

February 2024

SPOTLIGHT
Savills Research

Interim Budget 2024-2025 Reaction and Analysis



Overview

The interim Union Budget is largely focused on laying the vision for “Viksit Bharat” - to put India into a league of developed nations by 2047. It highlighted the major thrust areas of the government to achieve economic growth with modern infrastructure and growth opportunities. The government’s plan to bring down the fiscal deficit to 5.1% of GDP in FY 2024-2025 from 5.8% in FY 2023-2024 showcases its adherence to the path of achieving the target of 4.5% by FY 2025-2026. Additionally, it hinted at the next-generation reforms in the pipeline for an aspirational economy in the next five years.

The budget continued its focus on capex-led growth with an outlay of 3.4% of GDP at INR 11.1 lakh crore from 3.3% in the previous fiscal year. The special emphasis on research and innovation in sunrise sectors, green energy, start-ups, and support for EV infrastructure through viability gap funding along with long-term interest free loans highlights the government’s focus areas to drive growth in the coming years.

Key Announcements & their Impact on the Real Estate Sector

Intent to launch a scheme to help the middle class buy or build their own houses

This scheme is expected to fulfil the need of owning a house for an aspirational home buyer and will also help freeing up slums for redevelopment.

Under the PMAY (Gramin), two crore houses will be taken up in the next five years

Addresses growing housing needs and further advances the rural infrastructure.

Enhancing multi-modal connectivity through economic railway corridor programmes

Development of port connectivity and dedicated freight corridors is expected to give a boost to the development of industrial infrastructure and reduce overall logistics costs.

Expansion and strengthening of the electric vehicle ecosystem via manufacturing and charging infrastructure and greater adoption of e-buses

The push will enable development of charging stations, manufacturing units, industrial and warehousing nodes.

Stress on research and innovation in sunrise sectors via strengthening deep-tech technologies for defence purposes; corpus of one lakh crore with 50-year interest free loan

Enhanced outlay for research and innovation sector would mean establishment of more institutional incubation and research centres with a ripple effect on development of tech-related real estate.

Domestic tourism promotion via long-term interest-free loans to states for comprehensive development of iconic tourist centres and related amenities

The announcement is expected to create a spur in the hospitality sector along with an improvement in overall infrastructure of tourist centres.

Proposal to extend certain tax benefits to start-ups and investments made by sovereign wealth or pension funds, as well as tax exemption on certain income of some IFSC units until 31st March 2025

This will help in sustaining investments by sovereign wealth and pension funds in India and will augur well for the commercial office real estate segment.

Blue Economy 2.0 scheme for restoration and adaptation measures, and coastal aquaculture and mariculture

Sustainable utilisation of ocean resources under blue economy is expected to create a multi-pronged impact including development of life sciences real estate and aquaparks as it promotes manufacturing of modern equipment (to harness renewable energy), maritime transport and marine biotechnology.

Source: Savills India Research



Conclusion

The interim budget unwrapped the government's multi-pronged approach to drive economic growth with focus on building next-generation infrastructure, developing new energy avenues as well as key structural reforms for sustained growth.

A new vigour in towns due to investments announced under the infrastructure and tourism sector will strengthen real estate development and help in extending its activities beyond the top tier cities of the country. While there were limited direct announcements for the real estate sector, we believe the long-pending demand of 'infrastructure' status for real estate can help in bringing down the overall cost of delivery resulting in the reduction of housing prices over time.





Savills

Savills PLC is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 700 offices and 40,000 associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

Savills India

Savills India is a group company of Savills PLC and is a premier professional international property consulting firm. With full-service offices in Ahmedabad, Bengaluru, Chennai, Hyderabad, Delhi-NCR, Mumbai, Pune and Kolkata, the firm serves occupiers, investors and developers of real estate.

Savills India provides services across office leasing, project management, capital markets, valuations, research, consulting, industrial and logistics, and residential services. Started in India in 2016, the company employs over 600 professionals.

Research & Consulting

Megha Maan
Director
megha.maam@savills.in

Diksha Gulati
General Manager
diksha.gulati@savills.in

Raghudeep Ganugu
Senior Manager
ganugu.raghudeep@savills.in

Shashwat Srivastava
Assistant Manager
shashwat.srivastava@savills.in

Aloka Majumder
Assistant Manager
aloka.majumder@savills.in

Arvind Nandan
Managing Director
arvind.nandan@savills.in

Central Management

Anurag Mathur
Chief Executive Officer
Savills India
anurag.mathur@savills.in

Kaustuv Roy
Managing Director
Business Solutions
kaustuv.roy@savills.in

Naveen Nandwani
Managing Director
Commercial Advisory & Transactions
naveen.nandwani@savills.in

Media Queries

Chinmoyee Kalita
Corporate Communications Lead
chinmoyee.kalita@savills.in

Regional Management

Sarita Hunt
Managing Director
Bengaluru
sarita.hunt@savills.in

Rajat Johar
Managing Director
Delhi-NCR
rajat.johar@savills.in

Anup Vasanth
Managing Director
Chennai
anup.vasanth@savills.in

Sesha Sai
Managing Director
Hyderabad
sesha.sai@savills.in

Naveen Raina
Executive Director
Project Management Services
Pune
naveen.raina@savills.in

Kaustuv Roy
Managing Director
Business Solutions
Mumbai
kaustuv.roy@savills.in

Gurugram

3-A, Second Floor, Building 9B
DLF Cyber City, Phase 3
Sector 24, Gurugram 122 002
Haryana, India

Bengaluru

Vaishnavi Tech Park, WM9C+995
Sarjapur Main Rd, Bellandur
Bengaluru 560 103
Karnataka, India

Hyderabad

5th Floor, DivyaSree Solitaire, Plot No. 14 & 15
Software Units Layout, Sy No 64, Madhapur,
Serilingampally Mandal, Hyderabad 500 081
Telangana, India

Mumbai

403, Tower B, Level 4, The Capital
Street 3, G Block, Bandra Kurla Complex
Bandra East, Mumbai 400 051
Maharashtra, India

Chennai

Savills, 5th Floor, North Wing
Harmony Square, New No. 48 & 50
Praksam Street, T. Nagar
Chennai 600 017
Tamil Nadu, India

Ahmedabad

INC-02, The First Commercial Complex
B/S Keshavbaug Party Plot, Vastrapur
Ahmedabad 380 015
Gujarat, India

Bengaluru

15th Floor, SKAV SEETHALAKSHMI
Corporation No.21, Kasturba Road
Bengaluru 560 001
Karnataka, India

Pune

Unit #4, 13th floor
Phoenix Fountainhead Tower 2
Phoenix Market City
Viman Nagar, Pune 411 014
Maharashtra, India

Kolkata

Apeejay Business Centre
15 Park Street, Apeejay House
Block-A, 8th Floor, Kolkata 700 016
West Bengal, India



Savills, the international real estate advisor established in the UK since 1855 with a network of over 700 offices and associates globally.

This document is prepared by Savills for information only. Whilst the information shared above has been shared in good faith and with due care with an endeavour to keep the information up to date and correct, no representations or warranties are made (express or implied) as to the accuracy, completeness, suitability or otherwise of the whole or any part of the deliverables. It does not constitute any offer or part of any contract for sale.

This publication may not be reproduced in any form or in any manner, in part or as a whole without written permission of the publisher, Savills.

© Savills India 2024.