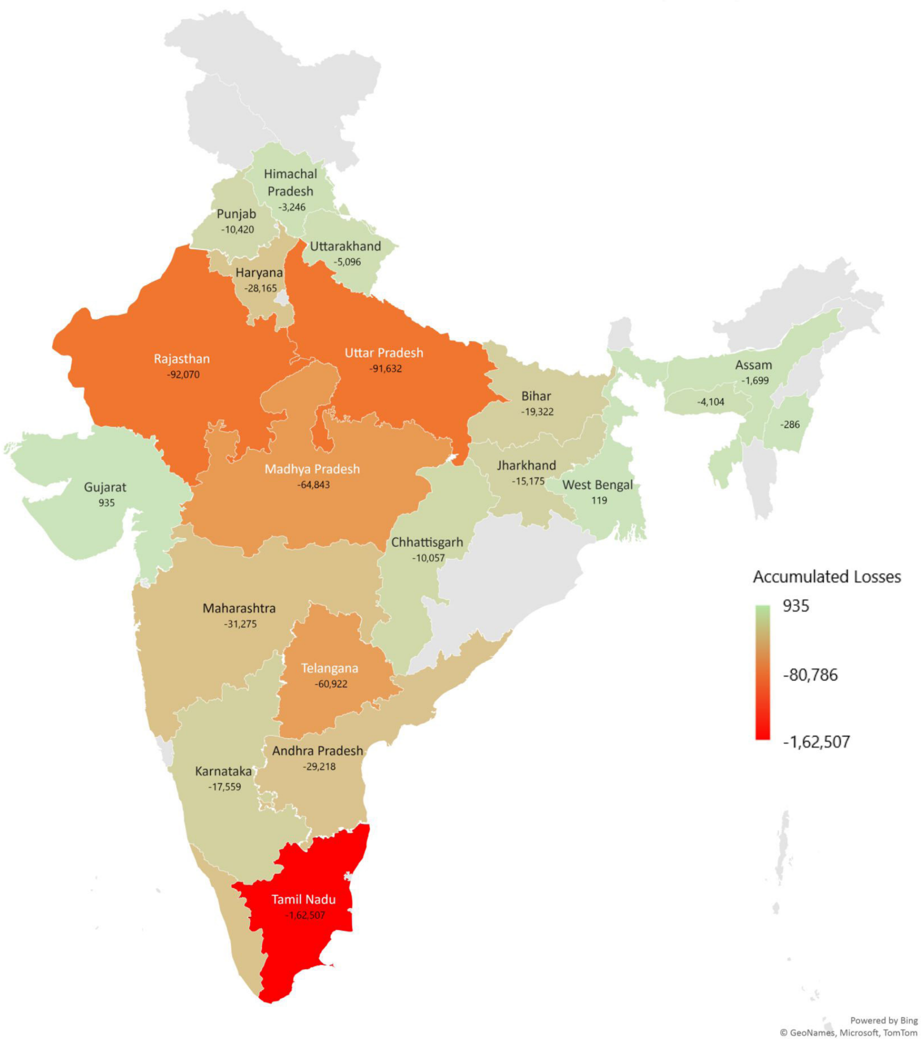
Source: SBI Research.

Power DISCOM Reforms critical for State Fiscal Sustainability

State power distribution companies or the DISCOMs account for 80% of the total power supply in the country. Growing demand for energy in the course of development requires that these entities perform their role in an optimal manner. Their role in regional development need not be elaborated as they provide the last mile power connectivity in most of the states.

The financial health of the DISCOMs has been a pressing issue since the power sector reform were initiated in 2001. The most recent reform was done in 2015 when under UDAY around Rs 2.69 lakh crore of DISCOM debt was converted into state government securities. Since the UDAY, accumulated losses of DISCOMs have grown to Rs. 6.77 lakh crores (PFC, 2024). These losses have been increasing annually by 10% on average since 2015–16.

DIstribution of DISCOM Losses as on Mar-23 (Rs crore)



Source: Report on Performance of Power Utilities, PFC, 2024.

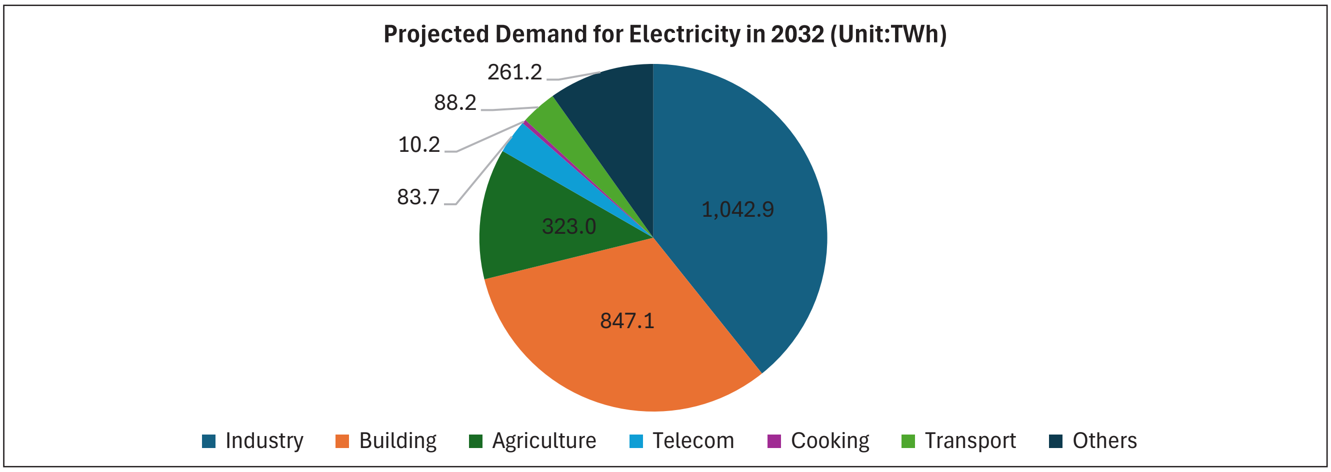
AT&C losses of DISCOMs improved to 15.4%, billing Efficiency improved to 87.0% and collection Efficiency remained high at 97.3% in FY23. State governments disbursed 108% of amounts booked for tariff subsidy during FY23. Further, a few states supported financial losses of DISCOMs through subsidy grants, totaling to Rs. 44,000 crore during the year. ACS-ARR gap, the cash-adjusted gap per unit energy, increased to 55 paise/kWh in FY23 due to purchase cost not being passed on fully to consumers. Excess subsidy payment masks the deterioration in collection from consumers. In FY23, consumer non-collection loss exceeded 22% of the annual financial gap of discoms, highest since FY09.

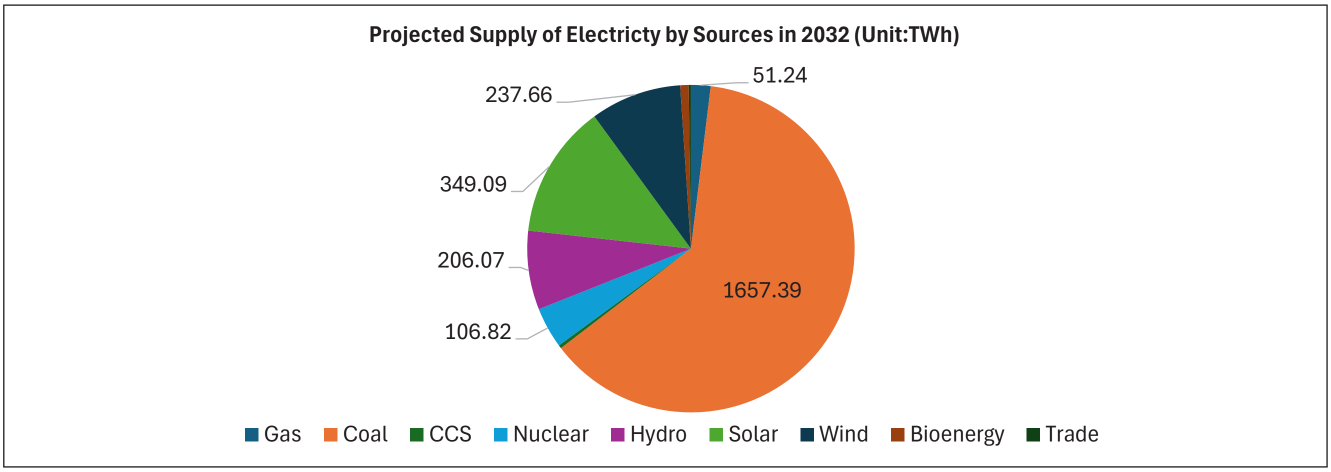
Thus, situation despite the improvements in many parameters has increased the fiscal burden in 10 states where the losses show clear concentration. Even the newly created states of Andhra Pradesh and Telangana have inherited their own set of problems after bifurcation.

The financial support to DISCOMs from states is on three fronts namely the revenue subsidy e.g. to agriculture sector, equity infusion for technology upgradation and annual loss takeover. The aggregate annual losses of state-owned DISCOMs are comparable to 68% of the aggregate revenue deficit of state budgets in 2022–23 (RBI, 2024; PFC, 2024). Hypothetically, if the state support is withdrawn, the annual rise in tariff by DISCOMs to cover incremental and past losses will be of the order of 30-40%.

However, with growing capacity in renewables and thrust to distributed energy systems in renewables, the need for final consumers to depend on the grid supply is decreasing over time. The projection from India Energy Security Scenario 2047 shows that by 2032 total power demand will increase to 2656 TWh. The total supply will predominantly be met by coal followed by solar. Furthermore, the annual operational cost per unit of power (excluding Capex) from coal will be Rs 3.28 per unit and Rs 0.20 per unit for solar.

Thus, DISCOM will be under increasing pressure to set the financial right or to all at least towards sustainability. The two prime segments where the DISCOMs will see customer attrition is in buildings and agriculture where distributed solar technology will become increasingly popular. In recent years, the power sector has seen several improvements and innovative approaches to address the financial crisis. For instance, annual tariff determination processes have become more regular, with almost all states notifying tariff orders for FY22. But there remains considerable scope for improvement.





There is no denial of the fact that by 2032 DISCOMs will remain important to power distribution in India and question is how one redesign their business model to reduce the fiscal cost DISCOMs. Collection efficiency must be improved by using technology. The monetization of the existing network to allow for purchase of renewable power from distributed renewable power units is an option that needs to be explored. The PM KUSUM that will install solar panels in agriculture is estimated to reduce state subsidy by 40% in Maharashtra. Such a model will transform DISCOMs to NETCOMs.

Further since demand for electricity will rise from transport sector, DISCOMs must look at EV charging stations on highways where they have extensive networks for new revenues. The option for price differentiation to meet the intraday fluctuation in power demand and supply on account of lack stability in renewable supply. With climate change impacting the demand, DISCOMs can also monetize the vast data at their disposal and use AI/ML for better network management.

The reasons for increase in power prices is that many discoms have not tied up resources for long-term power supply, making them dependent on short-term power purchases which is naturally higher than long-term prices. Government needs to persuade with the discoms, to enter long-term PPAs for majority of their electricity requirement say 80-85%.

Section 2

Corporate and Industry

STRONG CAPEX CYCLE WITH INVESTMENT ANNOUNCEMENTS AT ALL TIME HIGH

- New investment announcements which were around Rs 10 trillion during 2020/21, improved to more than Rs 37 trillion in last two years (FY23/FY24), supported by both Government as well as private participation.

New Investment Announcements					
Year	Amount Rs lakh crore			Share (%)	
	Govt.	Private	Total	Govt.	Private
FY17	10.17	4.08	14.25	71.36	28.64
FY18	8.23	3.92	12.16	67.72	32.28
FY19	10.24	7.01	17.25	59.37	40.63
FY20	5.57	5.28	10.85	51.34	48.66
FY21	5.28	5.43	10.71	49.30	50.70
FY22	6.26	13.75	20.01	31.28	68.72
FY23	11.61	25.45	37.06	31.33	68.67
FY24	15.61	23.00	38.61	40.43	59.57

Source: Projects Today; SBI Research.

- The share of private participation in the investment announcements also improved during last two years from around 50% in FY21 to around 68% in FY22 and FY23, which stands around 60% in FY24.

- Major industries where new announcements were made during last year (FY24) includes Non- Renewable Energy, Roadways, Residential Building, Electronics, Renewable, Basic Metal, Inorganic Chemicals, etc.

New Investment Announcements Sectorwise (major sector) FY24		
Sectors	Number of Projects	Amount Rs Crore
Non Renewable Energy	125	6,40,207
Roadways	2,021	5,24,163
Residential Building	2,217	3,40,360
Electronics	101	2,74,564
Renewable	314	2,66,019
Basic Metal	282	2,58,470
Inorganic Chemicals	199	2,23,214
Water & Sewerage Pipeline & Distribution, Irrigation etc.	1,374	1,68,797
Automobiles & Ancillaries	133	1,48,050
Rail Infrastructure	168	1,18,919
Industrial and Software Park	204	97,631
Oil & Gas	68	75,088
Commercial Complexes	556	58,776
Cement and Asbestors	87	53,749
Transmission & Distribution	404	52,158
Data Centers	39	44,766
Food Products	186	40,986
Shipping Infrastructure	51	33,852
Mining	86	33,726
Logistics and Warehouses	225	33,286
All Sectors	**11,598**	**38,61,443**

Source: Projects Today; SBI Research.

IMPROVEMENT IN CREDIT RATIO (UPGRADE TO DOWNGRADE)

Sector wise rating upgrades to downgrades reflects improvement in credit ratios across various sectors. Sector such as Constructions, Capital Goods, IT, Auto Ancillary, Cement, FMCG, Hotel Restaurants & Leisures, NBFC, etc. reported better and improved U/D ratio in FY24 as compared to last year.

A comparative table of credit ratios (upgrade to downgrade) in FY23 and FY24 is mentioned in the table below.

Sector wise Rating Upgrades and Downgrades

Major Sector	FY23			FY24			Change in U/D ratio
	Rating Upgrades	Rating Downgrades	Upgrade to Down Grade Ratio	Rating Upgrades	Rating Downgrades	Upgrade to Down Grade Ratio	
Capital Goods-Non Electrical Equipment	722	2312	0.31	601	1966	0.31	-0.01
Construction & Engineering	339	1166	0.29	313	998	0.31	0.02
Healthcare	187	361	0.52	126	333	0.38	-0.14
Consumer Durables & Apparel	435	1258	0.35	224	1098	0.20	-0.14
Textiles	267	773	0.35	100	691	0.14	-0.20
Metals and Mining	187	452	0.41	154	438	0.35	-0.06
Pharmaceuticals	73	164	0.45	59	148	0.40	-0.05
Steel	148	376	0.39	115	323	0.36	-0.04
Capital Goods - Electrical Equipment	54	260	0.21	62	232	0.27	0.06
IT	76	165	0.46	59	122	0.48	0.02
Sugar	24	60	0.40	39	67	0.58	0.18
Auto Components and Ancilliaries	93	118	0.79	99	113	0.88	0.09
Fertilizers & Agriculture chemicals	33	37	0.89	16	31	0.52	-0.38
Cement	8	25	0.32	12	27	0.44	0.12
Energy	25	43	0.58	19	36	0.53	-0.05
Gas Distribution Utilities	4	3	1.33	10	7	1.43	0.10
FMCG	1	7	0.14	4	7	0.57	0.43
Automobiles	6	16	0.38	6	22	0.27	-0.10
Gems & Jewellery-Diamonds Polishing	20	42	0.48	1	39	0.03	-0.45
Telecommunication Services	8	16	0.50	10	15	0.67	0.17
Hotels Restaurants & Leisure	59	149	0.40	94	93	1.01	0.61
Tyres & Rubber	5	9	0.56	7	13	0.54	-0.02
Gems & Jewellery-Diamonds jewellery retailing	13	23	0.57	6	25	0.24	-0.33
Retailing	169	721	0.23	138	513	0.27	0.03
NBFC	77	130	0.59	101	122	0.83	0.24
Total	**3349**	**9017**	**0.37**	**1710**	**5113**	**0.33**	**-0.04**

Source: CRISIL; numbers are for all rating agencies; SBI Research.

Insolvency and Bankruptcy Code (IBC) and National Company Law Tribunals

The IBC has resolved more than 1,000 companies, resulting in direct recovery of over Rs 3.3 lakh crore to creditors. In addition, 28,000 cases involving over Rs 10 lakh crore have been disposed of, even prior to admission.

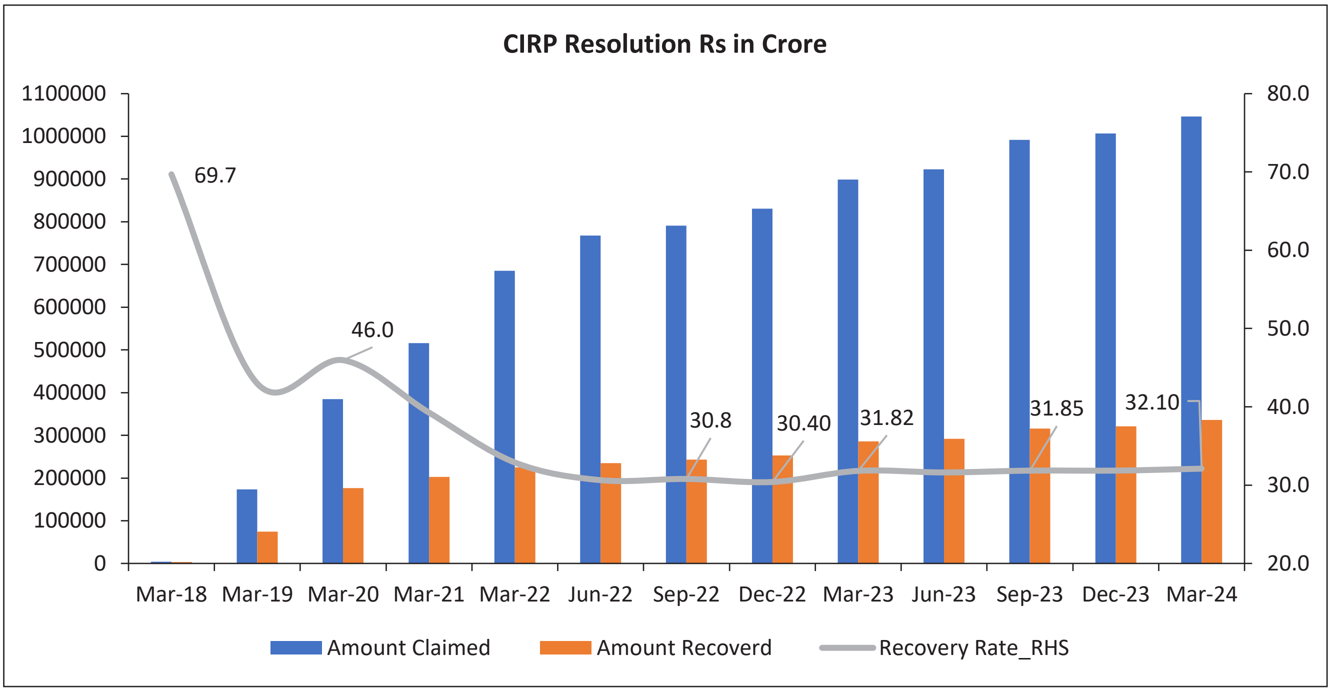
It is proposed that appropriate changes to the IBC, reforms and strengthening of the tribunal and appellate tribunals will be initiated to speed up insolvency resolution. Additional tribunals will be established, out of those, some will be notified to decide cases exclusively under the Companies Act.

It is also proposed that an **Integrated Technology Platform** will be set up for improving the outcomes under the Insolvency and Bankruptcy Code (IBC) for achieving consistency, transparency, timely processing and better oversight for all stakeholders.

Corporate Insolvency Resolution Process							
Year	CIRPs at the beginning of the Period	Admitted	Closure by				CIRPs at the end of the Period
			Appeal/ Review/ Settled	Withdrawal under Section 12A	Approval of Resolution Plan	Commencement of Liquidation	
2016-17	-	37	1	-	-	-	36
2017-18	36	707	95	-	19	91	538
2018-19	538	1157	157	97	75	305	1061
2019-20	1061	1990	348	220	132	539	1812
2020-21	1812	536	92	168	119	349	1620
2021-22	1620	890	124	200	144	340	1702
2022-23	1702	1263	188	226	189	409	1953
2023-24	1953	987	149	159	269	443	1920
Total	**NA**	**7567**	**1154**	**1070**	**947**	**2476**	**1920**

Sectoral Distribution Of CIRPs as on March 2024							
Year	Admitted	No. of CIRPs					Ongoing
		Closed					
		Appeal/ Review/ Settled	Withdrawal under Section 12 A	Approval of Resolution Plan	Commencement of Liquidation	Total	
Manufacturing	2849	399	414	452	1018	2283	566
Food, Beverages & Tobacco Products	368	45	54	56	139	294	74
Chemicals & Chemical Products	303	53	59	47	91	250	53
Electrical Machinery & Apparatus	200	25	22	19	91	157	43
Fabricated Metal Products	154	23	28	20	50	121	33
Machinery & Equipment	313	57	53	32	105	247	66
Textiles, Leather & Apparel Products	485	58	74	62	198	392	93
Wood, Rubber, Plastic & Paper Products	333	44	48	59	115	266	67
Basic Metals	478	60	43	119	168	390	88
Others	215	34	33	38	61	166	49
Real Estate, Renting & Business Activities	1631	302	259	139	451	1151	480
Real Estate Activities	463	93	69	40	72	274	189
Computer and related activities	214	28	36	17	83	164	50
Research and Development	10	2	3	1	2	8	2
Other Business Activities	944	179	151	81	294	705	239

Sectoral Distribution Of CIRPs as on March 2024							
Year	Admitted	No. of CIRPs					Ongoing
		Closed					
		Appeal/ Review/ Settled	Withdrawal under Section 12 A	Approval of Resolution Plan	Commencement of Liquidation	Total	
Construction	881	170	143	103	180	596	285
Wholesale & Retail Trade	764	100	74	68	324	566	198
Hotels & Restaurants	156	30	27	25	41	123	33
Electricity & Others	211	27	20	42	80	169	42
Transport, Storage & Communications	209	24	23	20	88	155	54
Others	866	102	110	98	294	604	262
Total	**7567**	**1154**	**1070**	**947**	**2476**	**5647**	**1920**



SECTOR : IRON & STEEL

OVERALL IMPACT : POSITIVE

Budget Proposals and Impact

- Twelve industrial parks under the National Industrial Corridor Development Programme
- PM Awas Yojana Urban 2.0 - One crore urban poor and middle-class families will be addressed with an investment of Rs 10 lakh crore
- Enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place
- Phase IV of PMGSY will be launched to provide all weather connectivity to 25,000 rural habitations
- Promotion of tourism through various announcements including development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor modelled on Kashi Vishwanath Temple Corridor, assistance to development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches etc.
- Removal of BCD on ferro nickel will reduce cost of production as it's a key raw material for stainless steel makers
- Capital outlay of Rs 2.52 lakh crore has been provided for the Railways
- Capital outlay for Road Transport and Highways have increased to Rs 2.72 lakh crore
- Capital outlay of Rs 1.72 lakh crore for defense

Backdrop

In FY2024, India reported crude steel production of 144.04 MT, recording a growth of around 13.2% YoY as compared to production of 127.20 MT in FY2023. The performance of Steel sector during FY24 has been encouraging. With production of finished steel at 138.83 MT and consumption of finished steel at 136.25 MT during FY24 as compared to 123.20 MT and 119.89 MT respectively in FY23, the sector reported a growth of around 13% in FY24 both in production as well as consumption.

The Government has taken various steps to boost the sector including the introduction of National Steel Policy 2017 and allowing 100 per cent Foreign Direct Investment (FDI) in the steel sector under the automatic route. The National Steel Policy 2017 (NSP) was adopted with the vision to create a globally competitive steel industry in India. The NSP aims at achieving objectives such as building a globally competitive industry with a crude steel capacity of 300 million tonnes by FY2031, increasing the per capita steel consumption to 160kg by FY2031, meeting domestically the entire demand of various types of steel by FY2031. Rural steel consumption to act as a catalyst in achieving domestic demand and production target of 300 million tonnes in line with NSP-2017.

According to the data released by the Department for Promotion of Industry and Internal Trade (DPIIT), between April 2000-March 2024, Indian metallurgical industries attracted FDI inflows of US$ 17.52 billion.

PLI scheme for domestic production of speciality steel with an outlay of Rs 6322 crore was approved by the Union Cabinet on 22.07.2021. Under the Production Linked Incentive (PLI) Scheme for Specialty Steel, 57 MoUs have been executed for generating an investment of Rs 29,500 crores, additional capacity of 25 MT for producing specialty steel grades and an additional employment to about 17,000 people by FY 2027-28.

As of December 2023, the selected companies have already invested about Rs 12900 crores against an investment commitment of Rs 21,000 crores up to the current financial year. The Ministry of Steel envisages an investment of Rs 10000 crore in FY 2024-25.

Performance of Indian Steel industry			
Category	Performance of Indian Steel industry	April-Nov 2021(mt)	% change
Crude Steel Production	144.04	127.20	13.2
Hot Metal Production**	87.02	81.16	7.2
Pig Iron Production	7.32	5.86	24.8
Sponge Iron Production	51.50	43.62	18.1
Total Finished Steel (alloys/stainless + non alloys)			
Production	138.83	123.20	12.7
Import	8.32	6.02	38.2
Export	7.49	6.72	11.5
Consumption	136.25	119.89	13.6

Source: JPC Trend report,* provisional; mt = million tonnes.

The steel industry has emerged as a major focus area given the dependence of a diverse range of sectors on its output as India endeavours to become a manufacturing powerhouse through policy initiatives like Make in India. With the industry accounting for about 2% of the nation's GDP, India ranks as the world's second-largest producer of steel. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

Some of the key previous announcements for the sector

- 100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors will be taken up on priority with investment of Rs 75,000 crore
- 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.
- To create urban infrastructure in Tier 2 and Tier 3 cities through Urban Infrastructure Development Fund (UIDF) with expected available corpus of Rs 10000 crore per annum for this purpose
- Capital outlay of Rs 2.40 lakh crore has been provided for the Railways
- Capital outlay for Road Transport and Highways have increased to Rs 2.59 lakh crore
- Capital outlay of Rs 1.6 lakh crore for defense
- Constructions of Unity Mall in state capital or most prominent tourism centre or the financial capital for promotion and sale of their own ODOPs (one district, one product)

Credit Ratios

Sector Credit Ratios (Upgrade vis-à-vis downgrades) during FY24 as compared to FY23 as under: -

Credit Ratio							
Sector	Total No. of Companies (o/s as on June 2024)	FY23			FY24		
		Upgrades	Downgrades	Ratio	Upgrades	Downgrades	Ratio
Iron & Steel	1327	148	327	0.45	115	363	0.32

Source: CRISIL; SBI Research; numbers are for all rating agencies.

Credit ratio in steel sector detoriated by 13 bps during FY2024 as compared to FY2023. With 115 upgrades and 363 downgrades during FY2024 credit ratios stood at 0.32 as compared to 0.45 in FY2023.

Sectors Performance - Key Financials of Select Companies (Standalone)

Key Financials of Select Iron & Steel Companies for FY24 vis-à-vis FY23 (Rs in Crore)									
Name of the Company	FY24			FY23			Growth FY24 on FY23		
	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT
Tata Steel Ltd	139198	16198	4807	141444	27490	14685	-2%	-41%	-67%
JSW Steel Ltd	133609	21941	8041	130039	15371	4937	3%	43%	63%
Steel Authority of India Ltd	105375	10291	2733	104447	8024	1903	1%	28%	44%
Jindal Steel & Power Ltd	49682	10203	5273	51180	6275	2427	-3%	63%	117%
Jindal Stainless Ltd	38356	4036	2531	35030	3567	2014	9%	13%	26%

Source: CLine; SBI Research.

All the major steel companies have reported almost flat top line in FY24. However, most companies have reported double digit growth in both EBIDTA and PAT in FY24 as compared to previous year. JSW Steel reported revenue growth of 3% in FY24 with EBIDTA and PAT grew by 43% and 63% respectively. Similarly, Steel Authority of India Ltd. reported revenue growth of 1% while reporting EBIDTA and PAT growth of 28% and 44% respectively in FY24.

Market Reaction

Market Movement from Previous Budget and on Budget Day (23rd Jul'24)								
Sector - Iron & Steel Name of the Companies	01-Feb-23	1-Feb-24	22-Jul-24	23-Jul-24	Movement Over (%)		Movement on Budget Day	
					1-Feb-23	1-Feb-24	Price	%
Tata Steel Ltd	122	135	162	160	31.1%	18.7%	-1.6	-1.0%
JSW Steel Ltd	730	802	889	894	22.5%	11.5%	5.4	0.6%
Steel Authority of India Ltd	89	119	143	141	58.9%	18.5%	-1.9	-1.3%
Jindal Steel & Power Ltd	608	742	953	953	56.6%	28.3%	0.2	0.0%
Jindal Stainless Ltd	262	565	749	734	180.1%	30.0%	-14.7	-2.0%

Source: NSE; closing price as on date.

SECTOR : FMCG

OVERALL IMPACT: MODERATELY POSITIVE

Budget Proposals and Impact

- Rs 1.52 lakh crore for agriculture and allied sector
- Comprehensive review of the agriculture research setup to bring the focus on raising productivity and developing climate resilient varieties.
- Large scale clusters for vegetable production will be developed closer to major consumption centres. Farmer-Producer Organizations, cooperatives and start-ups for vegetable supply chains including for collection, storage, and marketing to be promoted
- Implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in 3 years.
- Digital crop survey for Kharif using the DPI will be taken up in 400 districts.
- Natural farming - In the next two years, one crore farmers across the country will be initiated into natural farming supported by certification and branding will percolate down increasing farmers income

FMCG sector's growth trajectory and consumer demand trends are closely connected. When customers have more disposable income, voluntary spending and sales of fast-moving consumer goods (FMCG) rise.

Backdrop

Fast-moving consumer goods (FMCG) sector is India's fourth-largest sector and has been expanding at a healthy rate over the years as a result of rising disposable income, a rising youth population, and rising brand awareness among consumers. With household and personal care accounting for 50% of FMCG sales in India, the industry is an important contributor to India's GDP.

Union Budget 2023-24 also focuses on reviving rural demand by boosting disposable income, allocation to farms and higher fund allocation on rural infrastructure, connectivity, and mobility to create long-term jobs will further contributes to the growing demand for the sector. Digital advertising grew to reach US$ 9.92 billion by 2023, with the FMCG industry being the biggest contributor at 42% share of the total digital spend, which also adding to the demand for products like natural and organic.

To create global food champions and improving the visibility of Indian food brands abroad, Government of India has approved a Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) for implementation during 2021-22 to 2026-27 with an outlay of Rs 10900 crore, for four segments namely (i) Ready to Cook/ Ready to Eat (RTC/ RTE) foods including Millet products, (ii) Processed Fruits & Vegetables, (iii) Marine Products and Mozzarella Cheese, (iv) Innovative/ Organic products of SMEs in these segments.

The scheme would facilitate investment of more than Rs 6000 crore, expansion of processing capacity to generate processed food output of Rs 33494 crore and create employment for nearly 2.5 lakh persons by the year 2026-27.

The Government has allowed 100% Foreign Direct Investment (FDI) in food processing and single-brand retail and 51% in multi-brand retail. This would bolster employment, supply chain and high visibility for FMCG brands across organised retail markets thereby bolstering consumer spending and encouraging more product launches. According to the data released by the Department for Promotion of Industry and Internal Trade (DPIIT), between April 2000-March 2024, Food Processing Industries attracted FDI inflows of US$ 12.58 billion.

Credit Ratios

Sector Credit Ratios (Upgrade vis-à-vis downgrades) during FY2024 as compared to FY23 as under: -

Credit Ratio							
Sector	Total No. of Companies (o/s as on June 2024)	FY23			FY24		
		Upgrades	Downgrades	Ratio	Upgrades	Downgrades	Ratio
FMCG	111	1	7	0.14	4	7	0.57

Source: CRISIL; SBI Research; numbers are for all rating agencies.

With 4 upgrades and 7 downgrades, credit ratios for FY24 improved by 43 bps and stood at 057 against 0.14 for FY23.

Sectors Performance - Key Financials of Select Companies (Standalone)

Key Financials of Select Power Sector Companies for FY24 vis-à-vis FY23 (Rs in Crore)									
Name of the Company	FY24			FY23			Growth FY24 on FY23		
	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT
Hindustan Unilever Ltd	59579	14101	10114	58154	13570	9962	2%	4%	2%
Britannia Industries Ltd	15939	3068	2082	15285	2742	2139	4%	12%	-3%
Dabur India Ltd	9136	1839	1509	8684	1671	1373	5%	10%	9.9%
Godrej Consumer Products Ltd	8268	1090	647	7531	1841	1514	10%	-41%	-57%
Hatsun Agro Product Ltd	7990	899	267	7247	701	166	10%	28%	61%

Source: CLine; SBI Research.

Around 109 listed FMCG companies reported 5.3%, growth in topline in FY24 as compared to FY23. Further, the same set of companies reported EBIDTA and PAT growth of 6% and 2% respectively during the same period.

Sector leaders like Hindustan Uniliver Ltd. (HUL) reported 2% growth in both top line and bottom line, while Britannia reported 4% growth in topline during the FY24 as compared to FY23.

Market Reaction

Market Movement from Previous Budget and on Budget Day (23rd Jul'24)								
Sector - FMCG Name of the Companies	01-Feb-23	1-Feb-24	22-Jul-24	23-Jul-24	Movement Over (%)		Movement on Budget Day	
					1-Feb-23	1-Feb-24	Price	%
Hindustan Unilever Ltd	2571	2474	2735	2766	7.6%	11.8%	31.0	1.1%
Britannia Industries Ltd	4369	5148	5888	5945	36.1%	15.5%	56.9	1.0%
Dabur India Ltd	562	555	637	652	16.1%	17.6%	15.7	2.5%
Godrej Consumer Products Ltd	928	1254	1470	1517	63.4%	20.9%	46.6	3.2%
Hatsun Agro Product Ltd	877	1125	1199	1199	36.8%	6.6%	0.05	0.00

Source: NSE; closing price as on date.

SECTOR : CEMENT

OVERALL IMPACT: POSITIVE

Budget Proposals and Impact

- Capital outlay of Rs 2.52 lakh crore has been provided for the Railways
- Capital outlay for Road Transport and Highways have increased to Rs 2.72 lakh crore
- Twelve industrial parks under the National Industrial Corridor Development Programme
- PM Awas Yojana Urban 2.0 - One crore urban poor and middle-class families will be addressed with an investment of Rs 10 lakh crore
- Enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place
- Phase IV of PMGSY will be launched to provide all weather connectivity to 25,000 rural habitations
- Promotion of tourism through various announcements including development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor modelled on Kashi Vishwanath Temple Corridor, assistance to development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches etc.
- Capital outlay of Rs 1.72 lakh crore for defense

Backdrop

India is the second-largest producer of cement in the world, accounting for more than 8% of the global installed capacity. As India has a high quantity and quality of limestone deposits through-out the country, the cement industry promises huge potential for growth.

The installed cement capacity grew by 61% to 570 MT from 353 in FY22. The Indian cement sector's capacity is expected to expand at a compound annual growth rate (CAGR) of around 5% over the next four-year period up to the end of FY28. India's cement production in FY24 is estimated to grew by 7-8% driven by infrastructure-led investment and mass residential projects.

The housing sector is the key contributor to cement market growth. It is estimated that about 60% of cement is consumed by the sector. South India has the maximum production capacity among the five zones (north, south, central, west and east). Indian government is firmly focused on infrastructure development to spur economic growth and is striving for full infrastructure coverage to establish smart cities. The government plans to increase the capacity of railways and the facilities for handling and storage to enable the transfer of cement and cut out on transportation costs. These measures are expected to result in an increased construction activity in the country, thereby boosting demand for cement. Several government initiatives such as the low-cost housing (housing for all) project under the PMAY scheme are expected to drive the industry going forward.

According to the data released by Department for Promotion of Industry and Internal Trade (DPIIT), cement and gypsum products attracted Foreign Direct Investment (FDI) worth US$ 6.1 billion between April 2000 and March 2024.

Some of the key announcements in last budget

- 100 critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors will be taken up on priority with investment of Rs 75,000 crore
- 50 additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.
- To create urban infrastructure in Tier 2 and Tier 3 cities through Urban Infrastructure Development Fund (UIDF) with expected available corpus of Rs 10000 crore per annum for this purpose

- Coastal shipping will be promoted as the energy efficient and lower cost mode of transport, both for passengers and freight, through PPP mode with viability gap funding
- Capital outlay of Rs 2.40 lakh crore has been provided for the Railways
- Capital outlay for Road Transport and Highways have increased to Rs 2.59 lakh crore
- Constructions of Unity Mall in state capital or most prominent tourism centre or the financial capital for promotion and sale of their own ODOPs (one district, one product)

Credit Ratios

Sector Credit Ratios (Upgrade vis-à-vis downgrades) during FY2024 as compared to FY23 as under: -

Credit Ratio							
Sector	Total No. of Companies (o/s as on June 2024)	FY23			FY24		
		Upgrades	Downgrades	Ratio	Upgrades	Downgrades	Ratio
Cement	113	8	25	0.32	12	27	0.44

Source: CRISIL; SBI Research; numbers are for all rating agencies.

With 12 upgrades and 27 downgrades during FY24, credit ratio stands at 0.44, as against 0.32 during FY23.

Sectors Performance - Key Financials of Select Companies (Standalone)

Key Financials of Select Cement Sector Companies for FY24 vis-à-vis FY23 (Rs in Crore)									
Name of the Company	FY24			FY23			Growth FY24 on FY23		
	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT
UltraTech Cement Ltd	68641	12548	6905	61237	10286	4951	12%	22%	39%
ACC Ltd	19952	3058	2124	22210	1757	870	-10%	74%	144%
Shree Cement Ltd	19586	4364	2468	16837	2942	1328	16%	48%	86%
Ambuja Cements Ltd	17919	3355	2335	19985	3063	2553	-10%	10%	-9%
J K Cements Ltd	10918	2000	831	9310	1320	503	17%	51%	65%

Source: CLine; SBI Research.

In FY24, 34 listed companies reported 6% growth in top line. However, both EBIDTA and PAT both grew by around 35% in FY24 as compared to FY23. Ultratech reported 12% growth in topline and 22% growth in EBIDTA, while Shree Cement reported 16% growth in topline with 48% growth in EBIDTA during FY24.

Market Reaction

Market Movement from Previous Budget and on Budget Day (23rd Jul'24)								
Sector - Cement Name of the Companies	01-Feb-23	1-Feb-24	22-Jul-24	23-Jul-24	Movement Over (%)		Movement on Budget Day	
					1-Feb-23	1-Feb-24	Price	%
UltraTech Cement Ltd	7141	9922	11516	11546	61.7%	16.4%	30	0.3%
ACC Ltd	1917	2526	2635	2647	38.1%	4.8%	12	0.4%
Shree Cement Ltd	23917	29614	27920	28162	17.7%	-4.9%	242	0.9%
Ambuja Cements Ltd	335	565	687	691	106.6%	22.3%	4	0.6%
J K Cements Ltd	2674	4407	4472	4480	67.5%	1.7%	8	0.2%

Source: NSE; closing price as on date.

SECTOR : AUTOMOBILE

OVERALL IMPACT: NEUTRAL

Budget Proposals and Impact

- Increasing the production linked incentive scheme for automobile and auto components to Rs 3500 crore in FY25, as compared to Rs 604 crore allocated in FY24
- Waived import duties on 25 minerals, including lithium, which is expected to lower the manufacturing costs of batteries. This will, consequently, reduce the prices of electric vehicles for consumers
- National Programme on Advanced Chemistry Cell (ACC) Battery Storage - Government has allocated Rs 250 crore for FY25.
- Allocated Rs 500 crore for the Electric Mobility Promotion Scheme 2024, which the government introduced in April this year.

No direct or major announcements in the budget for automobile sector though the sector was hopeful for some big announcements including higher allocation of FAME III and cut in CNG excise duty.

Backdrop

In the FY24 domestic Auto sector reported excellent growth of around 12.5%, across categories, as compared to same period previous year. Two-wheeler sector reported YoY growth of more than 13% during FY24, while 3 wheelers sale grew by whopping 41% during the same period. While PVs reported growth of 8.4%, Commercial Vehicle reported almost flat sales of 9.67 lakh unit as compared to 9.62 lakh unit salles in FY23.

However, export sales reported de-growth of around 5% in FY24 as compared to the same period last year due to overall slowdown in global market. However, passenger vehicle export only shows growth of 1.4% in FY24 to 6.7 lakh units as compared to 6.6 lakh units in FY23. Tables showing growth in each category is as under: -

Automobile - Domestic Industry sales

Category	FY24	FY23	YoY %	3M FY25	3MFY24	YoY %
Two Wheeler	17974365	15862087	13.3%	4985631	4140964	20.4%
Three Wheeler	691749	488768	41.5%	164423	144636	13.7%
Four Wheeler - PV	4218746	3890114	8.4%	1020878	993012	2.8%
Commercial Vehicle	967878	962468	0.6%	224209	224488	-0.1%
Total All Auto	23852738	21203437	12.5%	6395141	5503100	16.2%

Source: SIAM; SBI Research.

Automobile -Export Industry sales

Category	FY24	FY23	YoY %
Two Wheeler	3458416	3652122	-5.3%
Three Wheeler	299977	365549	-17.9%
Four Wheeler - PV	672105	662891	1.4%
Commercial Vehicle	65816	78645	-16.3%
Total All Auto	4496314	4759207	-5.5%

Source: SIAM; SBI Research.

As per the Economic survey of 2023-24, auto PLI has attracted an investment of Rs 67690 crore, of which Rs 14043 crore has been invested till March 31, 2024. So far, 85 applications have been approved under the auto PLI scheme, which has a budgetary outlay of Rs 25938 crore from FY23 to FY27. Applicants have proposed employment generation of 1.48 lakh, against which 28884 of employment has been generated till March 2024.

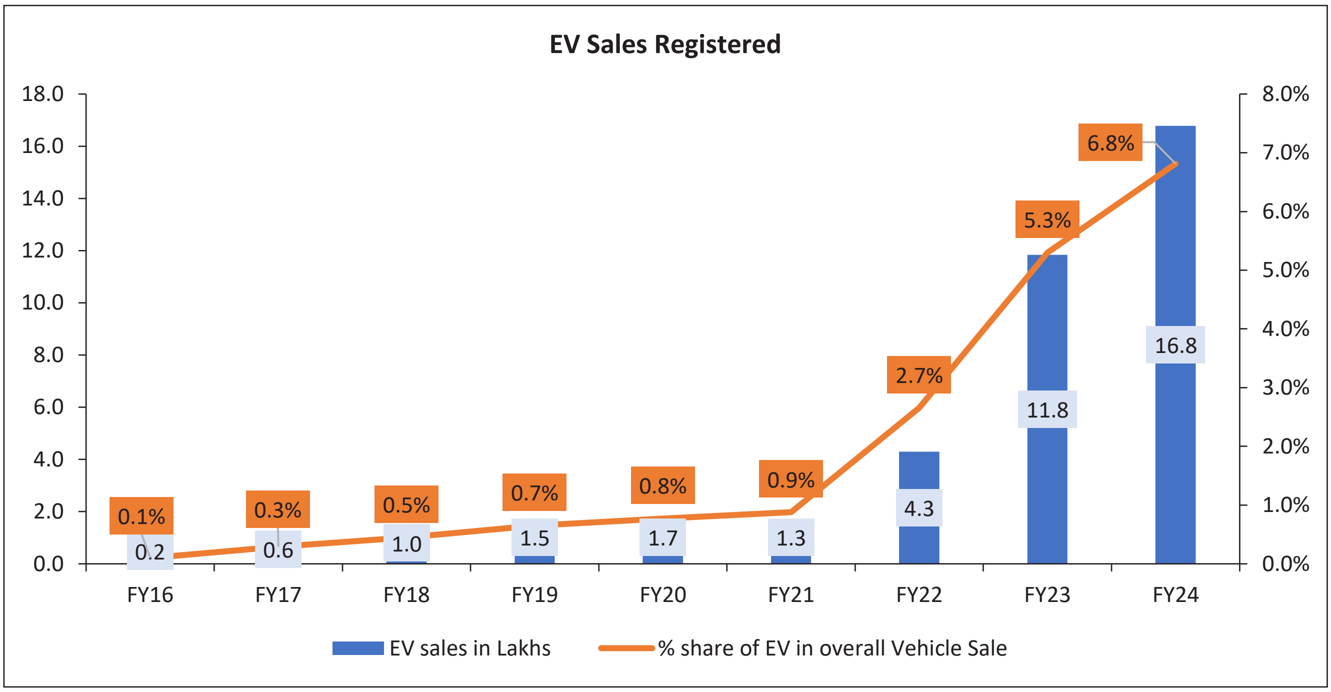
It is estimated that the PLI Scheme for Automobile & Auto components will create additional employment opportunities of over 7.5 lakh jobs. Further this will increase India's share in global automotive trade.

The Indian automobile industry has historically been a good indicator of how well the economy is doing, as the automobile sector plays a key role in both macroeconomic expansion and technological advancement. The two wheelers segment dominates the market in terms of volume, owing to a growing middle class and a huge percentage of India's population being young.

Moreover, the growing interest of companies in exploring the rural markets further aided the growth of the sector. Many startups company entered EV ecosystem space looking to the future growth prospects in the sector. Further, the rising logistics and passenger transportation industries are driving up demand for commercial vehicles.

Electric vehicles have increasingly become an integral part of the automotive industry. They represent a pathway toward achieving energy efficiency, and reduced emissions of pollutants and greenhouse gases. Increasing environmental concerns and favorable government initiatives are the major factors driving this growth.

EV Sales registered exponential growth in last few years. The share of registered EV vehicle to total vehicle sale increased from just 0.1% in FY16 to around 7% in FY24 with total EV sales of 16.8 lakh units in FY24.



Source: SBI Research; CEIC.

A study by CEEW Centre for Energy Finance recognised a significant upside in tens of billions of dollars for electric vehicles in India by 2030, which will necessitate a huge investment in related vehicle manufacturing and charging infrastructure.

Some of the key previous announcements for the sector

- Battery Swapping Policy – big push for Electric Vehicles (EVs)
- Unified Logistics Interface Platform allowing data exchange among all mode operators
- Open-Source Mobility Stack for seamless travel of passengers

- Exempt excise duty on GST-paid compressed biogas contained in it. To further provide impetus to green mobility, customs duty exemption is being extended to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles.
- Replacing old polluting vehicles - In continuation of the vehicle scrapping policy, budget reiterates allocation of adequate funds to scrap old vehicles of the Central Government. Further, States will also be supported in replacing old vehicles and ambulances.

Credit Ratios

Credit Ratio							
Sector	Total No. of Companies (o/s as on June 2024)	FY23			FY24		
		Upgrades	Downgrades	Ratio	Upgrades	Downgrades	Ratio
Automobile	95	6	16	0.38	6	22	0.27

Source: CRISIL; SBI Research; numbers are for all rating agencies.

Sector Credit Ratios (Upgrade vis-à-vis downgrades) during FY24 as compared to previous year for the same period is as under:

Credit ratios for the sector declined to 0.27 in FY2024 as compared to 0.38 in FY2023.

Sectors Performance - Key Financials of Select Companies (Standalone)

Key Financials of Select Cement Sector Companies for FY24 vis-à-vis FY23 (Rs in Crore)									
Name of the Company	FY24			FY23			Growth FY24 on FY23		
	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT
Maruti Suzuki India Ltd	134938	16401	13209	112501	11008	8049	20%	49%	64%
Mahindra & Mahindra Ltd	98763	15122	10718	84960	10634	6549	16%	42%	64%
Tata Motors Ltd	72746	7615	7902	65299	4248	2728	11%	79%	190%
Bajaj Auto Ltd	43579	8823	7479	35359	6549	5628	23%	35%	33%
Ashok Leyland Ltd	38194	4513	2618	35977	2931	1380	6%	54%	90%
Hero MotoCorp Ltd	37456	5096	3968	33806	3986	2911	11%	28%	36%

Source: CLine; SBI Research.

All major players, across sector, reported excellent growth in top line during FY2024 as compared to FY2023, reflecting robust demand for the sector. Further, majority of the player reported double digit growth in both top line and bottom line during FY24. Maruti Suzuki India reported 20% growth in Top line while Mahindra & Mahindra reported 16% growth in revenue in FY24 as compared to FY23.

Market Reaction

Market Movement from Previous Budget and on Budget Day (23rd Jul'24)								
Sector - Automobile Name of the Companies	01-Feb-23	1-Feb-24	22-Jul-24	23-Jul-24	Movement Over (%)		Movement on Budget Day	
					1-Feb-23	1-Feb-24	Price	%
Maruti Suzuki India Ltd	8761	10631	12641	12629	44.1%	18.8%	-12.2	-0.1%
Mahindra & Mahindra Ltd	1352	1651	2805	2821	108.6%	70.9%	16.6	0.6%
Tata Motors Ltd	447	878	684	685	53.3%	-22.0%	0.6	0.1%
Bajaj Auto Ltd	3808	7654	9410	9383	146.4%	22.6%	-27.2	-0.3%
Hero Motocorp Ltd	2727	4587	5463	5514	102.2%	20.2%	50.4	0.9%
Ashok Leyland Ltd	148	175	231	230	55.5%	31.4%	-1.1	-0.5%
NIFTY AUTO INDEX	13207	19329	25251	25322	91.7%	31.0%	71.0	0.3%

Source: NSE; closing price as on date.

SECTOR : CONSTRUCTION

OVERALL IMPACT: POSITIVE

Budget Proposals and Impact

- Capital outlay of Rs 2.52 lakh crore has been provided for the Railways
- Capital outlay for Road Transport and Highways have increased to Rs 2.72 lakh crore
- Twelve industrial parks under the National Industrial Corridor Development Programme
- PM Awas Yojana Urban 2.0 - One crore urban poor and middle-class families will be addressed with an investment of Rs 10 lakh crore
- Enabling policies and regulations for efficient and transparent rental housing markets with enhanced availability will also be put in place
- Phase IV of PMGSY will be launched to provide all weather connectivity to 25,000 rural habitations
- Promotion of tourism through various announcements including development of Vishnupad Temple Corridor and Mahabodhi Temple Corridor modelled on Kashi Vishwanath Temple Corridor, assistance to development of Odisha's scenic beauty, temples, monuments, craftsmanship, wildlife sanctuaries, natural landscapes and pristine beaches etc.
- Capital outlay of Rs 1.72 lakh crore for defense

Backdrop

Infrastructure sector is a key driver for the Indian economy and developing India's infrastructure will play a vital role in achieving USD 5 trillion economy. The sector is distinctly responsible for driving India's overall development and accordingly enjoys intense focus from Government from all front whether it is policy measures or announcements of new projects for creation of world class infrastructure in the country.

Infrastructure is currently one of the Government's prime focus areas and having huge scope for development. In recent years, Government has made substantial investments to modernize the country's aging infrastructure in various areas such as Road, Railway, Shipping, Aviation, Defense etc., to realize its goals of making India as self-sufficient economy.

Construction capex to be driven by infrastructure segment in the medium term with public funds to carry heavy load. Roads, Railways, Aviation, Port sectors, Real Estate to lead growth in infrastructure. Further, schemes such as PMAY, focus on tourism, Production linked incentive (PLI), industrial parks under the National Industrial Corridor Development Programme etc. provide a boost to industrial investments

Some of the key announcements in previous budget for the sector

- One hundred critical transport infrastructure projects, for last and first mile connectivity for ports, coal, steel, fertilizer, and food grains sectors have been identified. They will be taken up on priority with investment of Rs 75,000 crore.
- Fifty additional airports, heliports, water aerodromes and advance landing grounds will be revived for improving regional air connectivity.
- To create urban infrastructure in Tier 2 and Tier 3 cities through Urban Infrastructure Development Fund (UIDF) with expected available corpus of Rs 10000 crore per annum
- All cities and towns will be enabled for 100 per cent mechanical desludging of septic tanks and sewers to transition from manhole to machine-hole mode.
- Capital outlay of Rs 2.40 lakh crore has been provided for the Railways
- Capital outlay for Road Transport and Highways have increased to Rs 2.59 lakh crore

- Capital outlay of Rs 1.6 lakh crore for defense
- Constructions of Unity Mall in their state capital or most prominent tourism centre or the financial capital for promotion and sale of their own ODOPs (one district, one product)

Credit Ratios

Sector Credit Ratios (Upgrade vis-à-vis downgrades) during FY2024 as compared to FY23 as under: -

Credit Ratio							
Sector	Total No. of Companies (o/s as on June 2024)	FY23			FY24		
		Upgrades	Downgrades	Ratio	Upgrades	Downgrades	Ratio
Constructions	3682	339	1166	0.29	313	998	0.31

Source: CRISIL; SBI Research; numbers are for all rating agencies; Constructions & Engineering.

With upgrades of 313 and downgrades of 998 during FY2024, credit ratio improved by 2 bps to 0.31 from 0.29 in FY2023.

Sectors Performance - Key Financials of Select Companies (Standalone)

Key Financials of Select Constructions Sector Companies for FY24 vis-à-vis FY23 (Rs in Crore)									
Name of the Company	FY24			FY23			Growth FY24 on FY23		
	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT
Larsen & Toubro Ltd	126236	9546	9304	110501	9295	7849	14%	3%	19%
Rail Vikas Nigam Ltd	21733	1346	1463	20282	1244	1268	7%	8%	15%
NCC Ltd	18314	1592	631	13351	1343	569	37%	19%	11%
Ircon International Ltd	11950	764	863	9921	583	777	20%	31%	11%
Dilip Buildcon Ltd	10537	1299	422	10120	988	222	4%	31%	90%

Source: CLine; SBI Research.

In FY24, most of the companies, in listed space, reported double digit growth in bottom-line. L&T and NCC reported revenue growth of 14% and 37% respectively in FY24.

Market Reaction

Market Movement from Previous Budget and on Budget Day (23rd Jul'24)								
Sector - Construction Name of the Companies	01-Feb-23	1-Feb-24	22-Jul-24	23-Jul-24	Movement Over (%)		Movement on Budget Day	
					1-Feb-23	1-Feb-24	Price	%
Larsen & Toubro Ltd	2146	3398	3651	3538	64.9%	4.1%	-113	-3.1%
Rail Vikas Nigam Ltd	73	298	624	590	712.5%	98.4%	-34	-5.4%
NCC Ltd	90	208	317	338	277.2%	62.3%	21.3	6.7%
Ircon International Ltd	58	229	319	293	408.2%	28.3%	-26	-8.1%
Dilip Buildcon Ltd	211	399	524	509	141.2%	27.4%	-15	-2.9%
NIFTY INFRA INDEX	5009	7826	9158	9085	81.4%	16.1%	-73	-0.8%

Source: NSE; closing price as on date.

SECTOR : POWER

OVERALL IMPACT : POSITIVE

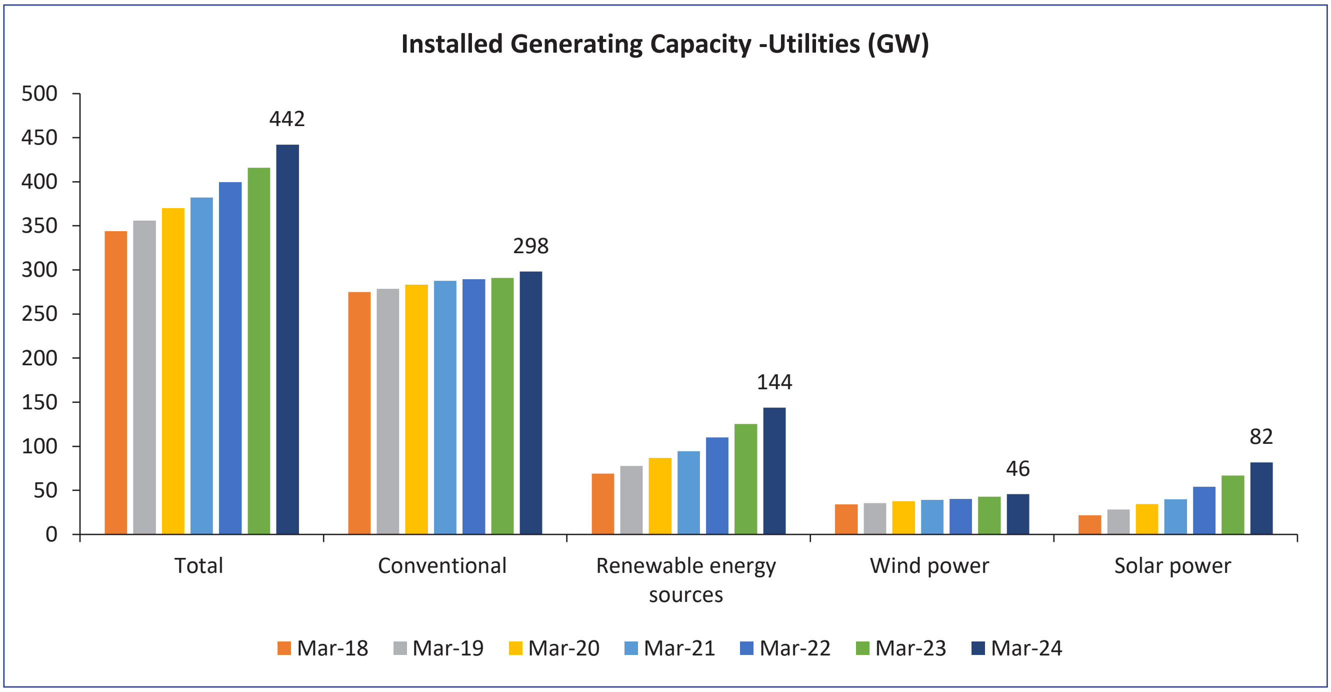
Budget Proposals and Impact

- Pumped Storage Policy- for electricity storage and facilitation of smooth integration of the growing share of renewable energy
- AUSC Thermal Power Plants - A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant.
- Energy Audit - Financial support for shifting of micro and small industries to cleaner forms of energy
- Facilitate investment grade energy audit in 60 clusters, next phase expands to 100 clusters.
- PM Surya Ghar Muft Bijli Yojana - 1 crore Households to obtain free electricity
- To expand the list of exempted capital goods for use in the manufacture of solar cells and panels in the country.
- Taxonomy for climate finance for enhancing the availability of capital for climate adaptation and mitigation. This will support achievement of the country's climate commitments and green transition.

Backdrop

Infrastructure sector is a key driver for the Indian economy and Power sector is the heart of it. Indian power sector has evolved over the years and so does the share of fuel mix, comprising conventional sources such as coal, hydro etc. and environmentally sustainable sources including solar and wind. Sustained economic growth will continue to drive electricity demand in India. The share of renewable energy (RE) increased from 17.5% in March 2017 to 33% in March'2024 and the share of solar power increased from 3.76% to 18.5% during the same period.

Total installed generation capacity, as on March'2024, is 442 GW comprises of 67% conventional (298 GW) and 33% (144 GW) from Renewable energy sources.



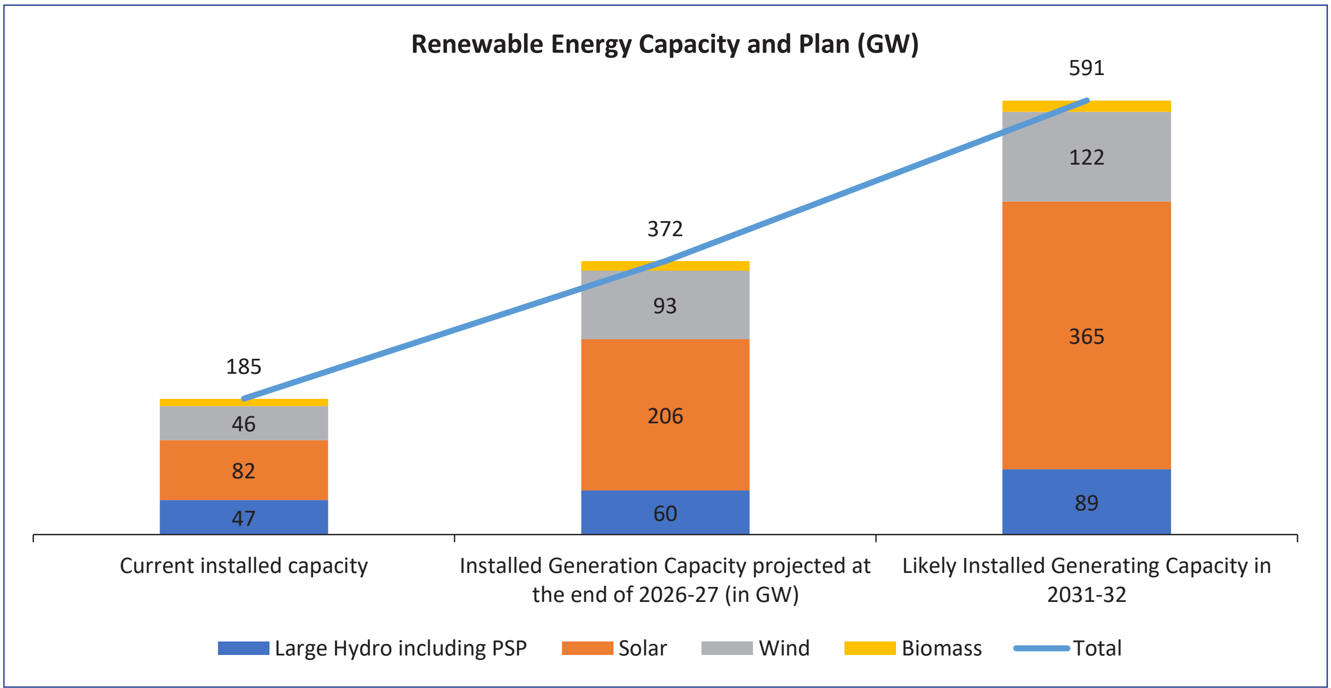
It is important to note that while conventional capacity is growing at a CAGR of 1.5% in last seven years, renewable energy grew at a CAGR of 14% and within which solar power grew at a CAGR of 31.1% during the same period.

Power demand has been growing up at 9% in past 2-3 years and will continue to keep growing. Further, the power sector overall has become much more viable and has started attracting investment in all segments of the sector.

However, increasing power price is one of the important area to address. One of the reasons for increase in power prices is that many discoms have not tied up resources for long-term power supply, making them dependent on short-term power purchases which is naturally higher than long-term prices. This is one thing. Government needs to persuade with the discoms, to enter long-term PPAs for majority of their electricity requirement say 80-85%.

The government announced its intent to achieve renewable energy capacity of 500 GW by 2030, at COP26. India's current RE capacity is at 144 GW as of March'2024. This means another 356 GW of RE has to be added by 2030 to meet the commitment. The 500 GW mission is translating a target of nearly 50-60 GW of RE capacity to be added per annum over the next eight years, that is by 2030, suggesting huge opportunity in the renewable space.

Further, as per the draft National Electricity Plan more than 400 GW of renewable capacity (including large Hydro) to be added in two phases to achieve the installed generating capacity of 591 GW by 2031-32.



Source: CEA; draft National Electricity Plan

The Government of India has allocated Rs 111 lakh crore under the National Infrastructure Pipeline till FY25. The energy sector is likely to account for 24% capital expenditure. Further, total FDI inflows in the power sector reached US$ 18.28 billion between April 2000-March 2024.

The Government of India has identified the power sector as a key sector of focus to promote sustained industrial growth. Government of India taken many initiatives to boost the Indian power sector.

In the Budget for 2024, the government's power sector initiatives have been allocated funds that are 50% higher. Increased funds have been allocated to green hydrogen, solar power, and green-energy corridors. Production Linked Incentive Scheme (Tranche II) on 'National Programme on High Efficiency Solar PV Modules,' with an outlay of Rs. 19,500 crore (US$ 2.47 billion) was also approved and launched.

Solar energy and energy transition are critical in the fight against climate change. To support the energy transition, proposal to expand the list of exempted capital goods for use in the manufacture of solar cells and panels in the country is an enabler for the sector and a vital component in the country's efforts to reduce dependence on fossil fuels and combat climate change.

Some of the key announcements in previous budget for the sector

- Provides Rs 35,000 crore for priority capital investments towards energy transition and net zero objectives, and energy security by Ministry of Petroleum & Natural Gas.
- Battery Energy Storage Systems with capacity of 4,000 MWH will be supported with Viability Gap Funding.
- Inter-state transmission system for evacuation and grid integration of 13 GW renewable energy from Ladakh will be constructed with investment of Rs 20700 crore including central support of Rs 8300 crore.
- India is moving forward firmly for the 'panchamrit' and net-zero carbon emission by 2070 to usher in green industrial and economic transition

The recently launched National Green Hydrogen Mission, with an outlay of Rs 19,700 crores, will facilitate transition of the economy to low carbon intensity, reduce dependence on fossil fuel imports, and make the country assume technology and market leadership in this sunrise sector. Target is to reach an annual production of 5 MMT by 2030.

Credit Ratios

Sector Credit Ratios (Upgrade vis-à-vis downgrades) during FY2024 as compared to FY2023: -

Credit Ratio							
Sector	Total No. of Companies (o/s as on June 2024)	FY23			FY24		
		Upgrades	Downgrades	Ratio	Upgrades	Downgrades	Ratio
Power	1247	190	136	1.40	218	149	1.46

Source: CRISIL; SBI Research; numbers are for all rating agencies; includes Power utilities, IPP and Energy Traders.

With 218 upgrades and 149 downgrades during FY2024, credit ratio improved by 6 bps. Sector reported healthy credit ratio of 1.46 during FY24 as compared to 1.40 during FY23.

Sectors Performance - Key Financials of Select Companies (Standalone)

Key Financials of Select Constructions Sector Companies for FY24 vis-à-vis FY23 (Rs in Crore)									
Name of the Company	FY24			FY23			Growth FY24 on FY23		
	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT	Net Sales	EBIDTA	PAT
NTPC Ltd	161985	43182	18079	163770	42637	17197	-1%	1%	5%
Power Grid Corporation of India Ltd	42391	36190	15475	42636	36961	15336	-1%	-2%	1%
Adani Power Ltd	39205	13820	18749	36681	9319	10246	7%	48%	83%
Tata Power Company Ltd	20093	3901	2230	17728	1611	3268	13%	142%	-32%
Torrent Power Ltd	19957	3861	1798	18836	4224	2104	6%	-9%	-15%

Source: CLine; SBI Research.

Around 34 listed entities in the sector reported revenue growth of 2% while PAT grew by around 15% in FY24 as compared to FY23. NTPC reported almost flat revenue with 5% growth in PAT.

Market Reaction

Market Movement from Previous Budget and on Budget Day (23rd Jul'24)								
Sector - Power Name of the Companies	**01-Feb-23**	**1-Feb-24**	**22-Jul-24**	**23-Jul-24**	**Movement Over (%)**		**Movement on Budget Day**	
					1-Feb-23	**1-Feb-24**	**Price**	**%**
NTPC Ltd	170	322	374	382	125.0%	18.9%	8.9	2.4%
Power Grid Corporation of India Ltd	217	266	339	334	54.3%	25.8%	-4.4	-1.3%
Adani Power Ltd	213	564	696	697	228.0%	23.6%	1.3	0.2%
Tata Power Company Ltd	206	389	424	416	102.3%	7.1%	-7.6	-1.8%
Torrent Power Ltd	440	1052	1509	1493	239.6%	42.0%	-16.2	-1.1%

Source: NSE; closing price as on date.

MARKET MOOD: MOVEMENT IN KEY INDICES FROM PREVIOUS BUDGET DAY AND ON BUDGET DAY

Market Movement of Key Indices from Previous Budget and on Budget Day (23rd Jul'24)

Indices	01-Feb-23	1-Feb-24	22-Jul-24	23-Jul-24	Movement Over (%)		Movement on Budget Day	
					1-Feb-23	1-Feb-24	Price	Percentage
BSE SENSEX	59,708	71,645	80,502	80,429	34.7%	12.3%	-73.0	-0.1%
NIFTY 50	17,616	21,697	24,509	24,479	39.0%	12.8%	-30.2	-0.1%
NIFTY MIDCAP 100	30,387	48,298	56,625	56,285	85.2%	16.5%	-339.6	-0.6%
NIFTY AUTO	13,207	19,329	25,251	25,322	91.7%	31.0%	71.0	0.3%
NIFTY BANK	40,513	46,189	52,280	51,778	27.8%	12.1%	-502.1	-1.0%
NIFTY FMCG	44,958	55,216	60,882	62,511	39.0%	13.2%	1629.5	2.7%
NIFTY INFRA	5,009	7,826	9,158	9,085	81.4%	16.1%	-72.6	-0.8%
NIFTY PHARMA	12,356	17,839	20,642	20,755	68.0%	16.3%	113.8	0.6%
NIFTY REALITY	408	848	1,091	1,066	161.5%	25.7%	-25.0	-2.3%
NIFTY MEDIA	1,847	2,128	1,954	1,976	7.0%	-7.1%	22.6	1.2%
NIFTY METAL	6,177	7,891	9,351	9,263	50.0%	17.4%	-87.5	-0.9%

Source: NSE; BSE; closing points as on date.

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