

# UNION 2025-26 BUDGET

## Economic Survey Highlights & Policy Recommendations

31- January -2025



## Major highlights of the Economic Survey 2024-25

The Economic Survey 2024-25 presents a comprehensive analysis of India's economic performance and outlines key policy directions. Here are the major highlights:

### 1. Economic Growth and Outlook

- Real GDP is estimated to grow by 6.4 per cent in FY25 and FY26 is expected to be between 6.3% and 6.8%,
- India is expected to sustain a **7-8% GDP growth** over the next decade with continued structural reforms.
- Growth has been driven by **public capital expenditure**, strong private investment, and **resilient domestic consumption**.
- The **manufacturing and services sectors** have shown strong recovery post-pandemic.

### 2. Fiscal and Monetary Policy

- **Fiscal consolidation** remains a priority, with a focus on **capital investment over revenue spending**.
- Government debt is being managed prudently, and fiscal deficit targets are on track.
- India's Forex reserves were at a high of \$706 billion in September 2024 and stood at \$640.3 billion by December 27, 2024, covering 89.9% of external debt.
- The survey pointed out that retail headline inflation softened from 5.4% in FY24 to 4.9% in April –December 2024 due to various government initiatives and monetary policy measures.

### 3. Financial Sector and Banking

- **Banking sector remains resilient**, with declining non-performing assets (NPAs) and improving credit growth.
- Digital payments and fintech innovations are reshaping financial inclusion.

### 4. Infrastructure and Investment

- **Record capital expenditure** in infrastructure sectors, particularly in **roads, railways, and digital connectivity**.
- Initiatives like **PM Gati Shakti** and **National Infrastructure Pipeline (NIP)** are driving long-term economic expansion.
- Focus on **foreign direct investment (FDI) facilitation** and ease of doing business.

### 5. Industry and MSME Growth

- Expansion in **manufacturing, MSMEs, and startup ecosystem** with a focus on **Make in India** and **Atmanirbhar Bharat**.
- **Production-Linked Incentive (PLI) schemes** are boosting domestic manufacturing in key sectors like electronics, pharmaceuticals, and renewable energy.
- Increasing role of **R&D and innovation-driven industrial policies**.

## 6. External Trade and Foreign Investment

- Despite **global trade disruptions**, India has maintained a strong export performance.
- Policies are being aligned to **reduce import dependency** in key sectors and improve trade competitiveness.
- India's **services sector exports**, particularly in IT and business services, continue to be a major growth driver.

## 7. Agriculture and Rural Development

- Push for **crop diversification and sustainable farming practices** to ensure long-term food security.
- Emphasis on **agri-tech adoption, better irrigation coverage, and enhanced credit access** for farmers.
- Strengthening **rural infrastructure** and market linkages to boost productivity and rural incomes.

## 8. Climate and Sustainability

- Expansion of **renewable energy**, with a target to increase solar, wind, and green hydrogen capacity.
- **Energy transition policies** focusing on reducing carbon emissions while ensuring energy security.
- Enhanced focus on **climate adaptation**, urban sustainability, and pollution control measures.

## 9. Employment and Skill Development

- Increasing focus on **upskilling and reskilling workforce** to align with emerging sectors like AI, digital technology, and green jobs.
- **Boosting female labour force participation** through supportive policies and workplace reforms.

## 10. Digital Transformation and Governance

- **E-governance and digital public infrastructure** (UPI, Aadhaar, ONDC) have strengthened financial inclusion and service delivery.
- Expansion of **5G networks, AI, and data-driven policymaking** to enhance India's digital economy.
- Government focus on **reducing compliance burdens** and enhancing ease of doing business

## POLICY RECOMMENDATIONS

The Economic Survey document outlines several key policy measures and recommendations across different sectors to enhance India's economic growth and resilience. Some of the major measures include:

### 1. Deregulation and Economic Freedom

- Emphasis on reducing regulatory burdens to foster entrepreneurship and investment.
- Expanding the **Jan Vishwas Act** to decriminalize business-related laws and facilitate ease of doing business.
- Accelerating deregulation efforts to enhance economic freedom for individuals and enterprises.

### 2. Investment and Infrastructure

- Sustained **public sector capital expenditure (Capex)** to improve infrastructure, especially in transport, power, and urban development.
- Encouraging **private sector participation** in infrastructure projects to overcome government budget constraints.

### 3. Industrial Growth and MSME Support

- Policy reforms aimed at reducing compliance costs for **Micro, Small, and Medium Enterprises (MSMEs)**.
- Strengthening **R&D and innovation** to improve industrial competitiveness.
- Addressing import dependency in critical sectors like coal and capital goods.

### 4. Agriculture and Food Management

- Incentivizing **crop diversification** and improving input efficiency.
- Enhancing **agriculture credit and mechanization**.
- Strengthening **cooperative societies** and food processing industries to enhance value addition.

### 5. Climate and Sustainability Measures

- Implementing the **National Adaptation Plan (NAP)** for climate resilience.
- Promoting **renewable energy adoption** through schemes like **PM-KUSUM** and **PM Surya Ghar**.
- Expanding **metro networks** and enforcing energy efficiency regulations to reduce carbon footprints.

## 6. Employment and Skill Development

- Enhancing skill training programs, including **reskilling and upskilling initiatives**.
- Bridging the **education-employment gap** by aligning skilling programs with industry needs.
- Labour law reforms to promote **women's participation** in the workforce.

## 7. Social Sector and Economic Inclusion

- Strengthening **healthcare and education reforms** to improve human capital development.
- Expanding **rural infrastructure** and economic opportunities to ensure inclusive growth.

## 8. External Trade and Investment

- Encouraging **FDI inflows** and easing trade regulations to enhance export competitiveness.
- Strengthening **logistics infrastructure** to improve trade efficiency.

## 9. Climate Finance and Green Transition

- **Leveraging global green capital** to finance India's energy transition.
- Promoting **circular economy practices** and **waste management regulations**.

## 10. Digital Transformation and Governance

- Expanding **e-governance** initiatives like **PAN 2.0** for paperless processes.
- Using digital tools for **infrastructure monitoring and judicial infrastructure development**.

Overall, the policy measures should focus on **boosting investment, fostering entrepreneurship, improving infrastructure, supporting MSMEs, enhancing skill development, promoting sustainability, and ensuring economic deregulation** to drive long-term growth.

## Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments. HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.



HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant

banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: [customercare@hdfcsec.com](mailto:customercare@hdfcsec.com) Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Fund Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.