

# Pre-Budget Strategy

**July 2024**

# Budget 2025 Preview

Budget 2024-25 is expected to be growth-oriented, with the announcement of some measures aimed at addressing rural economy. The broad emphasis on capital expenditure and investment-led growth is likely to continue, accompanied by measures to revive consumption. We anticipate that the new government would maintain its tax and non-debt capital receipt projections as presented during the Interim Budget in Feb'24.

**The RBI's transfer of ₹2.11 trillion implies excess receipts of about ₹1.5 trillion for FY25. A large part of these additional receipts, we believe, would be spent under various heads, while a small portion could be used to reduce the fiscal deficit.**

- ₹300-400b could be utilized to reduce fiscal deficit to 5% of GDP, from the 5.1% of GDP announced in the Interim Budget.
- ₹300-400b more capex-related loans could be provided to states, to make the Center's total capital spending look better.
- Installments under PM-KISAN could be revised by 50% to ₹9,000 per annum, which would entail cost of another ₹300b.
- Remaining ₹500b could be used to provide some more incentives under housing or other schemes to the taxpayers to shift to the new tax regime.

During the past decade, the BJP has very carefully created an image of a clean government, minimizing wasteful spending and corruption, making Budget more transparent by reducing off-budget expenditure/borrowings leading to higher capex allocation and maintaining fiscal prudence. We strongly believe that there will not be substantial changes in its philosophy, creating policy continuity. Coalition politics, however, could make it more challenging to pass legislation on more ambitious parts of Govt. reform agenda in areas like agriculture, land, labor & judicial, which are usually out of Budgets.

# Sectors & Stocks in Focus

Sectors	Stocks to Look out For		
Capital Goods & Infra	L&T	Siemens	NTPC
Defence & Railways	BEL	HAL	RVNL
Rural	M&M	Supreme Industries	Dabur
Manufacturing	Tata Motors	Kaynes Tech	Exide Industries
Real Estate, Cement & Building Materials	Godrej Properties	KEI Industries	Ambuja Cement
PSUs	GAIL	SBI	HUDCO

***Thank you!***

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**Grievance Redressal Cell:**

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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