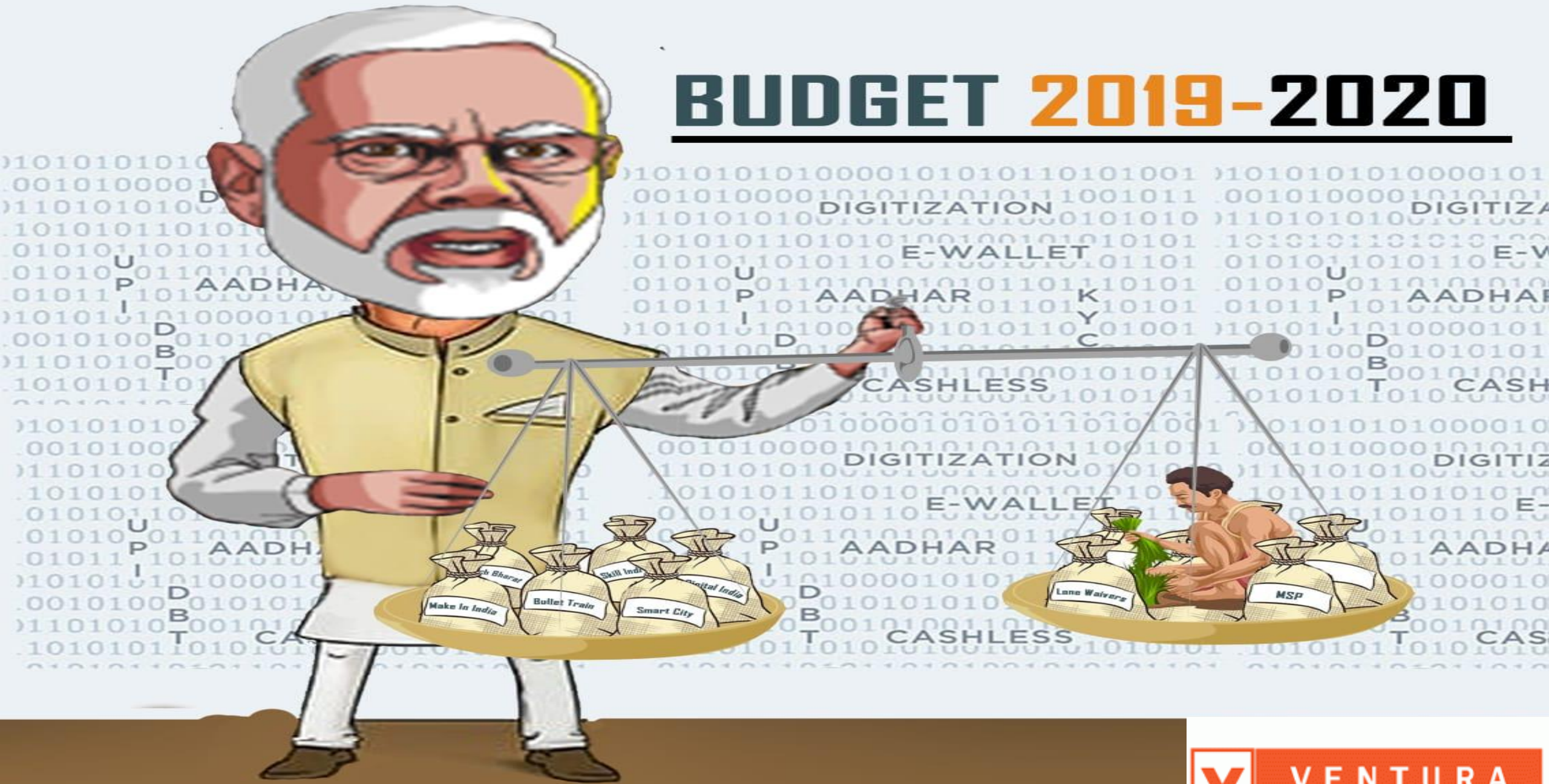


BUDGET 2019-2020



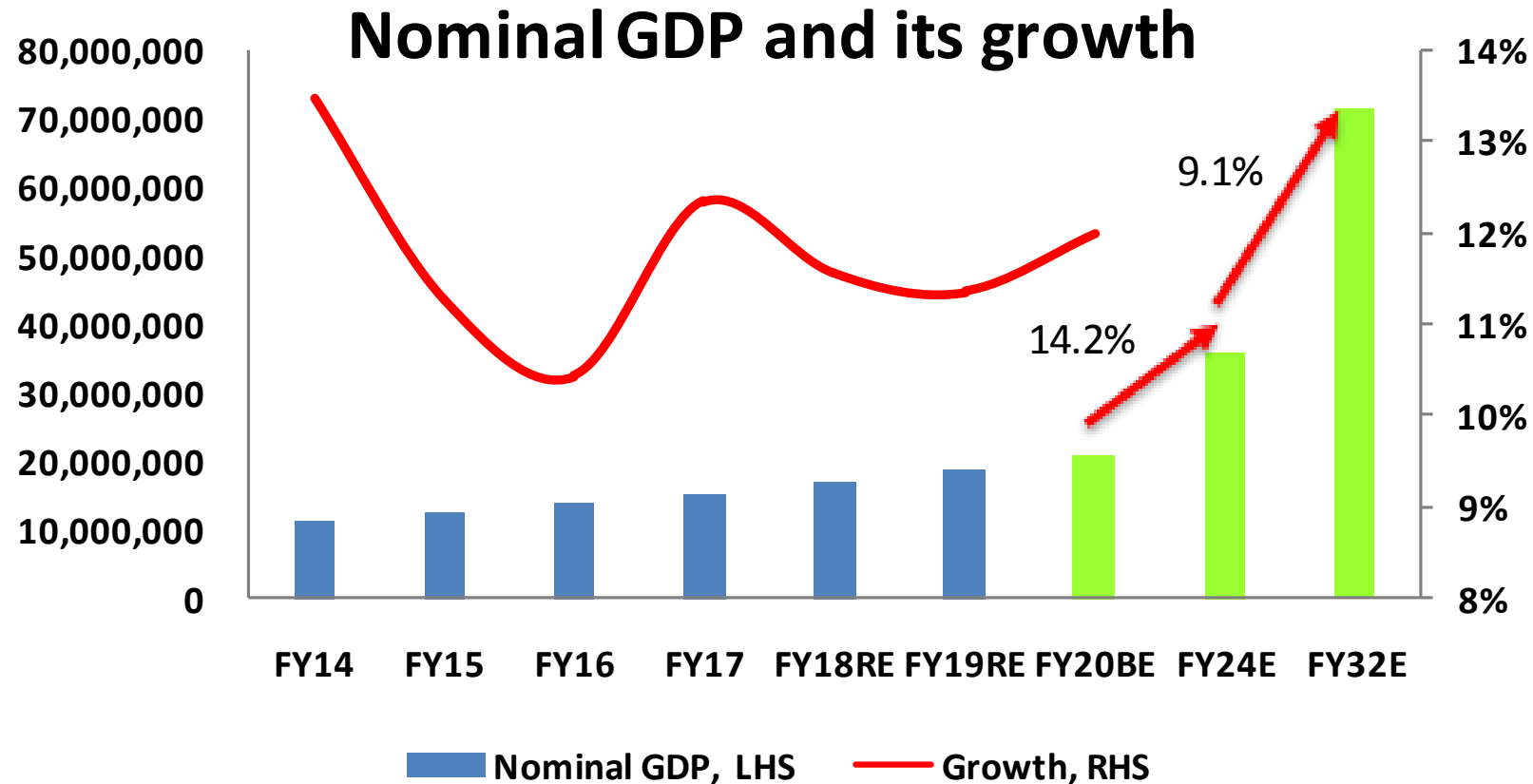
Although the Interim Union Budget 2019 was populist on expected lines yet in our opinion it was pragmatic. The dole outs were across all segments – farmers, middle class and MSME. Surprisingly even the real estate sector which is reeling under severe financial stress was addressed with several sops. We believe that these measures will provide a significant boost to the stock markets as consumption spend and savings are expected to get a fillip.

We are extremely enthused by the fact that the populist measures have been undertaken without much deviation from the path of fiscal consolidation (3.4% fiscal deficit, 30bps increase as per FRBM target for FY20) and growth reforms. There are concerns raised around the funding side and the fact that the government projections with regards to tax receipts are aggressive. However in our opinion the growth projections of the overall tax receipts (14% growth) are very much in line with the historical 14% CAGR over the period FY14-FY18.

The budget also outlines a vision to grow the economy to USD 5 tn over the next 5 years and USD 10 tn in further 8 years on the back of the 10 dimensional roadmap.

Pragmatic Populism

**World over government in their exit years resort to
populism**



Had it not been for the INR 20,000 cr in FY19 and INR 75,000 cr in FY20 farm largesse, the fiscal deficit would have been maintained at 3.3% and 3.1% for FY19 and FY20 respectively.

3.4% fiscal deficit means GDP to cross INR 2,00,00,000 cr in FY20.

INR 75,000 cr to benefit 12 cr families

Farmers owing land upto 2 hectares – INR 6,000 pa. First installment in March 2019 itself

INR 60,000 crs allocated for MGNREGA in BE 2019-2020.

Increased allocation to Rashtriya Gokul Mission to INR 750 cr

Animal husbandry and fisheries -

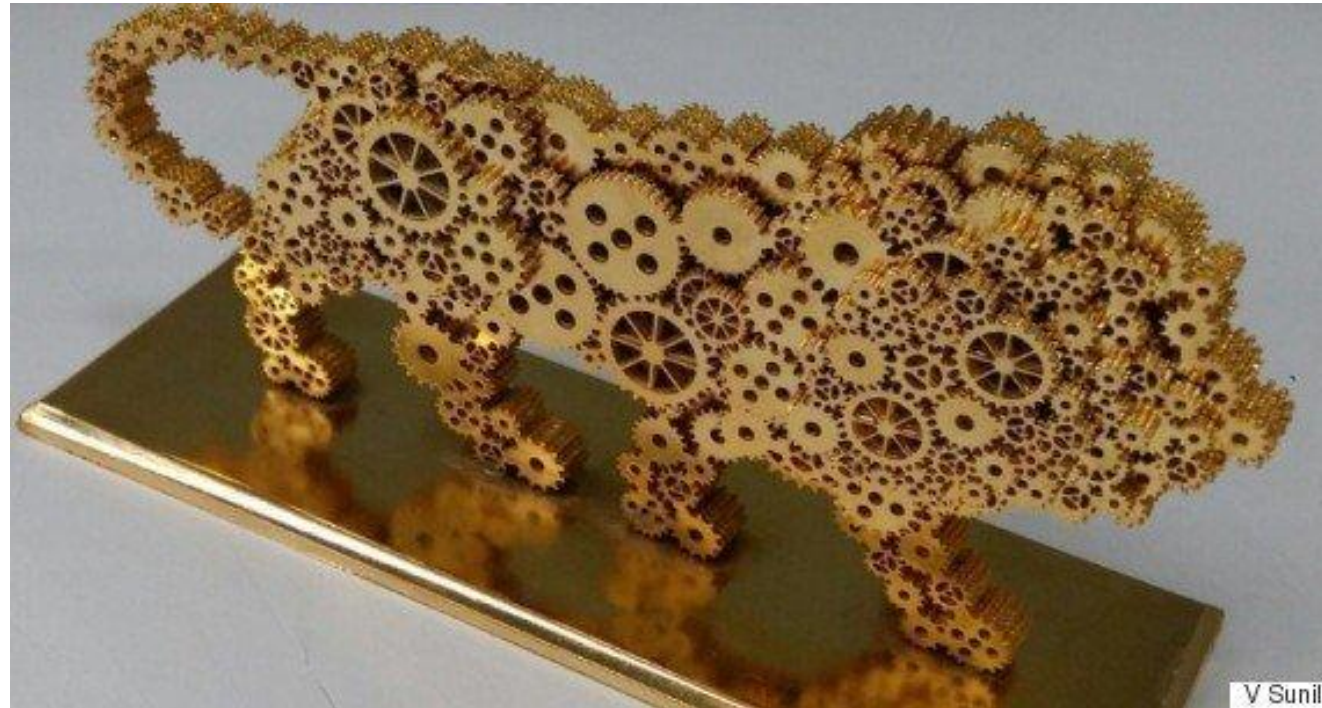
- Push with 2% interest subvention to farmers who avail loan through Kisan Credit Card. Additional 3% interest subvention for timely repayments.
- Creation of separate fishery department.

Stocks to benefit – Stocks in Consumption Sector, Fertilizer and Agri -Resource



Particulars	Scenario I	Scenario II	Scenario III	Scenario IV	Scenario V	Scenario VI
Income Type	Salary	Salary	Business	Salary	Salary	Business
Income	6,50,000	8,00,000	8,00,000	10,00,000	15,00,000	15,00,000
Less: Standard Deduction u/s 16 <i>(Only in case of Salary Income)</i>	50,000	50,000	-	50,000	50,000	-
Gross Total Income	6,00,000	7,50,000	8,00,000	9,50,000	14,50,000	15,00,000
Less: Deductions						
u/s 80C	1,50,000	1,50,000	1,50,000	1,50,000	1,50,000	1,50,000
Medicliam u/s 80D <i>(assuming self as well as parents are not senior citizens)</i>	50,000	50,000	50,000	50,000	50,000	50,000
NPS u/s 80CCD (1B)	50,000	50,000	50,000	50,000	50,000	50,000
Total Deductions	2,50,000	2,50,000	2,50,000	2,50,000	2,50,000	2,50,000
Net Taxable Income (NTI)	3,50,000	5,00,000	5,50,000	7,00,000	12,00,000	12,50,000
Tax Slabs						
Upto 2.5 Lacs	0%	0%	0%	0%	0%	0%
2.5 to 5 Lacs	5%	5%	5%	5%	5%	5%
5 to 10 Lacs	20%	20%	20%	20%	20%	20%
Above 10 Lacs	30%	30%	30%	30%	30%	30%
Tax Payable						
Upto 2.5 Lacs	-	-	-	-	-	-
2.5 to 5 Lacs	5,000	12,500	15,000	12,500	12,500	12,500
5 to 10 Lacs	-	-	-	40,000	1,00,000	1,00,000
Above 10 Lacs	-	-	-	-	60,000	75,000
Total	5,000	12,500	15,000	52,500	1,72,500	1,87,500
Less: Rebate <i>(Only if NTI is upto 5 lacs)</i>	5,000	12,500	-	-	-	-
Net Tax	-	-	15,000	52,500	1,72,500	1,87,500
Add: Cess @4%	-	-	600	2,100	6,900	7,500
Total Tax payable	-	-	15,600	54,600	1,79,400	1,95,000

- Capital gains on sale of home - exempt upto INR 2 cr and once in a life time if proceeds used to purchase upto 2 residential properties
- Builder inventory free from notional rent upto 2 years
- TDS threshold increased on rental income to INR 2,40,000 pa from INR 1,80,000 pa
- Extension of approval date for affordable housing projects till FY20. This means these projects that get completed within 3 years will be free from Income Tax



- 25% of the government procurement to be sourced from MSME
- 3% exclusively from women entrepreneurs
- GST registered SMEs – 2% interest subvention on incremental loans upto INR 1 cr



Budget allocation of INR 3,00,000 Cr

Stocks to benefit

1. Solar Industries
2. Premier Explosives
3. Bharat Dynamics
4. Bharat Electronics
5. Zen Technologies

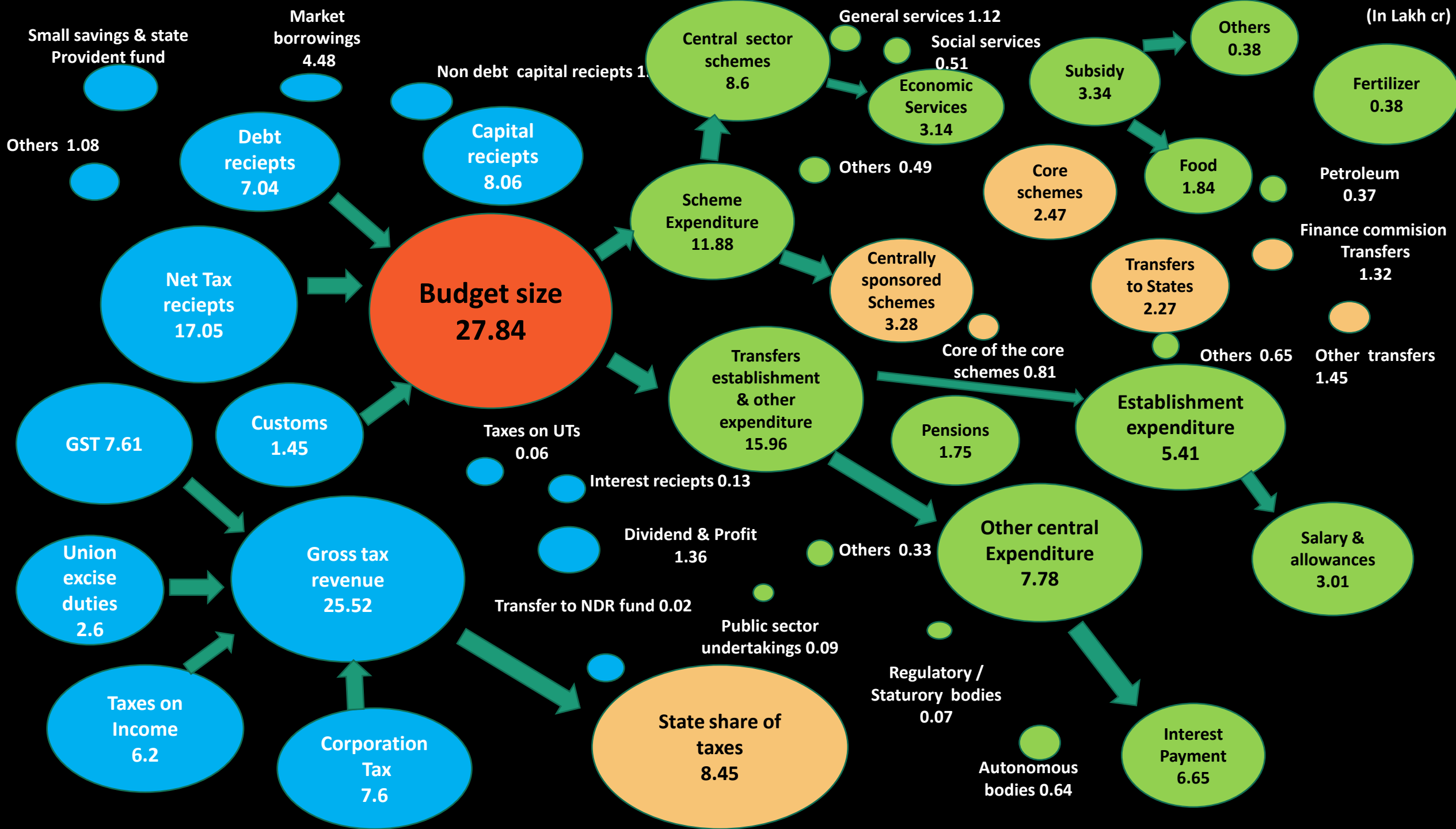
Allocation up by 21% to INR 58,166 cr

Stocks to benefit

1. Bandhan Bank
2. Star Cement
3. Dalmia Cement



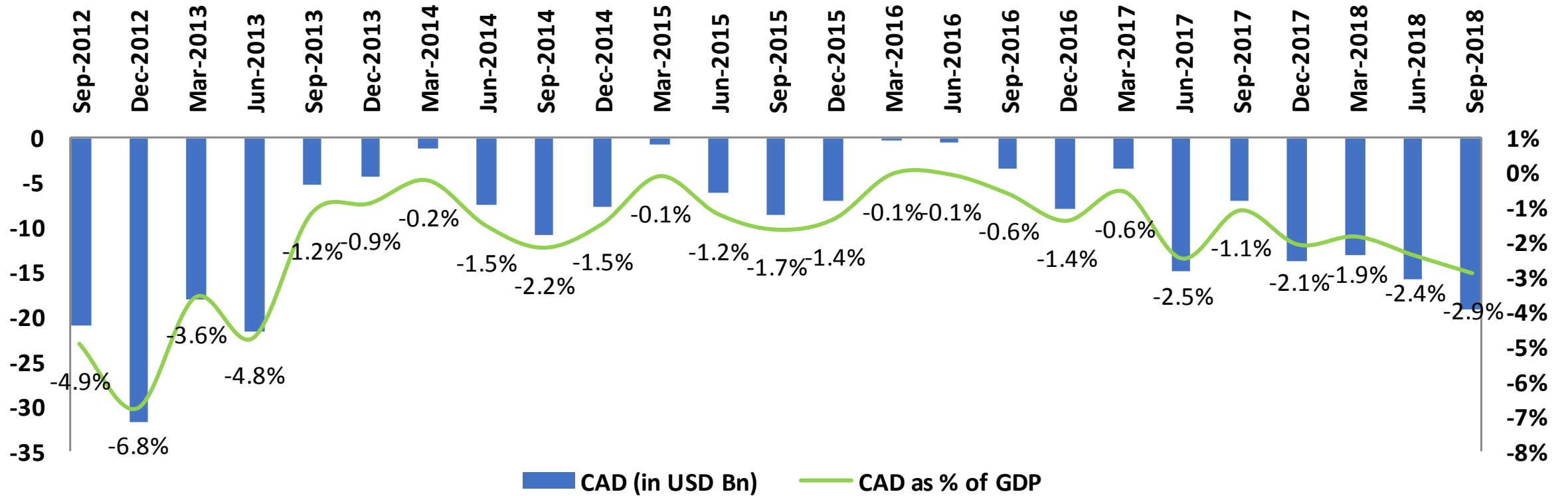
Figures in Rs Crores	FY18	FY19 BE	FY19 RE	2019-20 BE	FY18 Apr-Nov	FY19 Apr-Nov
Revenue Receipts	1,435,233	1,725,738	1,729,682	1,977,693	804,860	870,310
Net Tax Revenue	1,242,488	1,480,649	1,484,406	1,705,046	699,390	731,670
Non Tax Revenue	192,745	245,089	245,276	272,647	105,470	138,640
Capital Receipts	706,742	716,475	727,553	806,507	673,960	742,910
Recovery of Loans	15,633	12,199	13,155	12,508	9,470	10,470
Other Receipts (Disinvestments)	100,045	80,000	80,000	90,000	52,380	15,810
Borrowings & Other Liabilities	591,064	624,276	634,398	703,999	612,110	716,630
Total Receipts	2,141,975	2,442,213	2,457,235	2,784,200	1,478,820	1,613,220
Total Expenditure	2,141,975	2,442,213	2,457,235	2,784,200	1,478,820	1,613,210
On Revenue Account	1,878,835	2,141,772	2,140,612	2,447,907	1,294,700	1,421,780
Interest Payments	528,952	575,795	587,570	665,061	309,800	348,230
Grants in aid for creation of capital assets	191,034	195,345	200,300	200,740		
Others	1,158,849	1,370,632	1,352,742	1,582,106		
On Capital Account	263,140	300,441	316,623	336,293	184,120	191,430
Revenue Deficit	443,602	416,034	410,930	470,214	489,840	551,470
Revenue Deficit as % of GDP	2.6%	2.2%	2.2%	2.2%		
Effective Revenue Deficit	252,568	220,689	210,630	269,474		
Effective Revenue Deficit as % of GDP	1.5%	1.2%	1.1%	1.3%		
Fiscal Deficit	591,064	624,276	634,398	703,999	612,110	716,620
Fiscal Deficit as % of GDP	3.5%	3.3%	3.4%	3.4%		
Primary Deficit	62,112	48,481	46,828	38,938	302,310	368,390
Primary Deficit as % of GDP	0.4%	0.3%	0.2%	0.2%		



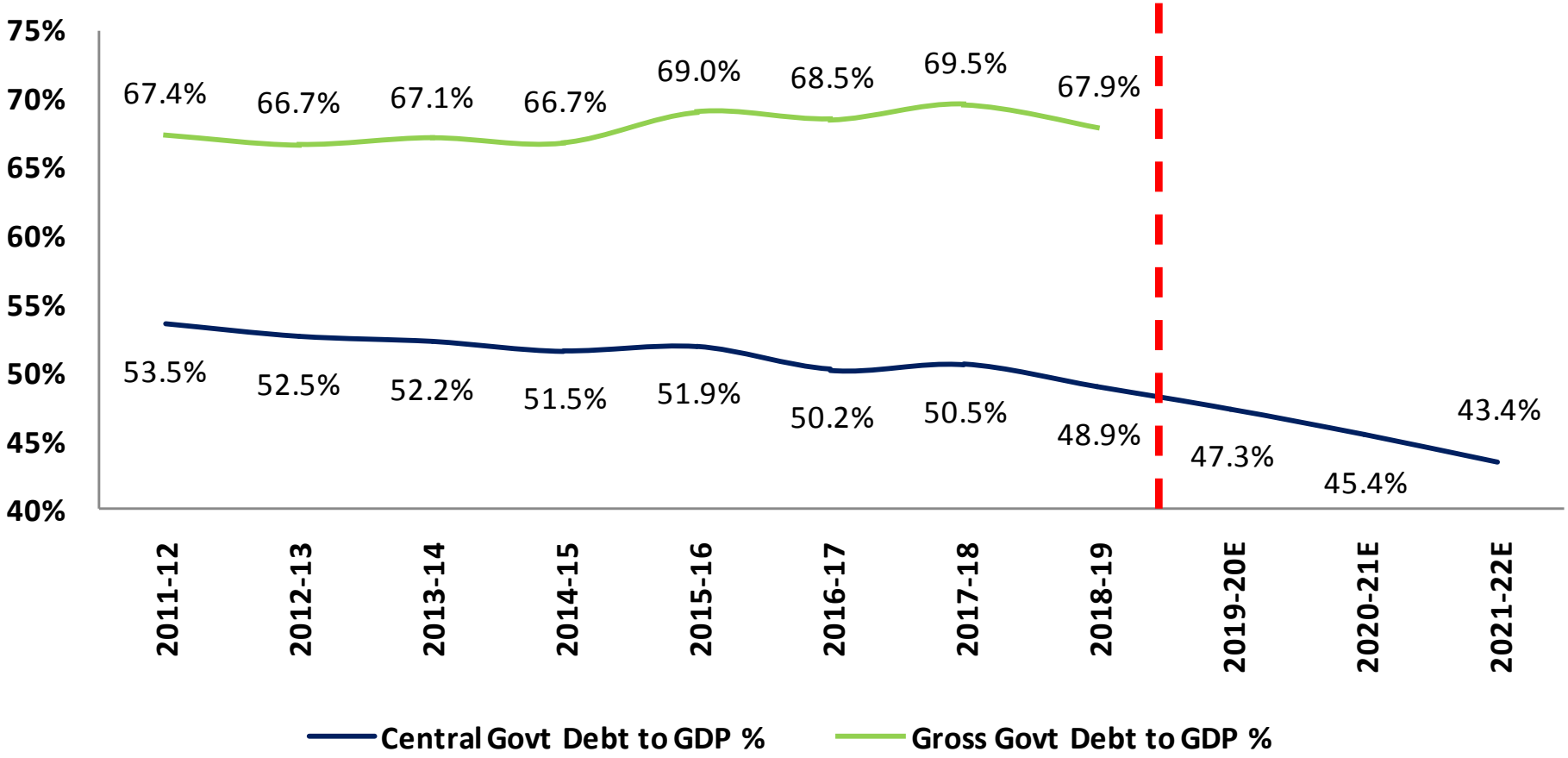
Revenue Receipt	FY14	FY15	FY16	FY17	FY18	FY19BE	FY19RE	Growth (%)	FY20BE
Gross Tax Revenue	1,137,968	1,244,885	1,455,648	1,715,822	1,919,008	2,271,242	2,248,175	14%	2,552,131
Corporation Tax	394,678	428,925	453,228	484,924	571,202	621,000	671,000	13%	760,000
Taxes on Income	237,817	265,733	287,637	364,604	430,772	529,000	529,000	17%	620,000
Wealth Tax	1,007	1,086	1,080	185	63	0	0		0
Customs	172,085	188,016	210,338	225,370	129,030	112,500	130,038	12%	145,388
Union Excise Duties	169,455	189,952	288,073	382,094	259,431	259,600	259,612	0%	259,600
Services Tax	159,796	167,969	211,414	254,499	81,228	0	9,283		0
Taxes of UTs	3,130	3,204	3,878	4,146	4,721	5,242	5,342	11%	5,943
GST	0	0	0	0	442,561	743,900	643,900	18%	761,200

Non Tax Revenue Receipt	FY14	FY15	FY16	FY17	FY18	FY19BE	FY19RE	Growth (%)	FY20BE
Interest Receipt	21,868	23,804	25,378	16,229	13,574	15,162	12,047	7%	12,911
Dividends & Profits	90,435	89,833	112,127	123,017	91,360	107,312	119,265	14%	136,071
Energy	17,416	21,593	21,938	15,022	11,755	13,612	20,731	3%	21,436
Telecom	40,114	30,624	55,129	70,241	32,066	48,661	39,245	6%	41,520
Transport (Except Railways)	5,404	6,230	7,041	7,516	9,272	10,524	19,776	4%	20,576
Administrative Services	9,404	10,650	11,633	12,345	14,211	15,296	14,544	27%	18,430
Other Non Tax Receipts	14,229	15,122	18,013	28,461	20,506.6	34,521.2	19,668.4	10%	21,702.0
Total	198,870	197,857	251,260	272,831	192,745	245,089	245,276	11%	272,647

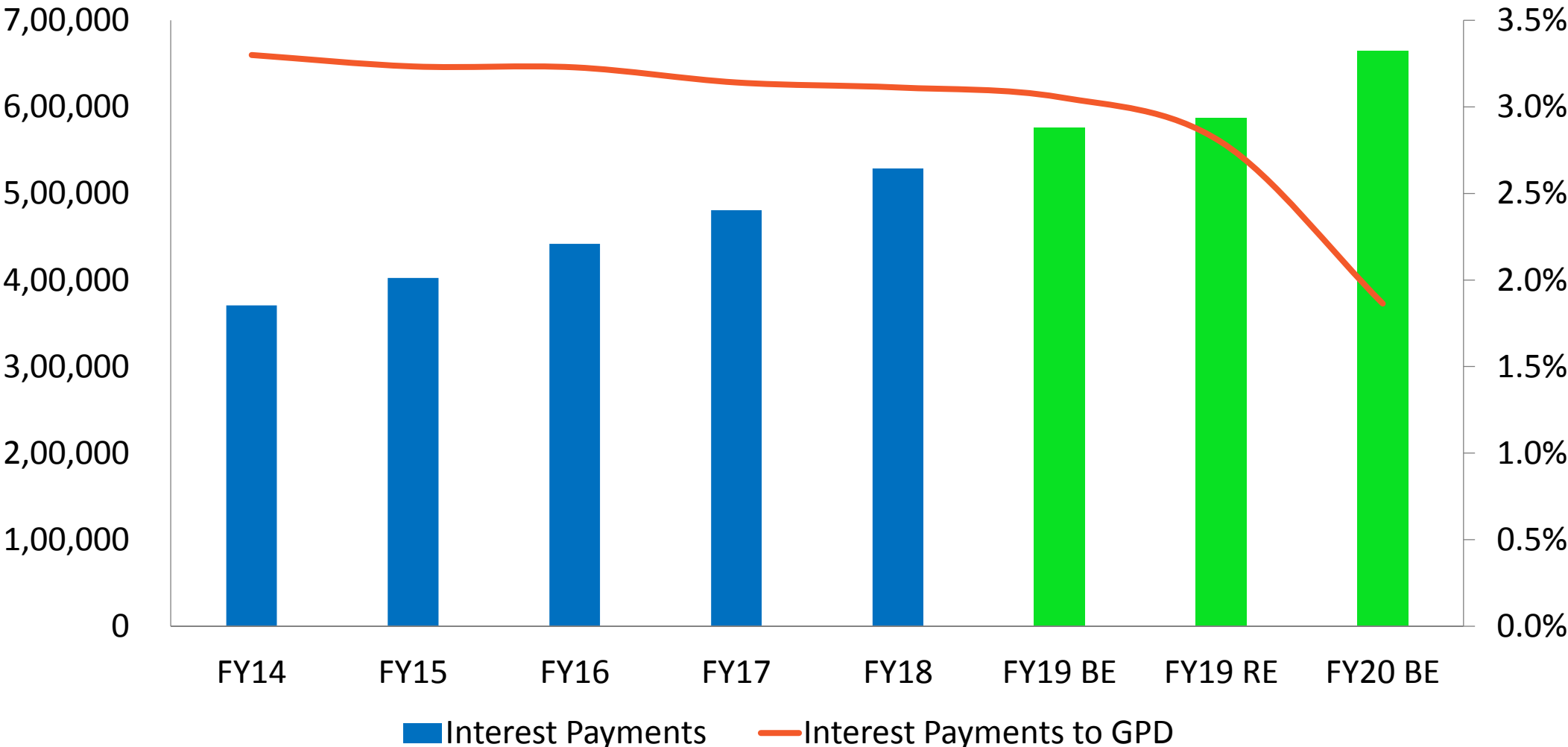
Current Account Deficit (CAD)



Debt to GDP %



Interim Union Budget 2019-20



1. Emphasis on “ease of living” by building next generation infrastructure in all sectors such as roads, railways, seaports, airports and inland waterways
2. Build a “Digital India” that will reach every corner of the economy and every citizen
3. Electric vehicles and renewable fuels to the fore and reduce energy import dependency
4. Expanding rural industrialization using modern technologies, based on the 'Make In India' approach, using grass root MSMEs and startups across the country
5. "Clean Rivers“ and safe drinking water to all using micro-irrigation techniques. Launch of Swajal scheme ensuring steady supply of clean drinking water in rural areas

6. Sagarmala project is a strategic and customer-oriented initiative to modernize India's Ports so that port-led development can be augmented and coastlines can be developed
7. Placing an Indian astronaut in space by 2022. According to Gaganyaan project, the government plans to send its first unmanned mission by December 2020, followed by another unmanned mission in July 2021. Then have the manned mission by December 2022
8. Self-sufficiency in food production and improving agricultural productivity with emphasis on organic methods of cultivation
9. A healthy India with a comprehensive wellness system for all
10. Minimum government and maximum governance

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