



**Aviation**

**Budget Proposal**

The FM celebrated the success of the Ude Desh ka Aam Naagrik (**UDAN**) scheme launched for the aviation sector in 2016 by highlighting the following achievements:

- Doubling of airports to 149
- Widespread roll out of air connectivity to tier-two and tier-three cities; and
- Introduction of 517 new routes which are carrying 13 million passengers.

In her speech, the FM proposed that expansion of existing airports and development of new airports will continue expeditiously.

**Impact**

The continuous expansion and development of airports will have multiple benefits in the form of (a) improving regional connectivity in tier-two and tier-three cities; (b) providing a boost to domestic tourism sector; and (c) reducing the stress on other means of transport and logistics such as rail and road.

While the budgetary allocation for Ministry of Civil Aviation has decreased from the previous year, the aviation sector in India has, and will, continue to tremendously benefit by the measures undertaken under the UDAN scheme.

The confidence of the stakeholders is apparent from the fact that Indian aircraft carriers have placed one of the largest orders in the global aviation sector in 2023 for over 1000 new aircrafts.

**Railways**

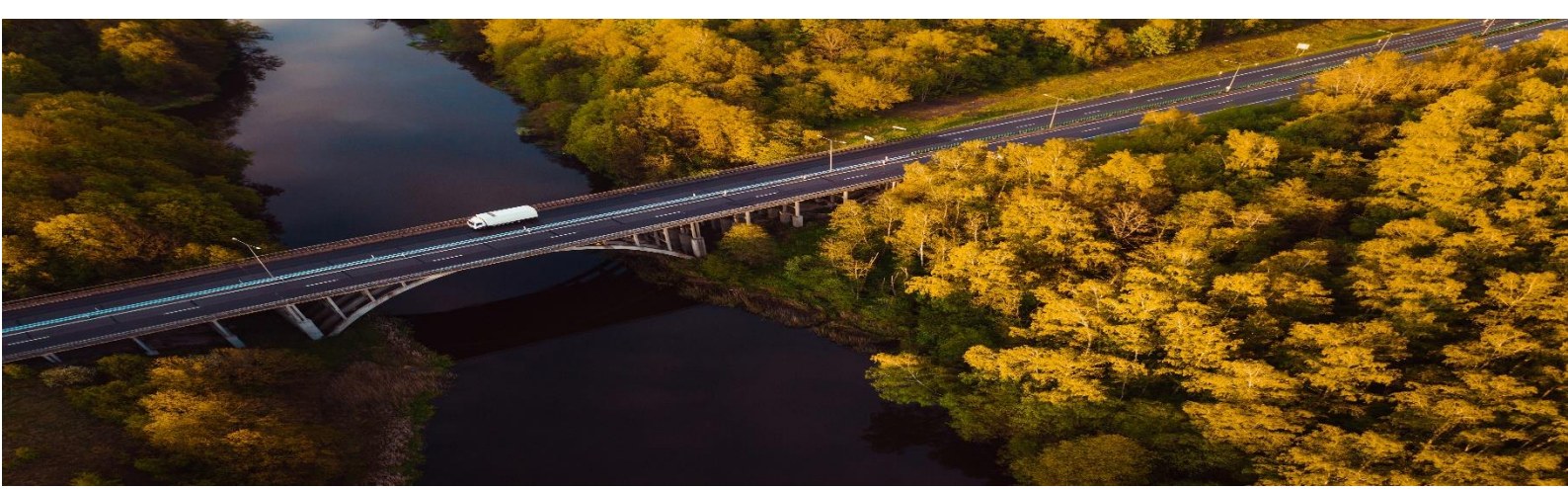
**Budget Proposal**

Amongst the various infrastructure sectors, the railways sector has historically been the focus of every budget and the Interim Budget 2024 was no different. The FM made the following announcements for the railway sector:

- Implementation of 3 major economic railway corridor programmes, which have been identified under the PM Gati Shakti National Master Plan for enabling multi-modal connectivity:
  - energy, mineral and cement corridors;
  - port connectivity corridors; and
  - high traffic density corridors.
- Conversion of 40,000 rail bogies to Vande Bharat standards to enhance safety, convenience and comfort of the passenger.
- Expansion of metro rail and trains of the regional rapid transit system (**NaMo Bharat**) to focus on trans-oriented development and urban transformation.

**Impact**

The announcement of the railway corridor programs along with dedicated freight corridors could result in decongestion of the high-traffic corridors. Consequentially, this would lead to improvement of operations of passenger trains, safety and higher travel speed for passengers which would eventually assist in accelerating the GPD growth and reducing the logistic costs. The freight corridors will also help increase the revenue generated from railways.



## Green Energy

### Budget Proposal

The FM reiterated India's commitment to achieve net zero greenhouse gas emissions by 2070. To this effect the FM made the following announcements:

- Providing Viability Gap Funding (**VGF**) for harnessing offshore wind energy potential for an initial capacity of 1 GW (giga-watt).
- Setting up of 100 million tons of coal gasification and liquefaction capacity by the year 2030.
- Phased mandatory blending of Compressed Bio Gas (**CBG**) and Compressed Natural Gas (**CNG**) for transport and Piped Natural Gas (**PNG**) for domestic purposes.
- Providing financial assistance for the procurement of biomass aggregation machinery.
- Launching of bio-manufacturing and bio-foundry scheme (**Bio-Scheme**) to foster green growth, offer eco-friendly alternatives like biodegradable polymers, bio-plastics, bio-pharmaceuticals, and bio-agri-inputs.
- Providing free rooftop solar installations to 10 million households and providing up to 300 units of free electricity each month in alignment with the recently announced, 'Pradhan Mantri Suryoday Yojna' scheme (**PMSY Scheme**).
- Expanding and strengthening the e-vehicle (**E-vehicle**) ecosystem by supporting manufacturing and charging infrastructure.

### Impact

#### *Offshore wind projects*

The FM's announcement of providing VGF for offshore wind energy projects is in line with the Ministry of New and Renewable Energy's (**MNRE**) Strategy Paper for Establishment of Offshore Wind Energy Projects (**Strategy Paper**) that released on September 26, 2023.

The Strategy Paper stated that Eligible Offshore Wind Power Developers ("**OPWD**") will be able to avail suitable financial incentives such as VGF or any other financial mechanism as decided by MNRE from time to time.

The announcement also follows the Offshore Wind Energy Lease Rules, 2023 (**Rules**), which were notified on December 19, 2023. The Rules intend to regulate the leasing mechanism of offshore areas towards development of offshore wind energy projects.

While the announcement is a welcome move, in the Expenditure Profile 2024-2024 (**Expenditure Profile**), there is no allocation for VGF for offshore wind energy projects. One would have to wait for the allocated amount to ascertain the impact of the FM's announcement on the offshore wind energy segment. The impetus for providing the VGF would be to attract investment as well as promote Make in India in a sector that is nascent as compared to the Solar Power Industry.

#### *Coal gasification and liquefaction capacity*

The FM stated that the setting up of coal gasification and liquefaction capacity is expected to help in reducing the imports of natural gas, methanol, and ammonia. Nevertheless, there are trade regulations on some of the products listed here in effect to ensure that the reliance on imports is reduced to provide a level playing field to the domestic producers. On January 24, 2024, the Cabinet had approved the scheme for promotion of Coal/Lignite Gasification Projects of Government Public Sector Utilities (**PSUs**) and private sector with an outlay of INR 85 billion towards financial assistance for coal gasification projects. The selection of eligible entities in this regard is to be done through a competitive and transparent bidding process.

#### *Phased mandatory blending of CBG*

With regard to the phased mandatory blending of CBG, on November 25, 2023, the Ministry of Petroleum and Natural Gas (**MoPNG**) had stated that key objectives of the CBO are to stimulate demand for CBG in City Gas Distribution sector, import substitution for Liquefied Natural Gas (**LNG**), saving in foreign exchange, promoting a circular economy and to assist in achieving the target of net zero emission. This initiative aims to encourage investment of around INR 375 billion and facilitate establishment of 750 CBG projects by 2028-29

### *Procurement of biomass*

As per the Expenditure Profile, the Government has allocated INR 1.5 billion for the Scheme for providing financial support for collection of biomass.

### *Bio-Scheme*

The Bio-Scheme initiative is poised to revolutionize manufacturing practices, steering away from consumptive models towards regenerative principles, thereby contributing significantly to sustainable and environmentally conscious industrial practices.

### *Solar rooftop*

The announcement of the solar installation could result into annual savings of INR 15,000 to INR 18,000 per household, generated through free solar electricity and the sale of surplus power to distribution companies, charging of electric vehicles, creating entrepreneurship opportunities for a large number of vendors for supply and installation and generating employment opportunities for the youth with technical skills in manufacturing, installation and maintenance. This is in line with the recent policy-making measures the Government has announced for providing benefits under the Make in India to the domestic solar industry as well as protecting them in ensuring that there is a local content requirement in the products being sold domestically.

The PMSY Scheme is aligned with sustainability goals and will help promote clean energy usage and reduce the carbon footprint. The widespread adoption of solar technology will also enhance energy security and environmental stewardship and be a step towards achieving energy self-sufficiency.

### *E-Vehicles*

The FM stated that the greater adoption of e-buses for public transport networks will be encouraged through a payment security mechanism.

The Government had launched the 'PM-eBus Sewa Scheme' on August 16, 2023, with the aim to augment bus operations by deployment of 10,000 electric buses on PPP model. As per the Expenditure Profile, the Government has allocated INR 10 billion for the PM-eBus Sewa Scheme.

The payment security mechanism is expected to accelerate new and more sustainable investments by lowering financial risks and is expected to unlock USD 10 billion in investment.

