

CNI BUDGET 2025 ANALYSIS



KEY BUDGET TAKEAWAYS & ANALYSIS

- ✓ Budget size expanded by 7.4% from Rs. 47.16 lakh crore to Rs. 50.65 lakh crore which explains the growth trajectory defying the market perception of slow down.
 - ✓ **Fiscal Deficit at 4.8% over 5.1% and proposed at 4.4% indicates India is the first country to achieve fiscal roadmap post Covid-19.**
 - ✓ Revenue deficit reduced to 0.3% from 1% suggesting that we can turn revenue surplus in the next few years.
 - ✓ Total budgeted expenditure for 2025-26 is estimated at Rs. 50.65 lakh crore out of which capex is Rs. 11.21 lakh crore and effective capex is Rs. 15.48 lakh crore.
- ✓ Higher capital infrastructure and savings in the hands of tax payers will create a right pitch for domestic consumption boost.
 - ✓ As expected, the market borrowing is also estimated at Rs. 11.53 lakh crore lower than the Rs. 11.62 lakh crore for 2024-25 which signals prudence considering the reduction in fiscal deficit. Govt looks very confident to achieve the tax revenues in 2025.
 - ✓ Tax revenues have been estimated at Rs 28.37 lakh crore as against Rs 25.56 lakh crore which is higher by 11% in the given challenging circumstances which clearly show that the threat of slowdown is a misconception and misleading.

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- ✓ 11% revenue growth is not possible without 14% corporate earnings growth and hence, market fear was uncalled for and with 14% earnings growth even at current PE of 22 we should see Nifty scaling up to 30000 in 2025-26.
- ✓ Trend of deficit financing has changed for positive from -1.2% to 0.7% which augurs well for the economy.
- ✓ Though corporate tax is estimated at Rs 10.82 lakh crore up from Rs 9.8 lakh crore 11% rise, the real charm seen from the rise is individual taxes at Rs 14.38 lakh crore up by 14.4%.
- ✓ This is a whopping figure even after doling out major tax breaks to tax payers where FM said revenue foregone is more than Rs 1 lakh crore. This shows the strength of the economy and last 14 years track record suggests that this will be achieved.

- ✓ Though the govt has estimated modest rise in GST of 11% to Rs 21.88 lakh crore as against Rs. 19.69 lakh crore, the past trend suggests India is set to cross these figures without any trouble. Probably we are set to cross Rs. 24 lakh crore due to facts explained above.
- ✓ Even after raising dividend to Rs. 2.90 lakh crore from just Rs. 1.70 lakh crore, there was further increase in the estimate to Rs. 3.25 lakh crore which signifies that PSU stocks are going cheap. At Rs. 60 lakh crore market capitalization, it offers yield of 5.42% which is far exceeding to any other sector at present.
- ✓ Allocation to centrally sponsored schemes have seen a massive jump from Rs. 4.15 lakh crore to Rs 5.41 lakh crore (30.36%) which will help inclusive growth and push consumption further.

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- ✓ Increase in defense allocation from Rs. 4.56 lakh crore to Rs. 4.91 lakh crore is well engraved for the defense stocks.
- ✓ Massive allocation is seen in water mission up from Rs. 22,000 crore to Rs. 67,000 crore, which will help companies in water management.
- ✓ Again Rs. 45,000 crore have been allocated to rolling stocks which is well designed for stocks like Integra Engineering, which is one of the key players in rolling stock.
- ✓ NHA have been allocated Rs. 1.70 lakh crore which will help all highway construction companies.

Expenditure of major items	Rs. in crore
Defence	4,91,732
IT & Telecom	95,298
Agriculture & Allied activities	1,71,437
Rural Development	2,66,817
Home Affairs	2,33,211
Health	98,311
Education	1,28,650
Commerce & Industry	65,553
Social Welfare	60,052
Energy	81,174
Urban Development	96,777
Scientific Departments	55,679

The GYAN budget is focused on 4 major engines of development aiming to drive development through inclusive growth and targeted reforms.



Agriculture

- The Prime Minister Dhan-Dhaanya Krishi Yojana (PMDDKY) to benefit 1.7 crore farmers covering 100 districts
- Short term loans for 7.7 crore farmers, fishermen, and dairy farmers with enhanced limit of Rs. 5 lakhs
- Makhana board to be set up in Bihar to improve production, processing and marketing
- 5-year mission to facilitate cotton productivity and sustainability of farming
- Mission for targeted development and propagation of seeds with high yield, pest resistance and climate resilience
- 3 urea plants to be reopened by government



MSMEs

- Investment and turnover limits for classification of MSMEs revised to 2.5x and 2x respectively
- Customized credit cards with a Rs. 5 lakh limit for micro enterprises registered on Udyam portal
- For 5 lakh first-time entrepreneurs, including women, Scheduled Castes and Scheduled Tribes, a new scheme, to be launched, to provide term loans up to Rs. 2 crore during the next 5 years
- Measures taken for labor intensive sectors such as footwear & leather sector, toy sector and food processing
- Credit guarantee cover increased from Rs. 5 crore to Rs. 10 crore for MSMEs and from Rs. 10 crore to Rs. 20 crore for startups

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Investments

- Saksham Anganwadi Poshan 2.0 to benefit 8 crore children, 1 crore pregnant women and 20 lakh adolescent girls
- Expansion of capacity in IITS
- Introduction of AI in education with outlay of Rs. 500 crore
- To provide digital form of Indian language books for school & higher education
- 5 National centers of Excellence for skilling to be set up with global expertise and partnerships.
- PPP for infrastructure with an outlay of Rs.1.5 lakh crore interest free loans for 50 years
- Broadband connectivity to be provided to all govt schools and health centers in rural areas



Exports

- Export Promotion Mission with easy access to export credit, cross border support and support to tackle non-tariff measures in overseas market
- A digital public infrastructure, 'Bharat Trade Net' for international trade will be set-up as a unified platform for trade documentation and financing solutions
- National Framework for GCC set up as guidance to states for promoting Global Capability centers in emerging tier 2 cities.
- To facilitate upgradation of infrastructure and warehousing for air cargo including high value perishable horticulture produce

Tax amendments made in the budget

□ Nil tax up to Rs. 12 lakh in the new regime (increased from Rs. 7 lakh earlier).

- Assuming 50% tax payers (out of 2 crore) are near the minimum tax bracket, there will be liquidity surplus of Rs. 5 lakh crore i.e. Rs. 5 lakh per tax payer. (Rs 12 lakh – 7 lakh)
- To that extent, Rs 5 lakh crore will get infused in the banking system as additional income generated by tax payers.
- This Rs. 5 lakh crore will go in various consumption schemes including white goods, auto, housing, travel, education or anything else which will create 18% GST revenue for the govt.

□ New slab rates in the old regime are as follows:

Income bracket	Tax rate
0 to 4 lakhs	Nil
4 to 8 lakhs	5%
8 to 12 lakhs	10%
12 to 16 lakhs	15%
16 to 20 lakhs	20%
20 to 24 lakhs	25%
Above 24 lakhs	30%

- Maximum tax rate reduced from 35% to 30% and the slab rate on which it was applied has increased to Rs. 24 lakhs from Rs. 15 lakhs. This along with no tax till Rs. 12 lakhs could mean more savings for spending.

Budget at a glance

Particulars	2023-24	2024-25	2024-25	2025-26
	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
Revenue Receipts	2729036	3129200	3087960	3420409
Tax Revenue	2327251	2583499	2556960	2837409
Non-tax Revenue	401785	545701	531000	583000
Capital Receipts	1714411	1691312	1628527	1644936
Recovery of loans	26646	28000	26000	29000
Other Receipts	33122	50000	33000	47000
Borrowings & Other Liabilities	1654643	1613312	1569527	1568936
Total Receipts	4443447	4820512	4716487	5065345
Total Expenditure	4443447	4820512	4716487	5065345
On Revenue Account	3494252	3709401	3698058	3944255
Interest Payments	1063872	1162940	1137940	1276338
Grants in Aid for creation of Capital Assets	303916	390778	299891	427192
On Capital Account	949195	1111111	1018429	1121090
Effective Capital Expenditure	1253111	1501889	1318320	1548282
Revenue Deficit	765216	580201	610098	523846
	-2.6	-1.8	-1.9	-1.5
Effective Revenue Deficit	461300	189423	310207	96654
	-1.6	-0.6	-1.0	-0.3
Fiscal Deficit	1654643	1613312	1569527	1568936
	-5.6	-4.9	-4.8	-4.4
Primary Deficit	590771	450372	431587	292598
	-2.0	-1.4	-1.3	-0.8

Other important aspects of budget 2025

- Spurring agricultural growth and building rural prosperity
- Development measures focusing on GYAN - Garib, Youth, Annadata and Nari
- Promoting exports
- Financial sector reforms and development
- Introduction of a scheme for determining arm's length price of international transactions for a block period of three years
- Expansion of scope of safe harbour rules to reduce litigation and provide certainty in international taxation
- Tax deduction limit for senior citizens doubled from Rs. 50,000 to Rs. 1 lakh. The annual limit of Rs. 2.40 lakh for TDS on rent increased to Rs. 6 lakh
- Extension of time-limit to file updated returns, from the current limit of two years, to four years.
- Removal of TDS on remittances for educational purposes

Other important aspects of budget 2025

- Tax payers to be allowed to claim the annual value of 02 self-occupied properties (previously 01) without any conditions (previously conditions attached)
- Tax certainty for electronics manufacturing schemes
- Tonnage Tax Scheme for inland vessels
- Specific benefits to ship-leasing units, insurance offices and treasury centers of global companies which are set up in IFSC
- Certainty of taxation to category I and category II AIFs, undertaking investments in infrastructure and other such sectors, on the gains from securities
- Reduced compliance for small charitable trusts/institutions by increasing their period of registration from 5 years to 10 years
- Extension for incorporation by 5 years for startups
- Removal of 7 custom tariff rates on exports on industrial goods leaving on 8 rates existing including '0'

Other important aspects and shares impacted

FDI limit raised from 74% to 100% for insurance sector

Government to develop top tourist destinations with key infrastructure

Government to focus on greenfield airport and connectivity

Government to focus on special zone and eco system

Government to focus on energy transmission and nuclear energy

Government to allocate 1.5 trillion rupees as 50-year interest free loan for Infrastructure

SBI Life, HDFC Life and ICICI Lombard

TFCIL, Lemon Tree and ITDC Praveg Communications Eco Hotels India Hotels

GMR Airports

Mazagon Dock Shipbuilders, SCI, Cochin Shipbuilders, GE Shipping

REC, IREDA, NTPC, Tata Power, NHPC

Vatech, EMS, VPRPL, Ion Exchange, SEPC, HCC

Other important aspects and shares impacted

Government to focus innovation, crop diversification, post-harvest, irrigation, long and short-term credit

Government to make India global hub for toys. Development of clusters and manufacturing of toys

Digital form of Indian language book – to understand subject in their language

Full exemption on lithium-ion batteries - helps EV and battery manufacturers

- Government to promote employment, facilitate focused product scheme for leather and footwear
- Incentivize distribution reforms and augmentation of intra-state transmission for power sector. Additional borrowing of 0.5 % of GSDP to states, contingent on these reforms
- Aiming for 100 GW of nuclear energy by 2047
- Regional connectivity to 120 new destinations and carry 4 crore passengers in the next 10 years under the UDAN scheme
- Allocating ₹ 20,000 crore to implement private sector driven Research, Development and Innovation initiative

Jain Irrigation, FACT, RCF, Paradeep

Archies

Satia Industries

Niles

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