

Interim Union Budget 2024-25 Analysis

The Finance Minister, Ms Nirmala Sitharaman presented the Interim Budget for 2024-25 on February 1, 2024. This will provide funding for the government for a part of the financial year until the main budget is passed after the general elections.

Budget Highlights

- **Expenditure:** The government is estimated to spend Rs 47,65,768 crore in 2024-25, 6% higher than the revised estimate of 2023-24. Interest payments account for 25% of the total expenditure, and 40% of revenue receipts.
- **Receipts:** The receipts (other than borrowings) in 2024-25 are estimated to be Rs 30,80,274 crore, about 12% higher than the revised estimate of 2023-24. Tax revenue which forms major part of the receipts is also expected to increase by 12% over the revised estimate for 2023-24.
- **GDP:** The government has estimated a nominal GDP growth rate of 10.5% in 2024-25 (i.e., real growth plus inflation).
- **Deficits:** Revenue deficit in 2024-25 is targeted at 2% of GDP. This is lower than the revised estimate of 2.8% in 2023-24. Fiscal deficit in 2024-25 is targeted at 5.1% of GDP, lower than the revised estimate of 5.8% of GDP in 2023-24.
- **New Schemes:** Rs 70,449 crore has been allocated to the Department of Economic Affairs for New Schemes (details not available). The allocation is for capital expenditure, and accounts for 7.5% of the total capital outlay.

Main tax proposals in the Finance Bill

- **Tax rates unchanged:** Direct and indirect tax rates have remained unchanged.
- **Tax benefits to certain entities extended by another year:** Certain direct tax benefits to following entities have been extended until March 2025: (i) startups, (ii) sovereign wealth funds and pension funds, and (iii) some IFSC units. These benefits would have expired in March 2024.

Policy Highlights

- **Railways:** Three major economic railway corridor programs will be implemented. These are: (i) energy, mineral and cement corridors, (ii) port connectivity corridors and (iii) high traffic density corridors. Forty thousand normal rail bogies will be upgraded to Vande Bharat standards to ensure passenger safety and comfort.
- **Housing:** An additional two crore houses will be built over the next five years under Pradhan Mantri Awas Yojana-Grameen. A new scheme will be launched to help sections of the middle-class living in rented houses, slums, and unauthorised colonies, to buy or build their own houses.
- **Health:** Vaccination to prevent cervical cancer will be encouraged for girls between nine and 14 years of age. A new platform, U-WIN, will be rolled out for managing immunisation across the country. Healthcare cover under Ayushman Bharat scheme will be extended to all ASHA workers, and Anganwadi workers and helpers.
- **Energy:** Rooftop solarisation of one crore households will be taken up. To achieve net-zero by 2070, blending of compressed biogas in CNG and PNG will be mandated in a phased manner. Coal gasification and liquefaction capacity of 100 metric tonnes will be installed by 2030.
- **Environment:** EV manufacturing and charging infrastructure will be strengthened and expanded. Adoption of E-buses for public transport will be encouraged. Blue economy 2.0 scheme will be launched to restore coastal aquaculture and mariculture. A new scheme will be launched to provide environment friendly alternatives such as biodegradable polymers, bio-plastics and bio-pharmaceuticals.
- **Agriculture:** Public and private investment will be promoted in post-harvest activities including aggregation, storage, supply chain, processing and marketing. Application of the Nano DAP fertiliser will be expanded in all agro-climatic zones. A programme for supporting dairy farmers will be formulated. PM Matsya Sampada Yojana will be expanded to: (i) enhance aquaculture productivity from three to five tonnes per hectare, (ii) double seafood exports to one lakh crore rupees, and (iii) generate 55 lakh employment opportunities.
- **Demographic changes:** A high-powered committee will be set up to address challenges arising out of fast population growth and demographic changes.
- **Research:** To encourage the private sector to scale up research and innovation, a corpus of one lakh crore rupees will be set up. This corpus will provide long-term loans at low or nil interest rates.

February 1, 2024

Budget estimates of 2024-25 as compared to revised estimates of 2023-24

- **Total Expenditure:** The government is estimated to spend Rs 47,65,768 crore in 2024-25. This is an increase of 6% over the revised estimate of 2023-24.
- **Revenue expenditure** is estimated to grow at 3.2% and capital expenditure at 16.9%. The revenue expenditure growth has been kept in check due to pension, defence expenditure, subsidies, and major schemes (MGNREGS, Jal Jeevan Mission, and PM-KISAN) together being allotted roughly the same as the revised estimate for 2023-24.
- **Total Receipts:** Government receipts (excluding borrowings) are estimated to be Rs 30,80,274 crore, 11.8% higher than the revised estimates of 2023-24. The gap between these receipts and the expenditure will be plugged by borrowings, budgeted to be Rs 16,85,494 crore, 2.8% lower than the revised estimate of 2023-24.
- **Transfer to states:** The central government will transfer Rs 22,74,541 crore to states and union territories in 2024-25, an increase of 8.4% over the revised estimates of 2023-24. Transfer to states includes devolution of Rs 12,19,783 crore out of the divisible pool of central taxes, grants worth Rs 8,90,858 crore, and special loans worth Rs 1,30,000 crore for capital expenditure.
- **Deficits:** Revenue deficit is targeted at 2% of GDP, lower than the 2.9% budgeted in 2023-24. Fiscal deficit is targeted at 5.1% of GDP in 2024-25, lower than the revised estimates for 2023-24 (5.9% of GDP). The lower fiscal deficit is on account of receipts growing at 11.8%, which is higher than the expenditure growth of 6%.
- **GDP growth estimate:** The nominal GDP is estimated to grow at a rate of 10.5% in 2024-25.

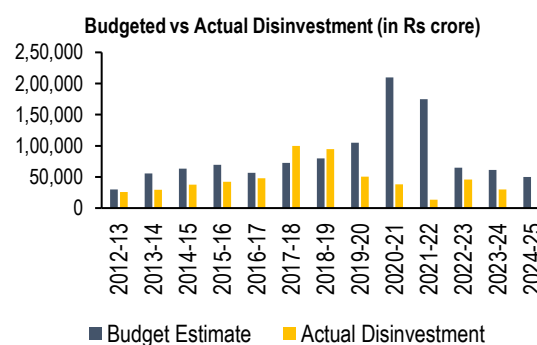
Table 1: Budget at a Glance 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
Revenue Expenditure	34,53,132	35,02,136	35,40,239	36,54,657	3.2%
Capital Expenditure	7,40,025	10,00,961	9,50,246	11,11,111	16.9%
<i>of which:</i>					
Capital Outlay	6,24,757	8,37,127	8,07,053	9,39,584	16.4%
Loans and Advances	1,15,268	1,63,834	1,43,194	1,71,527	19.8%
Total Expenditure	41,93,157	45,03,097	44,90,486	47,65,768	6.1%
Revenue Receipts	23,83,206	26,32,281	26,99,713	30,01,275	11.2%
Capital Receipts	72,196	84,000	56,000	79,000	41.1%
<i>of which:</i>					
Recoveries of Loans	26,161	23,000	26,000	29,000	11.5%
Other receipts (including disinvestments)	46,035	61,000	30,000	50,000	
Total Receipts (excluding borrowings)	24,55,402	27,16,281	27,55,713	30,80,274	11.8%
Revenue Deficit	10,69,926	8,69,855	8,40,527	6,53,383	-22.3%
% of GDP	3.9%	2.9%	2.8%	2.0%	
Fiscal Deficit	17,37,755	17,86,816	17,34,773	16,85,494	-2.8%
% of GDP	6.4%	5.9%	5.8%	5.1%	
Primary Deficit	8,09,238	7,06,845	6,79,346	4,95,054	-27.1%
% of GDP	3.0%	2.3%	2.3%	1.5%	

Sources: Budget at a Glance, Union Budget Documents 2024-25; PRS.

Expenditure which brings a change to the government's assets or liabilities (such as construction of roads or recovery of loans) is capital expenditure, and all other expenses are revenue expenditure (such as payment of salaries or interest payments). In 2024-25, **capital expenditure** is expected to increase by about 17% over the revised estimates of 2023-24. **Revenue expenditure** is expected to increase by 3.2% over the revised estimates of 2023-24.

Disinvestment is the government selling its stakes in Public Sector Undertakings (PSUs). In 2023-24, the government is estimated to meet 49% of its disinvestment target. The disinvestment target for 2024-25 is Rs 50,000 crore, lower than the budget target of 2023-24 (Rs 61,000 crore). Disinvestment targets have reduced for the fourth consecutive year, from 2020-21 onwards.



Note: Actual data for 2023-24 is revised estimate.
Sources: Union Budget Documents (various years); PRS.

Receipts Highlights for 2024-25

- **Receipts** (excluding borrowings) in 2024-25 are estimated to be Rs 30,80,275 crore, an increase of 11.8% over the revised estimates of 2023-24. This is mainly on account of centre's net tax revenue growing by 11.9%.
- **Gross tax revenue** is budgeted to increase by 11.5% in 2024-25, over the revised estimates of 2023-24. This is greater than the estimated nominal GDP growth of 10.5% in 2024-25. Corporation tax and income tax are estimated to grow at about 13%. GST revenue is budgeted to increase by 11.6%.
- **Devolution to states** from centre's tax revenue is estimated to be Rs 12,19,783 crore in 2024-25, an increase of 10.4% over the revised estimates of 2023-24. In 2023-24, devolution to states is estimated to be higher by Rs 83,045 crore, from an initial estimate of Rs 10,21,448 crore.
- **Net tax revenue** (excluding states' share in taxes) is estimated to be Rs 26,01,574 crore in 2024-25, which is about 12% higher over the revised estimate for 2023-24. The revised estimate for net tax revenue in 2023-24 is roughly same as the budget estimate for the year.
- **Non-tax revenue** consists mainly of interest receipts on loans given by the centre, dividends, license fees, tolls, and charges for government services. It is estimated at Rs 3,99,701 crore in 2024-25, an increase of 6.4% over the revised estimate of 2023-24.
- **Capital receipts** (excluding borrowings) are targeted at Rs 79,000 crore, an increase of 41% over the revised estimates of 2023-24. Note that the 2023-24 revised estimate for capital receipts is estimated to be 33% lower than the budgeted amount. Lower receipts were on account of disinvestment targets not being met.

Table 2: Break up of central government receipts in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
A. Gross Tax Revenue	30,54,192	33,60,858	34,37,211	38,30,796	11.5%
<i>of which</i>					
Corporation Tax	8,25,834	9,22,675	9,22,675	10,42,830	13.0%
Taxes on Income	8,33,260	9,00,575	10,22,325	11,56,000	13.1%
Goods and Services Tax	8,49,133	9,56,600	9,56,600	10,67,650	11.6%
Customs	2,13,372	2,33,100	2,18,680	2,31,310	5.8%
Union Excise Duties	3,19,000	3,39,000	3,03,600	3,18,780	5.0%
Service Tax	431	500	500	100	-80.0%
B. Devolution to States	9,48,407	10,21,448	11,04,493	12,19,783	10.4%
C. Centre's Net Tax Revenue	20,97,786	23,30,631	23,23,918	26,01,574	11.9%
D. Non-Tax Revenue	2,85,421	3,01,650	3,75,795	3,99,701	6.4%
<i>of which:</i>					
Interest Receipts	27,852	24,820	31,778	33,107	4.2%
Dividend	99,913	91,000	1,54,407	1,50,000	-2.9%
Other Non-Tax Revenue	1,53,577	1,81,382	1,85,642	2,12,640	14.5%
E. Capital Receipts (without borrowings)	72,196	84,000	56,000	79,000	41.1%
<i>of which:</i>					
Disinvestment	46,035	61,000	30,000	50,000	66.7%
Receipts (without borrowings) (C+D+E)	24,55,403	27,16,281	27,55,713	30,80,275	11.8%
Borrowings	17,37,755	17,86,816	17,34,773	16,85,494	-2.8%
Total Receipts (including borrowings)	41,93,158	45,03,097	44,90,486	47,65,769	6.1%

Sources: Receipts Budget, Union Budget Documents 2024-25; PRS.

- **Indirect taxes:** The total indirect tax collections are estimated to be Rs 16,17,840 crore in 2024-25. Of this, the government has estimated to raise Rs 10,67,650 crore from GST. Out of the total tax collections under GST, 86% is expected to come from CGST (Rs 9,17,650 crore), and 14% from the GST compensation cess (Rs 1,50,000 crore).
- **Corporation tax:** The collection from taxes on companies is expected to increase by 13% in 2024-25.
- **Income tax:** The collections from income tax are also expected to increase to Rs 11,56,000 crore in 2024-25 (13%). The revised estimate for 2023-24 is 13.5% higher than the amount budgeted in the year (Rs 9,00,575 crore).
- **Non-tax receipts:** In 2024-25, non-tax revenue is expected to increase by 6.4% over the revised estimates of 2023-24. Non-tax revenue is estimated to increase by about 25% at the revised stage in 2023-24. This is mainly on account of higher dividend/surplus of RBI, nationalised banks and financial institutions.

Expenditure Highlights for 2024-25

- **Total expenditure** in 2024-25 is expected to be Rs 47,65,768 crore, which is an increase of 6.1% over the revised estimate of 2023-24. Out of this: (i) Rs 14,94,296 crore is proposed to be spent on central sector schemes (3.3% increase over the revised estimate of 2023-24), and (ii) Rs 5,01,788 crore is proposed to be spent on centrally sponsored schemes (8.9% increase over the revised estimate of 2023-24).
- The government has estimated to spend Rs 2,39,612 crore on pension in 2024-25, which is 0.7% higher than the revised estimate of 2023-24. In addition, expenditure on interest payment in 2024-25 is estimated to be Rs 11,90,440 crore, which is 25% of the government's total expenditure. In 2024-25, interest payments are expected to increase by 12.8% as compared to revised estimates of 2023-24. Other grants, loans, and transfers (Rs 3,50,255 crore) include Rs 1,30,000 crore as special loans to states for capital expenditure.

Table 3: Break up of central government expenditure in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
Central Expenditure	32,65,163	35,13,761	35,57,231	37,81,347	6.3%
Establishment Expenditure of Centre	7,14,650	7,44,339	7,81,774	7,68,221	-1.7%
Central Sector Schemes	14,45,958	14,67,880	14,46,152	14,94,296	3.3%
Other expenditure	11,04,555	13,01,542	13,29,304	15,18,830	14.3%
<i>of which interest payments</i>	<i>9,28,517</i>	<i>10,79,971</i>	<i>10,55,427</i>	<i>11,90,440</i>	<i>12.8%</i>
Grants for CSS and other transfers	9,27,995	9,89,337	9,33,254	9,84,422	5.5%
Centrally Sponsored Schemes (CSS)	4,37,556	4,76,105	4,60,614	5,01,788	8.9%
Finance Commission Grants	1,72,760	1,65,480	1,40,429	1,32,378	-5.7%
<i>of which:</i>					
<i>Rural Local Bodies</i>	<i>45,578</i>	<i>47,018</i>	<i>40,778</i>	<i>49,800</i>	<i>22.1%</i>
<i>Urban Local Bodies</i>	<i>17,779</i>	<i>24,222</i>	<i>19,222</i>	<i>25,653</i>	<i>33.5%</i>
<i>Disaster Management Grants</i>	<i>19,893</i>	<i>24,466</i>	<i>24,466</i>	<i>25,688</i>	<i>5.0%</i>
<i>Post Devolution Revenue Deficit Grants</i>	<i>86,201</i>	<i>51,673</i>	<i>51,673</i>	<i>24,483</i>	<i>-52.6%</i>
Other grants, loans and transfers	3,17,679	3,47,752	3,32,211	3,50,255	5.4%
Total Expenditure	41,93,157	45,03,097	44,90,486	47,65,768	6.1%

Sources: Budget at a Glance, Union Budget Documents 2024-25; PRS.

Expenditure by Ministries

In 2024-25, the top 13 ministries in terms of allocations account for 54% of the estimated total expenditure (Table 4). Of these, the Ministry of Defence has the highest allocation in 2024-25, at Rs 6,21,541 crore. It accounts for 13% of the total budgeted expenditure of the central government. Other ministries with high allocation include: (i) Road Transport and Highways (5.8% of total expenditure), (ii) Railways (5.4%), and (iii) Consumer Affairs, Food and Public Distribution (4.5%).

Table 4: Ministry-wise expenditure in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
Defence	5,73,098	5,93,538	6,23,889	6,21,541	-0.4%
Road Transport and Highways	2,17,089	2,70,435	2,76,351	2,78,000	0.6%
Railways	1,62,410	2,41,268	2,43,272	2,55,393	5.0%
Consumer Affairs, Food and Public Distribution	2,83,954	2,05,765	2,22,234	2,13,323	-4.0%
Home Affairs	1,86,839	1,96,035	2,00,035	2,02,869	1.4%
Rural Development	1,77,840	1,59,964	1,72,968	1,80,233	4.2%
Chemicals and Fertilisers	2,53,563	1,78,482	1,92,218	1,68,380	-12.4%
Communications	1,40,976	1,23,393	1,22,749	1,37,255	11.8%
Agriculture and Farmers' Welfare	1,08,277	1,25,036	1,26,666	1,27,470	0.6%
Education	97,196	1,12,899	1,29,718	1,20,628	-7.0%
Jal Shakti	71,618	97,278	96,550	98,419	1.9%
Health and Family Welfare	75,731	89,155	80,518	90,659	12.6%
Housing and Urban Affairs	77,310	76,432	69,271	77,524	11.9%
Other Ministries	17,67,256	20,33,419	19,34,049	21,94,075	13.4%
Total Expenditure	41,93,157	45,03,097	44,90,486	47,65,768	6.1%

Sources: Expenditure Budget, Union Budget 2024-25; PRS.

- **Department of Economic Affairs (Ministry of Finance):** Rs 70,449 crore has been allocated to a new item of expenditure 'New Schemes' (details not available). This accounts for about 84% of the Department's total allocation. The entire allocation is for capital expenditure.

- **Ministry of Communications:** Allocation is estimated to increase by Rs 14,507 crore (11.8%) in 2024-25, over the revised estimate of 2023-24. This is mainly on account of capital infusion into BSNL, which is estimated to be Rs 82,916 crore in 2024-25. This capital infusion is 28% higher than the revised estimates of 2023-24.
- **Ministry of Defence:** Allocation is estimated to decrease by Rs 2,348 crore (0.4%) in 2024-25, over the revised estimate of 2023-24. This is mainly on account of a decrease in the allocation towards across Stores. The aggregate allocation towards Stores in 2024-25 across services is estimated to be Rs 16,873 crore, lower than the revised estimates of 2023-24 (26% decrease).

Expenditure on Subsidies

In 2024-25, the total expenditure on subsidies is estimated to be Rs 4,09,723 crore, a decrease of 7% from the revised estimate of 2023-24 (Table 5).

- **Food subsidy:** Allocation for food subsidy is estimated at Rs 2,05,250 crore in 2024-25, a 3.3% decrease over the revised estimate of 2023-24. A higher level of food subsidy was budgeted in 2021-22 and 2022-23. This was mainly on account of PMGKAY, which provides free additional foodgrains to eligible beneficiaries to mitigate the impact of COVID. This additional benefit ended in December 2022.
- **Fertiliser subsidy:** Expenditure on fertiliser subsidy is estimated at Rs 1,64,000 crore in 2024-25. This is a decrease of Rs 24,894 crore (13.2%) from the revised estimate of 2023-24. Fertiliser subsidy was increased substantially in 2022-23 due to a sharp increase in the international prices of raw materials used in the manufacturing of fertilisers.
- Expenditure on other subsidies includes interest subsidies for various government schemes and LPG subsidy. In 2024-25, expenditure on these subsidies is estimated to increase by 3% over the revised estimate of 2023-24.

Table 5: Subsidies in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
Food subsidy	2,72,802	1,97,350	2,12,332	2,05,250	-3.3%
Fertiliser subsidy	2,51,339	1,75,100	1,88,894	1,64,000	-13.2%
Interest subsidy	41,676	27,565	23,980	25,550	6.5%
LPG subsidy	6,817	2,257	12,240	11,925	-2.6%
Other subsidies	5,281	812	3,090	2,998	-3.0%
Total	5,77,916	4,03,084	4,40,536	4,09,723	-7.0%

Sources: Expenditure Profile, Union Budget 2024-25; PRS.

Expenditure on Major Schemes

Table 6: Scheme wise allocation in 2024-25 (Rs crore)

	Actuals 2022-23	Budgeted 2023-24	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
MGNREGS	90,806	60,000	86,000	86,000	0.0%
Pradhan Mantri Awas Yojana	73,615	79,590	54,103	80,671	49.1%
Jal Jeevan Mission/National Rural Drinking Water Mission	54,700	70,000	70,000	70,163	0.2%
PM-KISAN	58,254	60,000	60,000	60,000	0.0%
National Health Mission	33,803	36,785	33,886	38,183	12.7%
National Education Mission	32,875	38,953	33,500	37,500	11.9%
Modified Interest Subvention Scheme	17,998	23,000	18,500	22,600	22.2%
Saksham Anganwadi and POSHAN 2.0	19,876	20,554	21,523	21,200	-1.5%
National Livelihood Mission-Ajeevika	12,083	14,129	14,652	15,047	2.7%
Pradhan Mantri Fasal Bima Yojana	10,296	13,625	15,000	14,600	-2.7%
Reform Linked Distribution Scheme	2,738	12,072	10,400	14,500	39.4%
PM POSHAN	12,681	11,600	10,000	12,467	24.7%
Swachh Bharat Mission	6,851	12,192	9,550	12,192	27.7%
Pradhan Mantri Gram Sadak Yojana	18,783	19,000	17,000	12,000	-29.4%
Pradhan Mantri Krishi Sinchai Yojana	6,380	10,787	8,781	11,391	29.7%

Sources: Expenditure Profile, Union Budget 2024-25; PRS.

- MGNREGS has the highest allocation in 2024-25 at Rs 86,000 crore. This amount is the same as the revised estimate for 2023-24. In 2023-24, allocation on the scheme is estimated to increase by 43% over the budget estimate.
- The Pradhan Mantri Awas Yojana has the second highest allocation in 2024-25 at Rs 80,671 crore, an increase of 49.1% over the revised estimate of 2023-24. In 2023-24, expenditure for the scheme is expected to be lower by 32% as compared to the budget estimates. This was mainly on account of the rural component falling short of original plans. The allocation for 2024-25 is similar to the budget estimate for 2023-24.

- The Jal Jeevan Mission has the third highest allocation in 2024-25 at Rs 70,163 crore, an increase of 0.2% over the revised estimate of 2023-24. PM KISAN has been allocated Rs 60,000 crore in 2024-25, which is the same as the revised estimate of 2023-24.

Loans to states for capital expenditure

- The Centre has budgeted Rs 1,30,000 crore for special interest-free loans to states for capital expenditure in 2024-25. The same amount had been budgeted in 2023-24, which has been reduced to Rs 1,05,551 crore in the revised estimates.

Expenditure on Scheduled Caste and Scheduled Tribe sub-plans and schemes for the welfare of women, children, and the North Eastern Region (NER)

- Programmes for the welfare of women and children have been allocated Rs 4,19,183 crore in 2024-25, an increase of 18.6% over the revised estimate of 2023-24. These allocations include programmes being implemented across all ministries.
- Allocation towards the welfare of women is expected to increase due to a higher allocation towards the Pradhan Mantri Awas Yojana. Under the Awas Yojana, the female head of the family must be the owner or co-owner of the house.
- Allocation towards the welfare of children is expected to increase due to a higher allocation towards school education.

Table 7: Allocations for women, children, SCs, STs and NER (Rs crore)

	Actuals 2022-23	Revised 2023-24	Budgeted 2024-25	% change (2023-24 RE to 2024-25 BE)
Welfare of Women	2,17,423	2,60,095	3,09,690	19.1%
Welfare of Children	86,510	93,221	1,09,493	17.5%
Scheduled Castes	133,008	146,861	165,598	12.8%
Scheduled Tribes	92,176	109,242	121,023	10.8%
North Eastern Region	-	91,785	96,858	5.5%

Note: Actual expenditure on the NER is not available for 2022-23.
Sources: Expenditure Profile, Union Budget 2024-25; PRS.

Fiscal Responsibility and Budget Management targets

The Fiscal Responsibility and Budget Management (FRBM) Act, 2003 requires the central government to progressively reduce its outstanding debt, revenue deficit and fiscal deficit, and to give three year rolling targets for these. Note that the Medium-Term Fiscal Policy Statement has not provided rolling targets for budget deficits since 2021-22. In the Budget speech, the Finance Minister reiterated the government’s aim to reduce fiscal deficit to below 4.5% of GDP by 2025-26.

Fiscal deficit is an indicator of borrowings by the government for financing its expenditure. The estimated fiscal deficit for 2024-25 is 5.1% of GDP.

Revenue deficit is the excess of revenue expenditure over revenue receipts. Such a deficit implies that the government needs to borrow funds to meet recurring expenses which may not provide future returns. The estimated revenue deficit for 2024-25 is 2% of GDP.

Table 8: FRBM targets for deficits (as % of GDP)

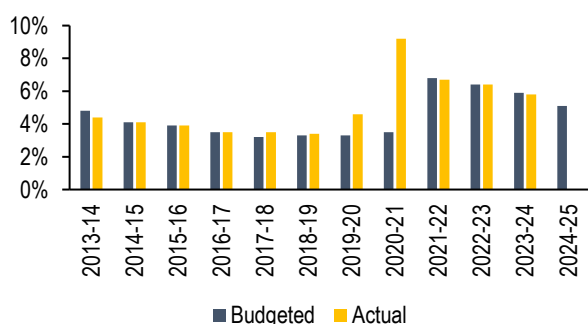
	Actuals 2022-23	Revised 2023-24	Budgeted 2024-25
Fiscal Deficit	6.4%	5.8%	5.1%
Revenue Deficit	3.9%	2.8%	2.0%
Primary Deficit	3.0%	2.3%	1.5%

Sources: Medium Term Fiscal Policy Statement, Union Budget 2024-25; PRS.

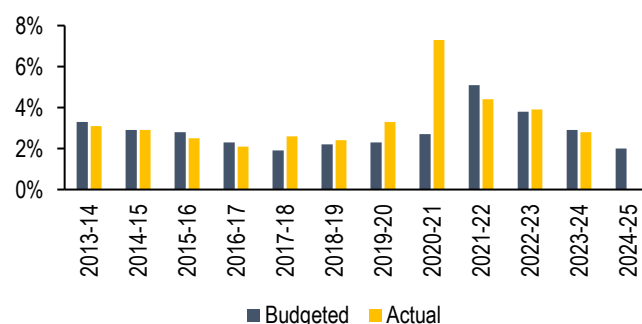
This is lower than the revised estimates of 2023-24 (2.8%). Revenue receipts are estimated to increase by 11% in 2024-25, while revenue expenditure is estimated to increase by 3%. Growth in revenue receipts is driven by corporate tax and income tax, which is estimated to grow by 13% each.

Primary deficit is fiscal deficit less interest payments. It is estimated to be 1.5% of GDP in 2024-25.

Fiscal Deficit: Budgeted vs Actual (as % of GDP)

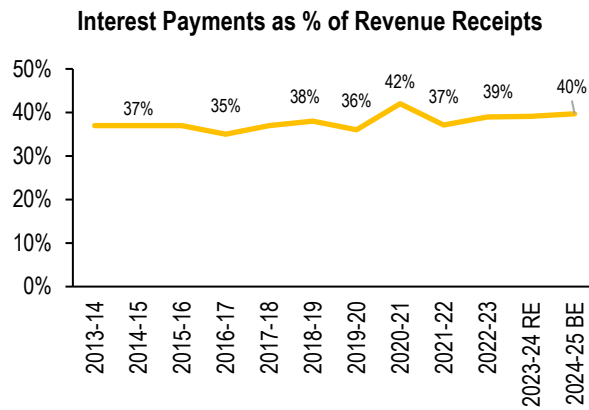
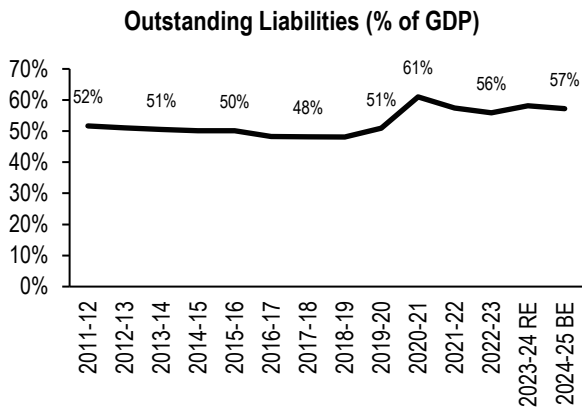


Revenue Deficit: Budgeted vs Actual (as % of GDP)



Note: Data for 2023-24 is revised estimate.
Sources: Budget at a Glance, Union Budget (various years); PRS.

- **Outstanding liabilities** is the accumulation of borrowings over the years. A higher debt implies that the government has a higher loan repayment obligation over the years.
- Centre’s outstanding liabilities in 2024-25 are estimated to be 57% of the GDP. Outstanding liabilities had declined from 51% in 2013-14 to 48% in 2018-19. From 2019-20 onwards, outstanding liabilities have been increasing, and had reached a high of 61% in 2020-21, and have moderated thereafter.
- Interest payments as a percentage of revenue receipts increased from 37% in 2013-14 to 42% in 2020-21. It is estimated to be 40% of revenue receipts in 2024-25.



Note: RE is revised estimate and BE is budget estimate.
 Sources: Economic Survey 2022-23, Union Budget Documents 2024-25; PRS.

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