



# CNI BUDGET 2024 ANALYSIS



# KEY BUDGET TAKEAWAYS

- ✓ **Fiscal Deficit at 4.9% over 5.1% suggests improving state of the economy**
- ✓ Estimated Fiscal deficit for 2025-26 expected at 4.5%
- ✓ Total expenditure expected at Rs 48.21 lakh crore. A jump of Rs 1 lakh crore is positive
- ✓ There is no change in capex outlay of Rs 11,11,111 crore
- ✓ Net borrowings expected at 11.63 lakh crore
- ✓ Amnesty scheme announced for benami properties at lowest possible rate of tax of 12.5% (no penalties and prosecution)

- ✓ Dividend receipt have been estimated at Rs 2.9 lakh crore from Rs 1.7 lakh crore (positive for PSU stocks)
- ✓ STCG on all financial assets to be at 20%
- ✓ LTCG to be at 12.5% for all assets
- ✓ Non-tax revenue raised by 1.45 lakh crore
- ✓ Net tax receipts estimated at Rs 25.83 lakh crore in FY25
- ✓ Corporate tax up by 21% to 10.2 lakh crore
- ✓ Personal tax up by 13% to Rs 11.87 lakh crore
- ✓ Standard deduction increased from Rs 50,000 to Rs 75,000
- ✓ Family pension deduction limit increased from Rs 15,000 to Rs 25,000

## Detailed roadmap laid for development and in pursuit of 'VIKSIT BHARAT' divided broadly into 9 major areas



### Productivity & resilience in Agriculture

- ▶ 1 crore farmers to be initiated into natural farming
- ▶ 10,000 need-based bio-input resource centers to be established.
- ▶ Provision of 1.52 lakh crore for agriculture and allied sectors
- ▶ Issuance of Jan Samarth based Kisan Credit Cards



### Employment & Skilling

- ▶ One-month wage to new workers up to Rs 15000 in 3 installments
- ▶ Additional job creation in manufacturing
- ▶ Reimbursement of EPFO contributions of employers up to Rs 3,000 per month for 2 years for all new employees.
- ▶ New skilling program where 20 lakh youth will be skilled over a 5 year period



### HR Development & social justice

- ▶ Capital assistance and investment in Bihar and Andhra Pradesh for generation of economic opportunities
- ▶ Rs 3 lakh crore allocated to schemes benefitting women



### Manufacturing & Services

- ▶ Credit guarantee schemes for MSMEs and credit support during stress period
- ▶ Mudra loan limit enhanced to Rs 20 lakhs from existing Rs 10 lakhs for those who have availed and paid previous loans
- ▶ 12 industrial parks sanctioned under the National Industrial Corridor Development Programme
- ▶ Internship opportunities to 1 crore youth in top 500 companies with Allowance of Rs 5,000 per month along with a one-time assistance of Rs 6,000

## Detailed roadmap laid for development and in pursuit of 'VIKSIT BHARAT' divided broadly into 9 major areas



### Urban Development

- ▶ Promoting development of cities as growth hubs
- ▶ Transit Oriented Development plans for 14 large cities with a population above 30 lakh
- ▶ Promote water supply, sewage treatment and solid waste management projects and services for 100 large cities
- ▶ Encouraging states to lower stamp duties for properties purchased by women
- ▶ Needs of 1 crore urban poor and middle-class families will be addressed with an investment of ₹10 lakh crore through PM Awas Yojana 2.0



### Energy Security

- ▶ Under PM Surya Ghar Muft Bijli Yojana, 1 crore households to obtain free electricity up to 300 units per month
- ▶ Financial support to shift to lean forms of energy



### Infrastructure

- ▶ AUSC Thermal Power Plants - A joint venture between NTPC and BHEL will set up a full scale 800 MW commercial plant
- ▶ Pumped storage policy for electricity storage and facilitation of smooth integration of the growing share of renewable energy
- ▶ Provision of Rs 11,11,111 crore for infrastructure (3.4% of GDP)
- ▶ Providing Rs 1.5 lakh crore to states as interest-free loans to support resource allocation
- ▶ Phase IV of PMGSY will be launched to provide connectivity to 25,000 rural habitations.
- ▶ Cost support of Rs 11,500 crore for irrigation and flood management to Bihar, Assam, Himachal Pradesh, Uttarakhand and Sikkim
- ▶ Promoting INDIA as a global tourist destination and more focus on religious tourism

## Detailed roadmap laid for development and in pursuit of 'VIKSIT BHARAT' divided broadly into 9 major areas



### Innovation, Research & Development

- ▶ Operationalization of funds for basic research and prototype development
- ▶ Private-sector driven research with a financing pool of Rs 1 lakh crore
- ▶ A venture capital fund of Rs 1,000 crore is to be set up for space economy



### Next generation reforms

- ▶ Two important aspects covered are improving productivity and facilitating markets/sectors
- ▶ Urban and rural land reforms including Unique Land Parcel Identification Number, subdivisions, digitization of maps, establishment of land registry and linking of registries
- ▶ FDI and overseas investments simplified to facilitate FDIs and promote opportunities for using INR as a currency for overseas investments

<b>TOTAL RECEIPTS</b>	<b>Rs 32.07 lakh crore</b>
<b>TOTAL EXPENDITURE</b>	<b>Rs 48.21 lakh crore</b>
<b>GROSS BORROWINGS</b>	<b>Rs 25.83 lakh crore</b>
<b>NET BORROWINGS</b>	<b>Rs 11.63 lakh crore</b>

# Tax amendments made in the budget

- ❑ TDS rates have been simplified
  - ❑ Reassessment proceedings have been made assessee friendly as the period has been reduced from 10 years to 5 years
  - ❑ Hike in STCG to 20% is not derogatory compared to taxes in other countries.
  - ❑ LTCG for all assets is at 12.5%
  - ❑ Though, LTCG on shares is up by 2.5%, it is compensated by -7.5% on all other assets including bonds, debentures, real estate, gold, silver and foreign assets. Exemption limit has been increased to Rs 1.25 lakh from Rs 1 lakh
  - ❑ The motive of the govt seems to be to discourage short term and encourage long term investments
- ❑ Even when LTCG was raised from nil to 10%, number of investors increased
  - ❑ Appeals limit has been increased from Rs 50 lakhs to Rs 60 lakhs (demand)
  - ❑ Corporate tax on foreign companies has been reduced from 40% to 35% (positive for MNC stocks)
  - ❑ Increase in STT on F&O hardly makes any difference
  - ❑ Immunity from penalty and prosecution to benaamidaar (Amnesty scheme for conversion of benaami property into genuine)
  - ❑ 12.5% LTCG tax complements this action and could turn out to be a revenue cherner
  - ❑ Angel tax abolished for all investors

## 12.5% LTCG TAX BENEFICIAL TO REAL ESTATE

Let's assume someone buys a property worth Rs 1000 and sells it for Rs 10,000. The below table shows you the percentage of savings in long term capital gains

Year	Index	Cost	Indexed cost	Profit on sale	Tax with index	New tax without index	% of tax savings
2001-02	100	1000	3630	6370	1274	1125	88.30%
2002-03	105	1000	3457	6543	1309	1125	85.97%
2003-04	109	1000	3330	6670	1334	1125	84.34%
2004-05	113	1000	3212	6788	1358	1125	82.87%
2005-06	117	1000	3103	6897	1379	1125	81.55%
2006-07	122	1000	2975	7025	1405	1125	80.08%
2007-08	129	1000	2814	7186	1437	1125	78.28%
2008-09	137	1000	2650	7350	1470	1125	76.53%
2009-10	148	1000	2453	7547	1509	1125	74.53%
2010-11	167	1000	2174	7826	1565	1125	71.87%
2011-12	184	1000	1973	8027	1605	1125	70.07%
2012-13	200	1000	1815	8185	1637	1125	68.72%
2013-14	220	1000	1650	8350	1670	1125	67.37%
2014-15	240	1000	1513	8488	1698	1125	66.27%
2015-16	254	1000	1429	8571	1714	1125	65.63%
2016-17	264	1000	1375	8625	1725	1125	65.22%
2017-18	272	1000	1335	8665	1733	1125	64.91%
2018-19	280	1000	1296	8704	1741	1125	64.63%
2019-20	289	1000	1256	8744	1749	1125	64.33%
2020-21	301	1000	1206	8794	1759	1125	63.96%
2021-22	317	1000	1145	8855	1771	1125	63.52%
2022-23	331	1000	1097	8903	1781	1125	63.18%
2023-24	348	1000	1043	8957	1791	1125	62.80%
2024-25	363	1000	1000	9000	1800	1125	62.50%

# Budget at a glance

Particulars	2022-23	2023-24	2023-24	2023-24	2024-25
	Actuals	Budget Estimates	Revised Estimates	Provisional Actuals	Budget Estimates
Revenue Receipts	2383206	2632281	2699713	2728412	3129200
Tax Revenue	2097786	2330631	2323918	2326524	2583499
Non-tax Revenue	285421	301650	375795	401888	545701
Capital Receipts	1809951	1870816	1790773	1714130	1691312
Other Receipts	46035	61000	30000	33122	50000
Borrowings & Other Liabilities	1737755	1786816	1734773	1653670	1613312
Total Receipts	4193157	4503097	4490486	4442542	4820512
Total Expenditure	4193157	4503097	4490486	4442542	4820512
On Revenue Account	3453132	3502136	3540239	3494036	3709401
Interest Payments	928517	1079971	1055427	1063871	1162940
Grants in Aid for creation of Capital Account	306264	369988	321190	303787	390778
On Capital Account	740025	1000961	950246	948506	1111111
Effective Capital Expenditure	1046289	1370949	1271436	1252293	1501889
Revenue Deficit	1069926	869855	840527	765624	580201
	-3.9	-2.9	-2.8	-2.6	-1.8
Effective Revenue Deficit	763662	499867	519337	461837	189423
	-2.8	-1.7	-1.8	-1.6	-0.6
Fiscal Deficit	1737755	1786816	1734773	1653670	1613312
	-6.4	-5.9	-5.8	-5.6	-4.9
Primary Deficit	809238	706845	679346	589799	450372
	-3.0	-2.3	-2.3	-2.0	-1.4



## Other important aspects of budget 2024

- Budget focused on 4 major categories: Garib (poor), Mahilayein (women), Yuva (youth) and Annadata (farmer)
- 4 major themes of 'Viksit Bharat': Employment, Skilling, MSMEs and Middle class.
- Prime Minister's package announced of 5 schemes and initiatives to facilitate employment, skilling and other opportunities for 4.1 crore youth over a 5-year period with a central outlay of Rs 2 lakh crore
- Rs 42,000 crore provided for aircrafts and aero engines, positive for BHEL, HAL, Shivam Auto and Investment & Precision Castings
- Rs 23,800 crore provided for naval fleet, positive for BHEL and SAIL
- Rationalization of flags in offshore vessels announced (positive for shipping companies)

## **CNI Research Limited**

**A/120, Gokul Arcade, Sahar Road, Vile Parle (East) Mumbai- 400 057. Tele Fax – 022-28242220**

### **Disclaimer:**

This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Nothing in this document should be construed as investment or financial advice, and nothing in this document is solicitation to buy or sell the securities of companies referred to in this document. The intent of this document is not in recommendatory nature. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval.

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. We have vested interest in the stock.

Copyright in this document vests exclusively with CNI Research Ltd.