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# India Strategy

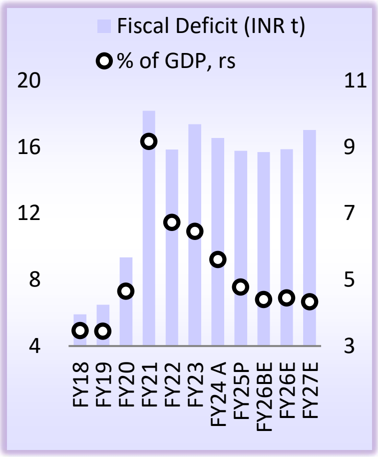
**BSE Sensex: 81,857** | **Nifty-50: 25,175**

## Union Budget FY27: Not-so-high expectations

### Limited expectations set the stage for some positive surprise

The forthcoming FY27 Union Budget has to strike a deft balance of sustaining growth momentum and maintaining fiscal consolidation, even as it also needs to address near-term challenges emanating from unprecedented geopolitical flux. In our discussions, we sensed that investors do not expect large substantive measures as the FM grapples to address multiple variables – thus setting the base lower for some positive surprise. The scope of influence of the budget has become relatively narrower over the years, owing to a flurry of extra-budgetary steps – hence, equity markets will be assessing it for targeted, selective measures to drive growth in certain sectors and to assuage investor sentiments.

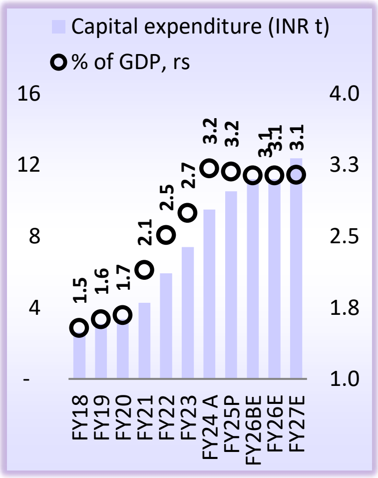
**Fiscal deficit target at 4.3% in FY27E**




### Fiscal consolidation approach to be largely maintained

The government has been steadfast on the path of fiscal consolidation, with the fiscal deficit easing from Covid induced high of 9.2% to 4.4% for FY26E. We believe that government will largely maintain its fiscal rectitude and do not expect major deviation from this path. However, given that FY27 will mark a transition to debt/GDP as a targeted fiscal marker and that overall consumption is yet to recover fully and sentiment is improving unevenly, a scenario of pragmatic, minor fiscal stretch is not completely ruled out. Equity market will likely support such move, especially if it is well-targeted towards productive capex or consumption boost, rather than low multiplier-laden transfer payments or administrative expenses.

**Capex to inch up to INR12.4t**




### Expect greater focus on capex

Given that the FY26 Union Budget was more tilted towards stimulating middle-class consumption (through personal income tax forbearance of INR1t), and its effects are yet to play out fully, we believe that the FY27 Union Budget's approach to stimulating consumption will be selective. Consequently, the budget is likely to focus more on capital expenditure, especially in sectors deemed to be strategically important owing to prevailing geopolitical compulsions. We expect that greater emphasis will be placed on sectors like defense, critical minerals, power, electronics, infra and higher growth in affordable housing.

### Bottom-up analyst expectations

In this note, we showcase expectations of our analysts for key sectors. By parsing aggregated views, we infer that there is likely to be focus on the following areas: 1) higher capex across sectors such as defense, infrastructure, affordable housing, power, capital goods, etc.; 2) few capital market measures aimed to assuage investor sentiments, 3) measures aimed to aid flows into smaller lending segments such as MFIs, MSME loans, etc.; 4) FM may announce several procedural reform measures as well, continuing with the GoI's endeavors to improve the ease of living and ease of doing business. Key stocks/sectors likely to benefit if expectations play out: L&T, ABB, Siemens, Hitachi, Siemens Energy, KEC, Bharat Electronics, Bharat Dynamics, HAL, Ultratech, JK Cement, Polycab, KEI, Crompton, Titan, PN Gadgil, Niva Bupa, AMCs, RTAs, most HFCs, MFIs, Infra players, IGL, Mahanagr Gas, Gujarat Gas, Petronet LNG, GAIL, Waaree, Premier, NTPC, Tata Power, Acme, NTPC Green, Brigade, Prestige, Sobha, Lodha, Godrej Properties.

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**Exhibit 1: Sectorwise summary of key expectations from Union Budget FY27**

| Sector | Key Expectations | Likely beneficiaries / impacted names |
|---|---|---|
| Automobiles | No material expectations as the government already provided several boosters in CY25 in form of GST and personal income tax cuts | NA |
| Capital Goods | ☑ Higher and strong capex allocation<br>☑ Revamped National Infra Pipeline 2.0 (~INR1.5t)<br>☑ Greater focus on defense capex<br>☑ Procedural reforms - lower compliance burden, faster approvals etc. | L&T, ABB, Siemens, Hitachi, Siemens Energy, KEC, KPI, BEL, HAL, BDL |
| Cement | ☑ Increase in government capex<br>☑ Higher allocation to PMAY scheme | UTCEM, JKCEM, DALBHARA |
| Consumer | ☑ Lower GST on gold and silver fom 3% to 1.25% or 1.5%<br>☑ Measures to stimulate lower end consumption (not big change though)<br>☑ Higher allocations to schemes like MGNREGA, PM KISAN, PMAY<br>☑ Clarity on continuation of NCCD on cigarettes | Titan, Kalyan, PN Gadgil, ITC |
| Consumer Durables | ☑ Increase in government capex<br>☑ Extension of PM-KUSUM scheme | Polycab, KEI, Crompton |
| Financials - Insurance | ☑ Higher deduction limit for senior citizen's health insurance premium | Niva Bupa, Star Health |
| Financials- Banks | No substantive announcements but some incremental ones:<br>☑ Higher PSL limits for on-lending to MSME focussed NBFCs<br>☑ Credit guarantee scheme for MFIs and NBFCs<br>☑ Enhanced tax incentives for deposits<br>☑ Resolve operational bottlenecks in co-lending and fintech regulations | Moderate impact on sector |
| Financials: NBFCs- Non Lending | ☑ Reduction of LTCG<br>☑ Reintroduction of Indexation benefit for Debt MF<br>☑ No further increase in STT<br>☑ Further tax slab widening and higher std deduction (low likelihood) | AMCs, RTAs, Wealth Managers |
| Financials: NBFCs-Lending | ☑ Increase in PMAY outlay<br>☑ Credit gaurantee scheme for MSME lending<br>☑ Credit gaurantee scheme for MFIs | Aadhar Housing, Home First, Aptus, Aavas, India Shelter, Can Fin Homes, and PNBHF, CREDAG, Fusion, Spandana |
| Healthcare | No material expectations | na |
| Infra and Construction | ☑ Higher railways capex (8-10% YoY)<br>☑ Higher road capex (8-10% YoY) | HG Infra, PNC Infra, IRB Infra, GR Infra |
| IT Services | No material expectations | na |
| Metals | No material expectations | na |
| Oil & Gas | ☑ GAS: Zero duty on LNG imports - curently 2.5% customs duty levied<br>☑ UPSTREAM: Cut in crude oil cess, tax holiday for new blocks; GST exemption for exploration activities<br>☑ GST rate reduction on oilfield equipment and services<br>☑ Petrol and diesel excise duty hike | IGL, MAHGL, GUJGA, PLNG, GAIL, ONGC, OIL India |
| Real Estate | ☑ Raising threshold definition of affordable housing from INR4.5m to INR7m<br>☑ Higher PMAY allocation<br>☑ Higehr incentives for GCCs | BRGD, PEPL, SOBHA, KPDL, MLDL, GPL, SRIN, LODHA<br><br>Likely losers: DLF, OBER |
| Retail | ☑ No material targeted measure expected | na |
| Telecom | ☑ No material expectations | na |
| Utilities | ☑ Expansion of PM Surya Ghar Yojana and PM KUSUM<br>☑ Extending PLI scheme to upstream solar manufacturing<br>☑ Reduction in dividend tax from renewable energy SPV<br>☑ Cut in BCD and IGST on capital equipment for solar glass, ingots wafers etc.<br>☑ Refinancing legacy DISCOM debt | Waaree, Premier, Saatvik Green, Tata Power, ACME, JSW Energy, NTPC Green, NTPC |

Source: MOFSL

## Capital Goods & Engineering

Analyst: Teena Virmani
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- Industry commentary indicates the government may raise central capex by ~10-15% in the upcoming budget; companies are expecting a broad central capex growth of 10% YoY, while rating agencies such as **ICRA expect central capex to rise ~14% YoY to INR13.1t (~3.3% of GDP), highlighting the government's continued focus on capital spending**.
- A **revamped National Infrastructure Pipeline 2.0** (~INR1.5t) is also being proposed to sustain this, with spending focused on transport infrastructure (roads, rail/metros), power (including coal and nuclear), transmission & distribution, and continued support for renewables, storage, and grid modernization to meet rising AI, data center, and industrial power demand.
- Defense capital outlay is expected to remain on a high trajectory. Defense has been one of the largest contributors to recent capex growth, supporting continued focus on indigenization of major platforms and defense electronics and expanding opportunities for private-sector participation.
- If the above measures materialize, capital goods and defense companies would see stronger order inflows and higher capacity utilization over the next few years. This would also provide comfort to the revenue visibility for companies for the next few years.
- Higher allocation for capex, particularly for rail/metros, power, and T&D, would be positive for players such as **LT, ABB, Siemens, Hitachi Energy, Siemens Energy, KEC, and KPI.**
- Higher allocation for defense capex would be positive for all the defense companies like Bharat Electronics, Bharat Dynamics, and Hindustan Aeronautics, among DPSUs.
- The budget should aim to cut the compliance burden and speed up approvals for manufacturing and defense projects, as these are major constraints on private capex.
- The budget should strengthen support for long-term, low-cost capital (via guarantees or bond/loan schemes) for capital goods, transmission, and defense projects, so more private players can invest without taking on too much debt.
- The budget should also make project contracts simpler and clear issues faster, so projects face fewer delays and money is not stuck for long periods.

## Cement

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- Expect an above-average increase in the government capex for FY27. Increased capex, particularly in infrastructure, will drive higher demand for cement.
- There is a high likelihood that PMAY can see higher allocation this year. Affordable housing has been a lagging segment in the overall housing boom of the past few years. Also, PMAY execution has been weak in the past two years, with modest allocation in FY26. Higher allocation and better execution are expected in FY27.
- Housing accounts for ~60-65% of cement demand. Increased capex and execution will directly benefit the cement sector demand.
- While a positive demand outlook should benefit the entire sector, our preferred picks are **UTCEM, JKCE, and DALBHARA.**

## Consumer

Analyst: Naveen Trivedi
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- We expect the populist measures as seen in the last Union Budget to continue in 2026 – albeit at a slower pace – with more initiatives targeted towards welfare schemes to boost broader consumption. However, given the fiscal constraints and need for capex, the growth will likely be lower.
- Over the past year, the government has intensified efforts to revive consumption by improving disposable incomes through measures such as GST rationalization, simpler and lower tax slabs, and higher income tax exemptions. Amid a prolonged muted consumption environment, policy focus is expected to remain on demand stimulation across both rural and urban markets, supported by higher allocations to schemes such as MGNREGA, PM-KISAN, PMAY, and MSP hikes. We expect the upcoming budget and policy actions to continue channeling more income toward low-income households. While increased income can be utilized by households for various means, the priority can be for essential products (FMCG), given that consumption weakness persists even for essentials.
- Following the recent hike in cigarette taxation, further clarity on the continuation of NCCDs or any changes in the duty structure remains a key monitorable. The Tobacco Institute of India has opposed the increase, citing potential losses for farmers and other value-chain participants and the risk of boosting illicit trade. Any rationalization or easing of the duty structure would be a positive for **ITC** and other cigarette companies.
- The All-India Gem and Jewellery Domestic Council (GJC) has requested the government to rationalize the GST on gold and silver jewelry from the current 3% to 1.25% or a uniform 1.5% across the sector. This can help offset inflation-led pressure in the jewelry sector. Key beneficiaries: **Titan, Kalyan, PN Gadgil**

## Consumer Durables

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- We expect an increase in the government capex (towards infrastructure such as railways, power T&D, etc.) for FY27. These measures will support domestic demand for cables and wires (C&W).
- Extension of the PM-KUSUM scheme, which should drive continued demand for solar pumps.
- A reduction in personal income tax may help to raise disposable household income – increased disposable household income to drive demand for home appliances.
- Key beneficiaries: **POLYCAB, KEII,** and **CROMPTON.**

## Financials: Banks

Analyst: Nitin Aggarwal
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- Measures to boost credit flow to MSMEs by raising PSL limits for on-lending to NBFCs, simplifying documentation, and considering targeted support schemes.
- Offer government credit guarantees for microfinance and NBFC segments to improve funding availability and reduce systemic risk.
- Facilitate increased deposit flows and capital mobilization for financial institutions to strengthen lending capacity and liquidity.
- Enhance tax incentives for deposits – e.g., reduce holding period for tax exemptions and raise Section 80TTA/80TTB limits to boost stable household deposits.

- Resolve operational bottlenecks in co-lending and fintech regulation to make credit delivery more efficient and transparent.

## Financials: NBFCs - Lending

Analyst: Abhijit Tibrewal
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- **Affordable housing – PMAY outlay increase:** An increase in allocation under PMAY (Pradhan Mantri Awas Yojana) would provide a strong impetus to affordable housing demand by improving end-user affordability through interest subsidies and direct support. Higher budgetary outlay can accelerate project execution, boost housing supply in the EWS/LIG segments, and improve cash flows for developers focused on affordable housing, as demand for affordable housing should strengthen, driven by improved buyer affordability and faster project execution.
- **MSME support through credit guarantee schemes:** Expanding credit guarantee schemes for MSMEs would improve credit flow to small businesses by reducing the risk borne by banks and NBFCs, leading to better working capital availability, higher capacity utilization, and improved business continuity. Govt-backed guarantees lower the cost of lending, encourage lenders to extend credit to first-time or underbanked MSME borrowers, and improve overall financial inclusion.
- **Credit guarantee scheme for Microfinance Institutions (MFIs):** A dedicated credit guarantee framework for MFIs would strengthen their access to bank and institutional funding by mitigating lender risk, especially during periods of stress in the credit cycle. Such a scheme would enable MFIs to secure borrowings at more competitive rates, improve liquidity, and sustain credit flow to low-income and rural borrowers.
- Key stock beneficiaries: **Affordable HFCs such as Aadhar Housing, Home First, Aptus, Aavas, India Shelter, Can Fin Homes,** and **PNBHF,** driven by higher demand and improved loan growth visibility.
- MFI-focused NBFCs such as **CreditAccess Grameen, Fusion,** and **Spandana** are in our coverage, aided by better access to institutional funding and improved system stability.

## Financials: Non Lending Financials & Insurance

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**Key expectations – to reduce the overall burden on individuals**

- Further widening of tax slabs in the new regime and enhancing limits for standard deduction – the likelihood is lower, considering the changes were done in the previous budget, and the government has already given relief in terms of GST rate cuts. Widening of tax slabs will be positive for all capital market plays.
- Reduction in capital gains tax – this has been a long-standing demand and would enhance savings.
- No changes in STT – It has been increased in the past few budgets, and the expectation is that there should be no further increase. While a further increase in STT rates may not impact volumes as much, it would impact sentiments for exchanges and brokers. An increase in the STT rate would adversely impact **BSE, Angel One,** and **Groww.**
- Reintroduction of indexation benefits in debt funds – this was removed in 2024.

- Increasing deduction limits for senior citizens for health insurance premiums in the old regime. Will be positive for health insurers and multiline general insurers i.e **Niva Bupa, Star Health, ICICI Lombrad**
- Reintroduction of indexation benefits for debt segments would help the MF industry to grow the debt segment. Indexation benefits for the debt segment would be positive for **AMCs and RTAs.**

## Infrastructure and Construction

**Analyst: Alok Deora**
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- We expect a rise in the capex for railways, which could go up by 8-10% YoY.
- Similarly, the union budget is likely to raise the capex allocation towards roads – again growing by 8-10% YoY.
- Higher budgeted capex in the abovementioned infrastructure projects should lead to higher project awarding in the rail and road segments, which should benefit infrastructure names under our coverage.
- Key beneficiaries: **HG Infra, PNC Infra, IRB Infra, GR Infra**, and other road and rail EPC players.

## Oil & Gas

**Analyst: Abhishek Nigam**
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- **Zero duty on LNG imports to benefit the entire gas value chain:** Abolition of the 2.5% customs duty on LNG imports could accelerate natural gas's use as a mainstream fuel in India. As ~50% of natural gas consumed in India is imported, a zero customs duty on LNG imports would be beneficial across the gas value chain by **lowering landed LNG costs, improving gas affordability, and supporting demand recovery**, particularly in price-sensitive segments. This would aid **City Gas Distribution companies such as IGL, MAHGL, and GUJGA** through better volume traction and margin stability, while **Petronet LNG and GAIL** would benefit from higher regasification throughput and pipeline utilization, supporting overall sector growth.
- **Key upstream reforms – lower cess, revived holidays, exploration exemptions:** A cut in crude oil cess, reinstatement of tax holidays for new blocks, and GST exemptions on exploration activities will be directly beneficial for **ONGC/Oil India**.
- **Reduction in GST rate on oilfield equipment and services to 5%:** The economy's recent theme has centered on deregulation and tax optimization. While the Oilfields (Regulation and Development) Amendment Bill was a major stride in upstream deregulation, the latest GST rationalization dealt a blow, hiking rates on oilfield equipment and services from 12% to 18%. While a reduction in the GST rate to 5% on oilfield equipment and services would not benefit upstream companies directly, tax rationalization would be a long-term positive for the sector.
- **Petrol & diesel excise duty hike:** With crude prices now averaging below USD65/bbl for a while, a potential hike in excise duty on petrol and diesel in Budget 2026 could pose a risk to India's OMCs. However, as current auto-fuel marketing margins over Brent of INR9+/lit are above our current assumption of INR3.5/lit, a minor INR1-1.5/lit duty adjustment is unlikely to lead to a sharp de-rating for OMCs, in our view, given the otherwise strong earnings momentum.

## Real Estate

Analyst: Abhishek Lodhiya
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- Changing the definition of affordable housing by increasing the ticket size limit from INR4.5m to INR7m. Currently, developers are averse to taking exposure to affordable housing, as land prices have increased meaningfully in the last 3-4 years, rendering affordable housing unviable.
- Higher benchmark prices will attract more developers towards affordable housing. This will help to restore some parity between the affordable and premium segments, which is currently more skewed towards mid/premium housing. This may, however, require more outlay towards PMAY, as banks will need to be compensated for the upfront benefit that they are required to give out to borrowers.
- Some measures to incentivize GCCs, thereby increasing overall leasing demand for all the TIER-I developers with grade-A supply in key cities, which will in turn increase the employment and hence housing demand.
- **Winners: BRGD, PEPL, SOBHA, KPDL, MLDL, GPL, SRIN, and LODHA.**
- **Underperformer/might not react: OBER/DLF.**

## Utilities

Analyst: Abhishek Nigam
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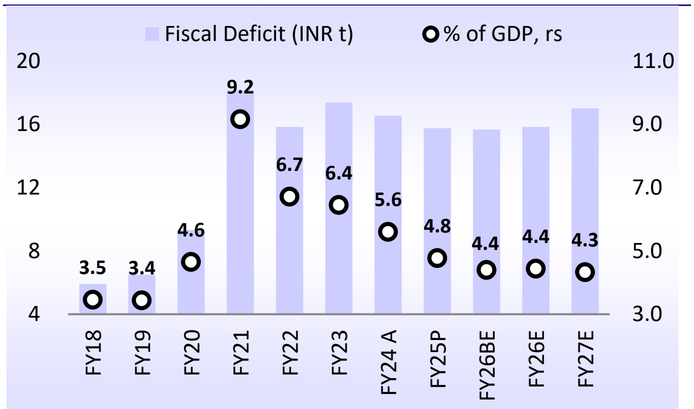
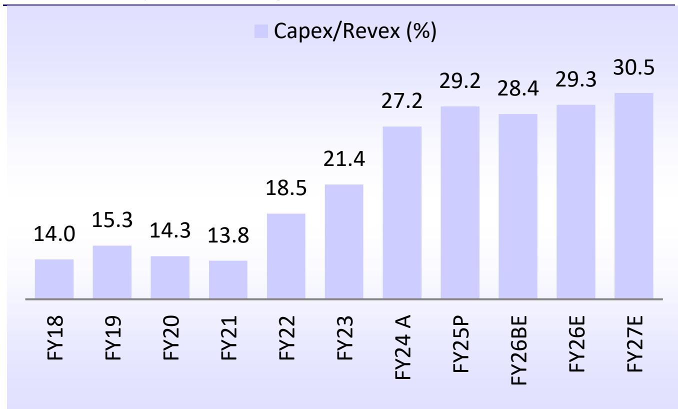
- **Expansion of PM Surya Ghar and PM KUSUM:** Expansion of existing schemes, such as PM Surya Ghar Muft Bijli Yojana and PM-KUSUM, would facilitate continued additions to rooftop solar and solar pump and irrigation systems, providing a strong runway for module manufacturers and IPP players in the rooftop residential space. Key Beneficiary: **Tata Power.**
- **Extending the PLI scheme to upstream solar manufacturing:** Extension of the production-linked incentive (PLI) scheme to polysilicon, ingots, and wafers would enable solar module manufacturers to build a fully integrated solar value chain in India, reducing import dependence. Key Beneficiaries: **Waaree Energies, Premier Energies, Saatvik Green, and Tata Power.**
- **Direct tax clarity and RE incentives:** On the direct tax side, a reduction in income tax on dividends from renewable energy SPVs to their holding companies could benefit IPPs. Explicit clarity that income earned during the construction period should be treated as a capital receipt and reduced from the project cost would further simplify taxation norms for IPP players. Key beneficiaries: **ACME Solar, JSW Energy, Tata Power, and NTPC Green.**
- **Industry seeks to lower or eliminate certain indirect taxes:** A cut in BCD and IGST for at least five years on capital equipment for manufacturing solar glass, ingots, wafers, cells, modules, batteries, and advanced technologies would help to further reduce the cost of production and increase the competitiveness of Indian players in foreign markets as well. Key beneficiaries: **Waaree Energies, Premier Energies, Saatvik Green, and Tata Power.**
- **Tackling legacy DISCOM dues to safeguard sector growth:** A scheme for refinancing of legacy DISCOM debt, linked to verifiable progress on smart metering, reduction in losses, and timely tariff revisions, will be a positive for power GENCOs, giving a quick liquidity boost. Key beneficiaries: **NTPC, JSW Energy, and Tata Power.**
- We would also like to see incentives for R&D, primarily in the solar cell technology space and energy storage via tax incentives and/or dedicated funds.

### Exhibit 1: Fiscal deficit path to be more calibrated

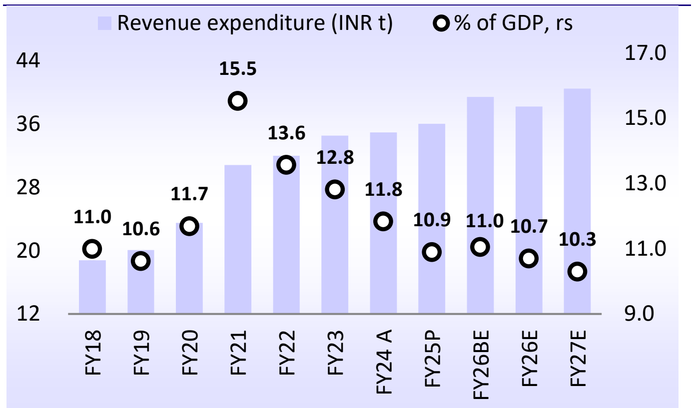



### Exhibit 2: Capex to be higher, revex to be lower in FY27E

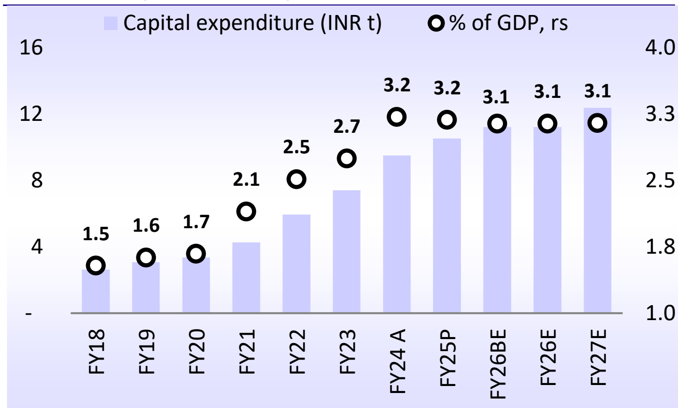



Source: CEIC, MOFSL; Estimates are of the Economics team

### Exhibit 3: Revex to moderate

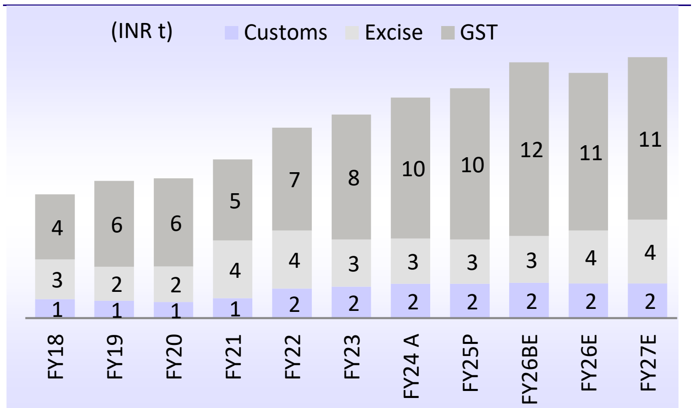



### Exhibit 4: Capex to inch up to INR12.4t

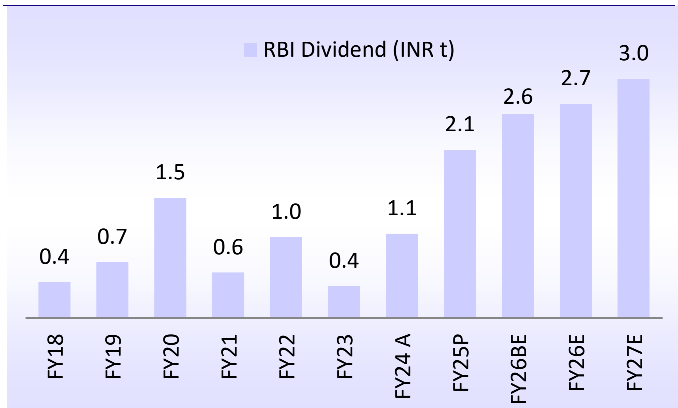



Source: CEIC, MOFSL; Estimates are of the Economics team

### Exhibit 5: Meager growth in GST collections in FY27




### Exhibit 6: The RBI dividend to spurt




Source: CEIC, MOFSL; Estimates are of the Economics team

**Exhibit 7: Pradhan Mantri Awas Yojana Budget expenditure**

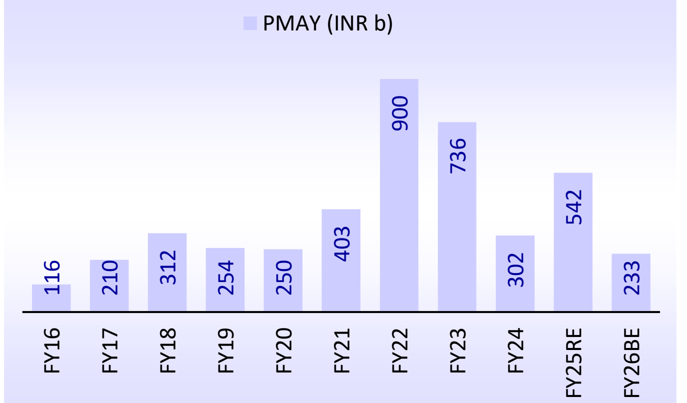
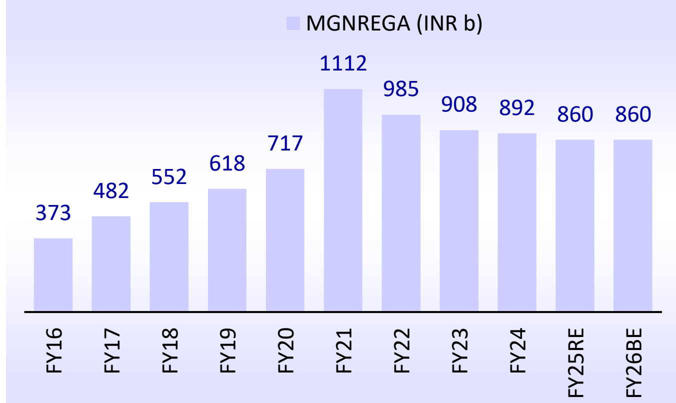



**Exhibit 8: MGNREGA Budget expenditure**




Source: CEIC, MOFSL

**Exhibit 9: Repo rate has been cut by 125bps**

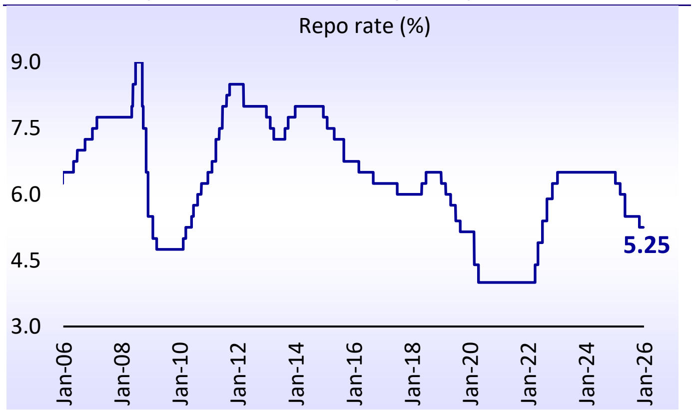
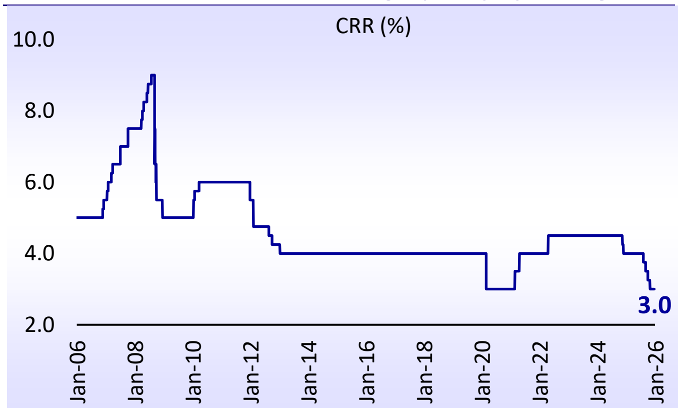



**Exhibit 10: RBI embarked on easing liquidity by cutting CRR**




Source: CEIC, MOFSL

**Exhibit 11: The net liquidity has been mostly in surplus owing multiple RBI measures**

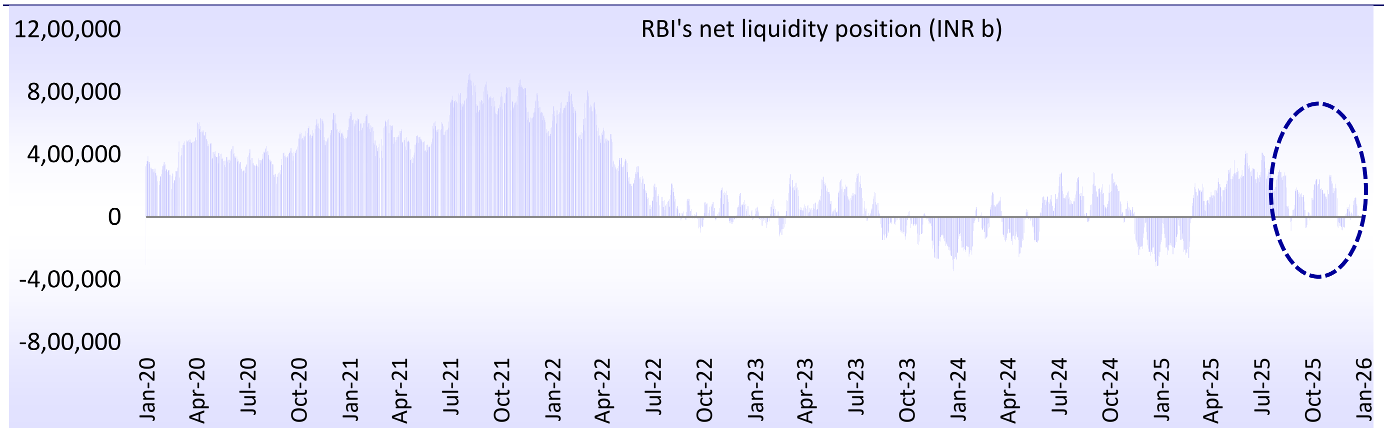


**Exhibit 12: Union Budget at a glance – FY26BE and FY27 estimates**

| | Budget at a Glance (INR t) | | | | | As % of GDP | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | FY24 A | FY25P | FY26BE | FY26E | FY27E | FY24 A | FY25P | FY26BE | FY26E | FY27E |
| **Total Receipts** | **27.9** | **30.8** | **35.0** | **33.6** | **35.8** | **9.4** | **9.3** | **9.8** | **9.4** | **9.1** |
| Revenue Receipts | 27.3 | 30.4 | 34.2 | 32.8 | 35.1 | 9.2 | 9.2 | 9.6 | 9.2 | 8.9 |
| Gross Tax Revenue | 34.7 | 38.0 | 42.7 | 39.9 | 43.4 | 11.7 | 11.5 | 12.0 | 11.2 | 11.0 |
| Direct tax | 19.6 | 21.7 | 25.2 | 23.3 | 25.7 | 6.6 | 6.6 | 7.1 | 6.5 | 6.5 |
| *Corporate Tax* | 9.1 | 9.9 | 10.8 | 10.5 | 11.6 | 3.1 | 3.0 | 3.0 | 2.9 | 2.9 |
| *Income Tax* | 10.4 | 11.8 | 14.4 | 12.8 | 14.1 | 3.5 | 3.6 | 4.0 | 3.6 | 3.6 |
| Indirect Tax | 15.1 | 15.7 | 17.5 | 16.6 | 17.7 | 5.1 | 4.8 | 4.9 | 4.7 | 4.5 |
| *Customs* | 2.3 | 2.3 | 2.4 | 2.4 | 2.4 | 0.8 | 0.7 | 0.7 | 0.7 | 0.6 |
| *Excise* | 3.1 | 3.0 | 3.2 | 3.6 | 4.3 | 1.0 | 0.9 | 0.9 | 1.0 | 1.1 |
| *Services* | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | |
| *Other taxes+UT+Wealth* | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| *GST* | 9.6 | 10.3 | 11.8 | 10.7 | 11.0 | 3.2 | 3.1 | 3.3 | 3.0 | 2.8 |
| *CGST* | 8.2 | 9.1 | 10.1 | 10.0 | 10.2 | 2.8 | 2.7 | 2.8 | 2.8 | 2.6 |
| *IGST* | 0.0 | -0.3 | 0.0 | 0.0 | 0.0 | 0.0 | -0.1 | | | |
| *Compensation Cess* | 1.4 | 1.5 | 1.7 | 0.7 | 0.8 | 0.5 | 0.5 | 0.5 | 0.2 | 0.2 |
| (-)Surcharge for Financing NCCF | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| (-)Less state share | 11.3 | 12.9 | 14.2 | 13.3 | 14.4 | 3.8 | 3.9 | 4.0 | 3.7 | 3.7 |
| Net Tax Revenue | 23.3 | 25.0 | 28.4 | 26.5 | 28.8 | 7.9 | 7.6 | 7.9 | 7.4 | 7.3 |
| Non-Tax Revenue | 4.0 | 5.4 | 5.8 | 6.3 | 6.3 | 1.4 | 1.6 | 1.6 | 1.8 | 1.6 |
| *RBI Dividend* | 1.1 | 2.1 | 2.6 | 2.7 | 3.0 | 0.4 | 0.6 | 0.7 | 0.8 | 0.8 |
| Non-Debt Capital Receipts | 0.6 | 0.4 | 0.8 | 0.8 | 0.8 | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 |
| *Disinvestments* | 0.3 | 0.2 | 0.5 | 0.5 | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| **Total Expenditure** | **44.4** | **46.6** | **50.7** | **49.4** | **52.9** | **15.0** | **14.1** | **14.2** | **13.8** | **13.4** |
| Revenue Expenditure | 34.9 | 36.0 | 39.4 | 38.2 | 40.5 | 11.8 | 10.9 | 11.0 | 10.7 | 10.3 |
| *Interest payments* | 10.6 | 11.2 | 12.8 | 12.8 | 13.8 | 3.6 | 3.4 | 3.6 | 3.6 | 3.5 |
| *Subsidies* | 4.3 | 4.3 | 4.3 | 4.2 | 4.1 | 1.5 | 1.3 | 1.2 | 1.2 | 1.1 |
| *of which, Food* | 2.1 | 2.0 | 2.0 | 2.1 | 2.1 | 0.7 | 0.6 | 0.6 | 0.6 | 0.5 |
| *Fertilizer* | 1.9 | 1.7 | 1.7 | 1.9 | 1.9 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 |
| *Petroleum* | 0.1 | 0.1 | 0.1 | 0.2 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| Revenue Expenditure ex. subsidy, interest | 20.0 | 20.5 | 22.4 | 21.3 | 22.6 | 6.8 | 6.2 | 6.3 | 6.0 | 5.7 |
| Capital Expenditure | 9.5 | 10.5 | 11.2 | 11.2 | 12.4 | 3.2 | 3.2 | 3.1 | 3.1 | 3.1 |
| **Gross Fiscal Deficit** | **16.5** | **15.8** | **15.7** | **15.9** | **17.0** | **5.6** | **4.8** | **4.4** | **4.4** | **4.3** |
| **Revenue Deficit** | **7.7** | **5.7** | **5.2** | **5.4** | **5.4** | **2.6** | **1.7** | **1.5** | **1.5** | **1.4** |
| **Primary Deficit** | **5.9** | **4.6** | **2.9** | **3.1** | **3.3** | **2.0** | **1.4** | **0.8** | **0.9** | **0.8** |
| **GDP** | **295.4** | **330.7** | **357.0** | **357.1** | **393.2** | | | | | |

Source: CEIC, MOFSL; Estimates are of the Economics team

| Explanation of Investment Rating | |
|---|---|
| **Investment Rating** | **Expected return (over 12-month)** |
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| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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