



CNI BUDGET 2024 ANALYSIS

NO NEGATIVE IS ALSO A POSITIVE

KEY BUDGET TAKEAWAYS

We congratulate TEAM CNI for 100% accurate Budget estimates released just a week back.

- ❑ No change in tax rates (expected as it was interim Budget)
- ❑ Fiscal Deficit at 5.8% as against projected 5.9% which is positive
- ❑ Estimated Fiscal deficit for 2024-25 at 5.1%, extremely positive
- ❑ Massive reduction in revenue deficit to 0.8% shows improving balance of payment
- ❑ Market borrowing lower by Rs 52,000 crore
- ❑ Estimated market borrowing further lowered to Rs 16.85 lakh crore, means lowered by another Rs 49,000 crore

- ❑ Gross receipts up by 11.11% which is achievable
- ❑ Tax revenues up by 11.16% which is also achievable and shows the confidence of the Govt
- ❑ Personal income tax higher by 10% than corporate income tax shows massive rise in per capita income
- ❑ This is a sign that consumer spending will increase
- ❑ 69% hike in dividend income suggests further rally in PSU stocks even in 2024-25
- ❑ 15% rise in non-tax revenues suggest that Govt is planning to sell non-core assets

KEY BUDGET TAKEAWAYS

- ❑ Capex outlays kept at 3.4 % of GDP
- ❑ Allocation to various sectors:
 - Defense: 6.20 lakh crore
 - Road Transport: 2.78 lakh crore
 - Railways: 2.55 lakh crore
 - Consumer affairs: 2.13 lakh crore
 - Home affairs: 2.03 lakh crore
 - Agriculture: 1.27 lakh crore
- ❑ 17% rise in capital expenditure to Rs 11.11 lakh crore will boost infrastructure spending

- ❑ By and large, we believe every Re 1 spent will add up to Rs 6 to 7 to Govt exchequer in course of time
- ❑ Govt realized the rationale of spending
- ❑ Expenditure budget raised by 10% as estimated by CNI team to Rs 47 lakh crore

New theme which is a strong foundation of growth from the lower end to upper end on pyramid kind structure is laid down in this Budget

- ✓ 78 lakh street vendors helped financially - Could create pyramid effect of employment
- ✓ 11.8 crore farmers were provided direct benefit - Grass root issues dealt
- ✓ 4 crore crop insurance provided to farmers – Farm GDP set to rise
- ✓ Electronic National Agriculture Market has integrated 1361 mandis, and is providing services to 1.8 crore farmers
- ✓ Govt admitted low farm productivity even though farm output was high
- ✓ Education top priority with 7 IIMs, 23 IITs and 390 engineering colleges opening
- ✓ 22.45 lakh crore loans to entrepreneurs - Again pyramid effect of self-employment generation
- ✓ Efforts to bring women in mainframe through triple talaq, 33% reservation and 70% rural houses which will add massive stream to women income

- ✓ Successful beginning of one nation one tax through GST
- ✓ Deepening and widening tax base via GST
- ✓ Govt has assisted 25 crore people to get freedom from multi-dimensional poverty
- ✓ Direct Benefit Transfer of 34 lakh crore from the Govt using PM-Jan Dhan accounts
- ✓ GIFT, IFSC and IFSCA creating a robust gateway for global capital
- ✓ To promote private and public investment in post-harvest activity
- ✓ Build 3 railway corridors - energy, mineral, cement
- ✓ Coal gasification to cut natural gas, methanol, ammonia import - Massive positive for BHEL (100 MT) Rs 8,500 crore allocated
- ✓ First step taken to reduce tax litigation of old outstandings before 2014

New theme which is a strong foundation of growth from the lower end to upper end on pyramid kind structure is laid down in this Budget

- Efforts are made to bring many segments under self-employment which will create further employment. It is generally ignored that self-employment is also considered as massive employment.
- OLA, SWIGGY and PAYTM have created eco system of employment in INDIA and now Govt is pushing the same through grass root employment.
- Farmers, street vendors and women have been brought in the mainstream economy.
- Student's have been given top propriety to create balanced educated youth through 390 new engineering colleges, 23 IITs and 7 IIMs.
- Also health is kept under radar by promoting 15 new AIIMS across the board in India.

Budget at a glance

| Particulars | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|---|---------|---------|---------|---------|
| Revenue Receipts | 2383206 | 2632281 | 2699713 | 3001275 |
| Tax Revenue | 2097786 | 2330631 | 2323918 | 2601574 |
| Non-tax Revenue | 285421 | 301650 | 375795 | 399701 |
| Capital Receipts | 1809951 | 1870816 | 1790773 | 1764494 |
| Other Receipts | 46035 | 61000 | 30000 | 50000 |
| Borrowings & Other Liabilities | 1737755 | 1786816 | 1734773 | 1685494 |
| Total Receipts | 4193157 | 4503097 | 4490486 | 4765768 |
| Total Expenditure | 4193157 | 4503097 | 4490486 | 4765768 |
| On Revenue Account | 3453132 | 3502136 | 3540239 | 3654657 |
| Interest Payments | 928517 | 1079971 | 1055427 | 1190440 |
| Grants in Aid for creation of Capital Account | 306264 | 369988 | 321190 | 385582 |
| On Capital Account | 740025 | 1000961 | 950246 | 1111111 |
| Effective Capital Expenditure | 1046289 | 1370949 | 1271436 | 1496693 |
| Revenue Deficit | 1069926 | 869855 | 840527 | 653383 |
| | -3.9 | -2.9 | -2.8 | -2.0 |
| Effective Revenue Deficit | 763662 | 499867 | 519337 | 267801 |
| | -2.8 | -1.7 | -1.8 | -0.8 |
| Fiscal Deficit | 1737755 | 1786816 | 1734773 | 1685494 |
| | -6.4 | -5.9 | -5.8 | -5.1 |
| Primary Deficit | 809238 | 706845 | 679346 | 495054 |
| | -3.0 | -2.3 | -2.3 | -1.5 |

Other important aspects of budget 2024

- Budgetary support to PSU has been reduced substantially. Oil market companies got capital support of only RS 15,000 crore.
- Reduction in urea and nutrient subsidy by Rs 25,000 crore is positive and is a step in the right direction.
- Provision of Rs 40,777 crore for aircrafts and aeroengines is positive for civil aviation sector stocks.
- Provision of Rs 62,343 crore for equipment could go well for companies like BHEL.
- Provision of Rs 23,800 crore for naval fleets is also positive for companies like BHEL.
- Provision of Rs 6,903 crore for semi-conductors is positive for the semi-conductor industry.
- Provision for solar power of Rs 8,500 crore will help companies in the solar business.
- Provision for rolling stock raised to Rs 77,000 crore. This should be positive for Integra Engineering, BHEL and Siemens.

Other important aspects of budget 2024

- Electrical work for railways of Rs 6500 crore is also positive for Integra Engineering.
- Provision of Rs 59,298 crore for manufacturing in general should go a long way in boosting PSU orders.
- Provision of Rs 45,000 crore for railway safety fund should also help railway stocks, particularly, Integra Engineering.
- Rs 67,000 crore allocated for investments in Damodar Valley, NHPC, Power Grid, SJVN, etc., should boost growth of these companies.
- Rs 25,000 crore allocated for bullet train will help railway focused companies.
- Rs 6,300 crore allocated to SAIL for investment by Govt.
- Rs. 11,000 crore allocated to BPCL, Rs 10,770 crore to HPCL, Rs 27,374 crore IOC and Rs 30,800 crore to ONGC as capital outlay.

CONCLUSION

In our view, Budget 2024, though interim, is extremely positive as it is not only growth oriented but balanced with further expansion of expenditure on infrastructure and capital spending. It has succeeded in meeting the fiscal deficit target (5.8%) at reduced market borrowing by Rs 52,000 crore. The estimates for 2024-25 were also kept in discipline with fiscal deficit at 5.1% and market borrowing was further lowered by Rs 49,000 crore. Capital expenditure of Rs 11.11 lakh crore (3.4% of GDP) will go a long way in generating 6x revenues in course of time. Overall, according to us, the Budget is excellent and we should proceed with our Nifty target of 24000 in 2024.

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.