

Post Budget Analysis 2020-21



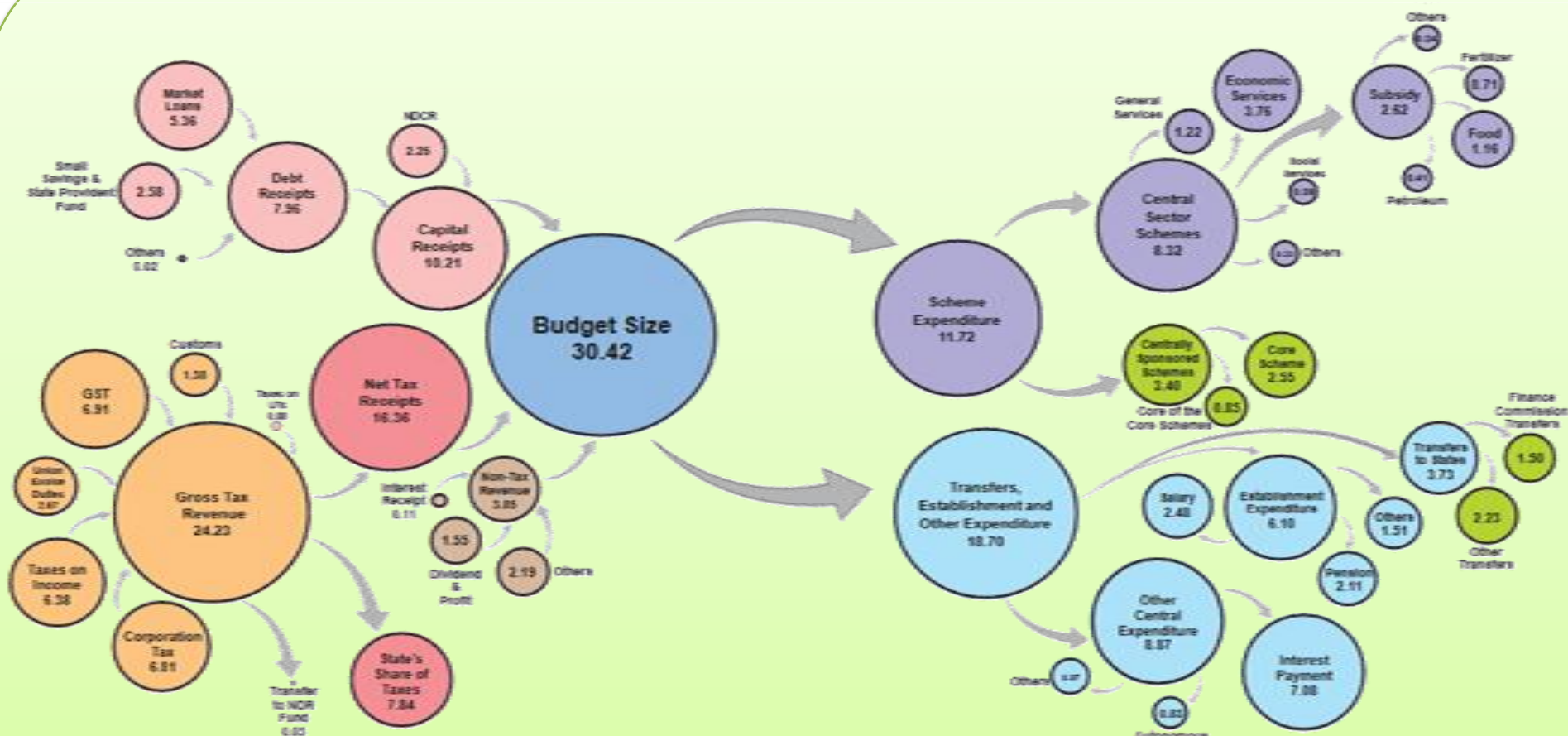
1 February 2020

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Budget Profile

(₹ In lakh crore)



Key Highlights

Fiscal deficit target revised to 3.5% for FY21.

Govt raised disinvestment target to ₹2.1tn for FY21

₹220bn allocated for power and renewable sector.

To infuse ₹690bn for health sector

Budgetary allocation for Road Transport & Highways increased to ₹5,216 bn with plans to run trains under PPL model.

Allocated ₹273bn for Industry & Commerce sector for FY21.

Fish production target increased to 20mn tonnes for FY23 and fishery export to ₹1tn by FY25.

Allocated ₹993bn for education and skill development.

Source: Budget Documents

Ease of Living by economic development to fulfil the aspirations of new India for a caring society

- The Budget of 2020 main aim was to provide ease of living pillared on economic development to fulfil the aspirations of India towards a caring society
- With the Aspirational India theme, the budget majorly focused on rural development and provide major benefits for farmers engaged in Agriculture and allied activities facing stress be it financial or environmental.
- It also envisages to enhance ease of living in terms of clean air, water and sanitation and achieve the \$5tn economy by enabling young India to have the right education and skills for the requirement of modern digital economy
- To fulfil the aspirations of a young nation, the budget aims to provide for new investments with major focus in Infrastructure enabling creation of jobs also moving along with time where things are moving digital.
- Apart from looking into the physical aspect drivers of the economy, to make living more sustainable the budget also focused on ease of living for its citizens for building towards a caring society by looking after the needs of all the sections of the society.
- Apart from the above mentioned the budget also removed Dividend Distribution tax for companies (DDT) and planned to move towards a simplified tax regime (both for individuals and corporates) like setting up of tax dispute resolution, faceless tax interface to avoid harassment and ease of GST return filing from 01 April 2020.

Committed to double farmers income by 2022



- The Budget of 2020 continued its commitment towards doubling farmers income by 2020 with a budgetary allocation of ₹80tn.
- Within the budgetary allocation it also included ₹1.6tn and ₹3.23tn towards Agriculture & allied activities and Rural development respectively.
- The PM KUSUM scheme with a budgetary allocation of ₹7bn plans to cover 2mn farmers for standalone pumps and 1.5mn grid connected pumps. (Beneficiaries- Shakthi pumps)
- It also envisages to prevent excessive usage of chemical fertilisers and with assistance of NABARD plans to develop warehouses using the services of Food Corporation of India and Warehousing Corporation of India (WCI)
- In order to make sure the perishable farm produce reaches the market in time it plans to start KRISHI UDAN (by civil aviation) and KISAN Rail (by Indian Railways) for seamless national cold chain supply.
- To help with the financing needs of the farmers, the credit target has been increased to ₹15tn from ₹12tn.
- Allocation under Pradhan Mantri Krishi Sinchai Yojna increased from ₹78.96bn (RE) to ₹111.27bn (BE)

Committed to double farmers income by 2022



- Allocation under Swachh Bharat Mission (Gramin) increased from ₹83.38bn (RE) to ₹99.94bn (BE)
- Allocation under Pradhan Mantri Gram Sadak Yojna increased from 140.7bn (RE) to ₹195bn (BE)
- Allocation under Crop insurance schemes increased from ₹136.4bn (RE) to ₹157bn (BE)
- For cattle welfare it plans to eliminate FMD and brucellosis and PPR in sheep & goat by 2025. (Beneficiaries-Godrej Agrovet)
- Enhance the fish production target to 20mn tonnes by FY23 and raise fishery export to ₹1tn by FY25 (Beneficiaries - Avanti feeds, Apex Frozen)
- Enhance milk production from 53.2mn tonnes to 108mn tonnes by FY25. (Beneficiaries -Heritage Foods, Hatsun Agro etc)

Enhance ease of living by improving health, education along with providing clean water and sanitation

- Another focus area was to enhance ease of living is by improving healthcare and provide clean water and sanitation.
- Budgetary allocation for healthcare was increased by 7% YoY to ₹690bn. Eliminate TB by 2025
- Ayushman Bharat budgetary allocation was at ₹64.29bn with plans to get additional hospitals empanelled and new hospitals to be constructed under PPP model (along with viability gap funding assistance) in 112 aspirational districts.
- The Jal Jeevan Mission scheme saw a minor increase in allocation from ₹100bn to ₹115bn with budgetary allocation for water resources increased from ₹75.18bn to ₹89.6bn.
- To enhance the country adaptability to climate change and incentives states with cities having population above 1mn, the allocation to the ministry of Environment has been increased from ₹26.57bn to ₹44bn. Plans are to shut up old power plants not meeting the prescribed norms.
- To make sure young India has the requisite skills to meet the demands of old and new (Digital) economy, a budget of ₹30bn has been allocated towards skill development within the ₹993bn (+4% YoY) for the education department.

Allocated ₹220bn under National Infra Pipeline for FY21

- The total infra spend is likely to exceed ₹5tn. The government has already provided for ₹220bn under the National infra pipeline with plans to fund ₹103tn for next 5 years across 6,500 projects in housing, safe drinking water, Healthcare, rail, Education infrastructure, irrigation etc.
- National logistics policy soon to be released with a single window e-logistics market.
- Accelerated road development of 9,000kms of economic corridor, 2,000kms costal roads and 2,000 kms of strategic roads to take place. Plans to monetise 12 lots of Highway bundles of 6,000kms by 2024. Delhi-Mumbai expressway to be completed by 2023 with plans to start Chennai-Bangalore expressway
- Budgetary allocation for Road transport and Highways has been increased from ₹786.26bn (RE) to ₹830.16bn (BE) The Road Ministry plans to allot 22 new greenfield corridors comprising six expressways and 16 greenfield corridors in 2020, covering a span of 7,500 km. The new projects are expected to generate an investment of ₹3tn in the infrastructure sector.
- The higher budgetary allocation comes in the wake of reduced risk appetite of the private sector. Given the subdued interest of the private sector, the government is likely to construct more highway projects via the EPC mode, in which the executing agency will have to bear all expenses.
- Budgetary allocation for Indian Railways has been increased from ₹4842.25bn (RE) to ₹5216bn (BE) with plans to run 1,150 trains under PPP mode and 4 stations to be redeveloped with help of private sector. 27,000kms of rail lines to be electrified and proposal to set up large solar power capacity alongside rail tracks.

Allocated ₹220bn under National Infra Pipeline for FY21

- Budgetary support to schemes of railways increased from ₹699.7bn (RE) to ₹722.16bn (BE)
- Marginal increase in budgetary allocation for Civil aviation from ₹37bn (RE) to ₹37.97bn (BE) with plans to add 100 more airports under UDAN scheme
- For Transportation infra, ₹1.7tn has been allocated including ₹186bn for Bangalore suburban rail project.
- Gas grid to be extended to 27,000kms from current 16,200kms with gas price discovery methods to be reformed
- An allocation for ₹220bn has been for power and renewable energy sector with intension to promote prepaid smart metering and freedom for consumers to choose suppliers.
- Allocation under AMRUT and SMART Cities mission was at ₹137bn (₹98.42-RE)
- Allocation under Pradhan Mantri Awas Yojna (PMAY) was at ₹275bn (₹253.3bn –RE)
- Allocation Under BHARTNET was at ₹80bn (₹30bn-RE) to connect 100k gram panchayat

Building image as a Caring Society and projection of soft power

- In order to project it self as progressing towards a welfare society and projecting it soft power the current budget has provided for funds for all sections of society
- ₹356bn under various nutrition related programmes
- ₹286bn for programmes specific for women
- ₹850bn for SC and OBC sections of the society
- ₹95bn for Senior citizen and Handicapped schemes
- ₹31.5bn for Ministry of culture with plans to set up Maritime museum and India Institution of Heritage & Conservation along with ₹25bn for tourism development

Tax Proposals

	Current	Proposed
Personal	No tax on Income below ₹5 lacs	No Tax on Income below ₹2.5 lacs Income between 2.5 lacs to 5 lacs- 5%
	Tax on Income more than ₹5 lacs but less than ₹10 lacs, tax of 20%	Income between 5 lacs to 7.5 lacs-10% Income between 7.5 lacs to 10 lacs-15%
	Tax on Income more than ₹10 lacs, tax of 30%	Income between 10 lacs to 12.5 lacs-20% Income between 12.5 lacs to 15 lacs-25% Income above 15 lacs-30%
This is new personal tax slabs subject to condition of not availing any deduction/exemption (Voluntarily tax player can opt this scheme and above tax rates will apply.) Tax Payer have an option to continue with old tax rates as well.		

	Current	Proposed
	Dividend Distribution Tax at the rate of 20.3576%	Proposes to abolish Dividend Distribution Tax Company will not pay tax on the dividend declared, only recipient has to pay the same.

- FPI Investments in Infra Bonds (Sovereign Wealth Funds) with 3 years lock in, no tax on Dividend and capital gains investments upto 31st March 2024
- Tax Holiday for affordable housing extended by 1 year
- Concessional 5% withholding tax extended to municipal bonds
- Deferring tax payments on sale on ESOPs in start-ups for 5 years.
- Concessional 4% withholding tax on bonds listed in GIFT City
- Cooperatives can be taxed at 22% without exemptions
- Concession corporate tax rate of 15% to new domestic companies in manufacturing and power sector
- Tax benefits to start ups by way of deduction of 100% of their profits are enhanced by increasing turnover limit and period of eligibility
- Issuance of Unique registration number to all charity institutions for easy tax compliance
- Health cess to be imposed on imports of all medical equipments given these are made significantly in India.

- A clean and reliable financial sector is critical to the economy. Financial architecture to keep evolving
- To safeguard depositors money and all SCBs being monitored to ensure that the depositors money is safe. Deposit insurance coverage increased from ₹1 lac to ₹5 lacs.
- Separation of NPS trust for government employees from PFRDAI.
- Eligibility limit for NBFCs for debt recovery under SARFAESI Act proposed to be reduced to asset size of ₹100 Cr or loan size of ₹50 lac.
- Proposes to divest LIC via IPO
- GIFT city to set up international bullion exchange.
- To enhance credit guarantee scheme for NBFCs.
- To allow NRIs to buy certain government securities.
- To float new debt ETF comprising primarily of GILTS. Some gilts to be completely to overseas investors.
- FPI limit in corporate bonds to be raised to 15% from 9%.
- Asked RBI to mull extending MSME recast window by 1 more year.
- To sell govt stake in IDBI bank to private investors.

Statement Of Receipts Of Central Government

(₹ Cr.)

	2017-2018	2018-2019	2019-2020	2019-2020	2020-2021
Receipts	Actuals	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
REVENUE RECEIPTS					
1. Tax Revenue					
Gross Tax Revenue	19,19,009	2080465	2461195	2163423	2423020
Corporation Tax	5,71,202	663572	766000	610500	681000
Taxes on Income	4,30,772	473003	569000	559500	638000
Wealth Tax	63	41			
Customs	1,29,030	117813	155904	125000	138000
Union Excise Duties	2,59,431	231982	300000	248012	267000
Service Tax	81,288	6,904		1,200	1,020
GST	4,42,561	581560	663343	612327	690500
Taxes on Union Territories	4,721	5,592	6,948	6,884	7,500
Less - NCCD transferred to the NCCF/NDRF	3,515	1,800	2,480	2,790	2,930
Less - State's share	6,73,005	761454	809133	656046	784181
1a Centre's Net Tax Revenue	12,42,488	1317211	1649582	1504587	1635909

Source: Budget Documents

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Statement Of Receipts Of Central Government

(₹ Cr.)

	2017-2018	2018-2019	2019-2020	2019-2020	2020-2021
Receipts	Actuals	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
2. Non-Tax Revenue	1,92,744	235704	313179	345513	385017
Interest receipts	13,574	12,145	13,711	11,027	11,042
Dividend and Profits	91,360	1,13,420	1,63,528	1,99,893	1,55,395
External Grants		1063	1006	974	812
Other Non Tax Revenue	85,920	1,07,817	1,32,784	1,31,525	2,15,465
Receipts of Union Territories	1,890	1,889	2,149	2,094	2,303
Total Revenue Receipts(1a + 2)	14,35,233	1552915	1962761	1850100	2020926
3. Capital Receipts					
A. Non-debt Receipts					
(i) Recoveries of loans and advances	15,633	18,052	14,828	16,605	14,967
(ii) Miscellaneous Capital Receipts	1,00,045	94,727	1,05,000	65,000	2,10,000
B. Debt Receipts*	5,86,971	6,50,739	6,52,702	7,66,846	8,49,340
Total Capital Receipts (A+B)	7,02,650	7,63,518	7,72,530	8,48,451	10,74,307
Total Receipts (1a+2+3)	21,37,882	23,16,433	27,35,291	26,98,551	30,95,233
4. DRAW-DOWN OF CASH BALANCE	4,092	-1,321	51,059		-53,003

Source: Budget Documents

Statement Of Expenditure Of Central Government

(₹Cr.)

	2017-18	2018-2019	2019-2020	2019-2020	2020-2021
Expenditure	Actuals	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
Pension	1,45,745.00	1,60,211.00	1,74,300.00	1,84,147.00	2,10,682.00
Defence	2,76,572.00	2,90,802.00	3,05,296.00	3,16,296.00	3,23,053.00
Subsidy					
Fertiliser	66,468.00	70,605.00	79,996.00	79,998.00	71,309.00
Food	1,00,282.00	1,01,327.00	1,84,220.00	1,08,688.00	1,15,570.00
Petroleum	24,460.00	24,837.00	37,478.00	38,569.00	40,915.00
Agriculture and Allied Activities	52,628.00	63,259.00	1,51,518.00	1,20,835.00	1,54,775.00
Commerce and Industry	24,087.00	27,851.00	27,043.00	28,608.00	27,227.00
Development of North East	2,514.00	1,961.00	3,000.00	2,670.00	3,049.00
Education	80,215.00	80,345.00	94,854.00	94,854.00	99,312.00
Energy	42,155.00	45,461.00	44,638.00	42,458.00	42,725.00
External Affairs	13,738.00	15,514.00	17,885.00	17,372.00	17,347.00
Finance	17,392.00	14,920.00	20,121.00	24,880.00	41,829.00

Source: Budget Documents

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Statement Of Expenditure Of Central Government

(₹ Cr.)

	2017-18	2018-2019	2019-2020	2019-2020	2020-2021
Expenditure	Actuals	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
Health	52,994.00	54,477.00	64,999.00	63,830.00	67,484.00
Home Affairs	87,547.00	98,116.00	1,03,927.00	1,24,083.00	1,14,387.00
Interest	5,28,952.00	5,82,648.00	6,60,471.00	6,25,105.00	7,08,203.00
IT and Telecom	16,899.00	14,868.00	21,783.00	16,000.00	59,349.00
Others	66,306.00	74,497.00	76,665.00	76,782.00	84,256.00
Planning and Statistics	4,559.00	5,322.00	5,814.00	5,811.00	6,094.00
Rural Development	1,34,973.00	1,32,803.00	1,40,762.00	1,43,409.00	1,44,817.00
Scientific Departments	22,115.00	24,755.00	27,431.00	27,694.00	30,023.00
Social Welfare	37,440.00	43,664.00	50,850.00	48,210.00	53,876.00
Tax Administration	71,756.00	69,416.00	1,17,285.00	1,37,307.00	1,52,962.00
Transfer to States	1,07,501.00	1,19,144.00	1,55,447.00	1,55,447.00	2,00,447.00
Transport	1,10,399.00	1,43,626.00	1,57,437.00	1,58,207.00	1,69,637.00
Union Territories	14,216.00	14,073.00	15,098.00	15,026.00	52,864.00
Urban Development	40,061.00	40,612.00	48,032.00	42,267.00	50,040.00
Grand Total	21,41,973.00	23,15,114.00	27,86,350.00	26,98,553.00	30,42,232.00

Source: Budget Documents

Major Budget Outlay

(₹Cr.)

	2017-2018	2018-2019	2019-2020	2019-2020	2020-2021
	Actuals	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
Core of the Core Schemes					
National Social Assistance Program	8,694	8,418	9,200	9,200	9,197
Mahatma Gandhi National Rural Employment Guarantee Program	55,166	61815	60000	710002	61500
Umbrella Scheme for Development of Schedule Castes	5,061	7,574	5,445	5,568	6,242
Umbrella Program for Development of Scheduled Tribes	3,573	3,781	3,810	4,194	4,191
Umbrella Program for Development of Minorities	3,948	886	1,590	1,709	1,820
Umbrella Program for Development of Other Vulnerable Groups	1,574	1,564	1,818	1,846	2,210
Core Schemes					
Green Revolution	11,057	11,758	12,561	9,965	1,33,320
White Revolution	1,574	2,422	2,240	1,799	1,805
Blue Revolution	321	485	560	455	570
Pradhan Mantri Krishi Sinchai Yojna	6,613	8,143	9,682	7,896	11,127
Pradhan Mantri Gram Sadak Yojna	16,862	15,414	19,000	14,070	19,500
Pradhan Mantri Awas Yojna(PMAY)	31,164	25,443	25,853	25,328	27,500
Swachh Bharat Mission	19,427	15,375	12,644	9,638	12,294
National Health Mission	32,000	31,502	33,651	34,290	34,115
National Education Mission	29,455	30,830	38,547	37,672	39,161
National Programme of Mid Day Meal in Schools	9,092	9,514	11,000	9,912	11,000
Umbrella ICDS	19,234	21,642	27,584	24,955	28,557
Mission for Protection and Empowerment for Women	945	1,138	1,330	961	1,163
National Livelihood Mission- Aajeevika	4,926	6,282	9,774	9,774	10,005

Source: Budget Documents

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Major Budget Outlay

(₹ Cr.)

	2017-2018	2018-2019	2019-2020	2019-2020	2020-2021
	Actuals	Actuals	Budget Estimates	Revised Estimates	Budget Estimates
Jobs and Skill Development	2,723	6,126	7,260	5,749	5,372
Environment, Forestry and Wildlife	955	978	886	787	926
Urban Rejuvenation Mission	9,463	12,085	13,750	9,842	13,750
Modernisation of Police Forces	2,546	3,260	3,462	4,155	3,162
Infrastructure Facilities for Judiciary	629	657	720	990	762
Border Area Development Programme	1,100	771	825	825	784
Shyama Prasad Mukherjee Rurban Mission	553	433	800	300	600
Rashtriya Gram Swaraj Abhiyaan	-	649	822	465	858
Rashtriya Swasthya Bima Yojna	505	0			
PMJAY-Ayushman Bharat		2602	6556	3314	6429
Major Central Sector Schemes					
Crop Insurance Scheme	9,419	11,937	14000	13641	15695
Interest Subsidy for Short Term Credit to Farmers	13,046	11496	18000	17863	211175
Compensation to Service Providers of telecom infrastructure- Bharatnet	7,000	4,788	8350	3000	8000
Optical Fibre Cable based network for Defence Services	3,755	1,927	4,725	4,725	5,000
Border Infrastructure and Management	2,022	2,030	2,129	2,128	1,997
Metro Projects	13810	14265	17714	17612	17482
National Highways Authority of India including Road Works	60,741	77,098	82,571	82,578	91,259

Source: Budget Documents

Financial Statement

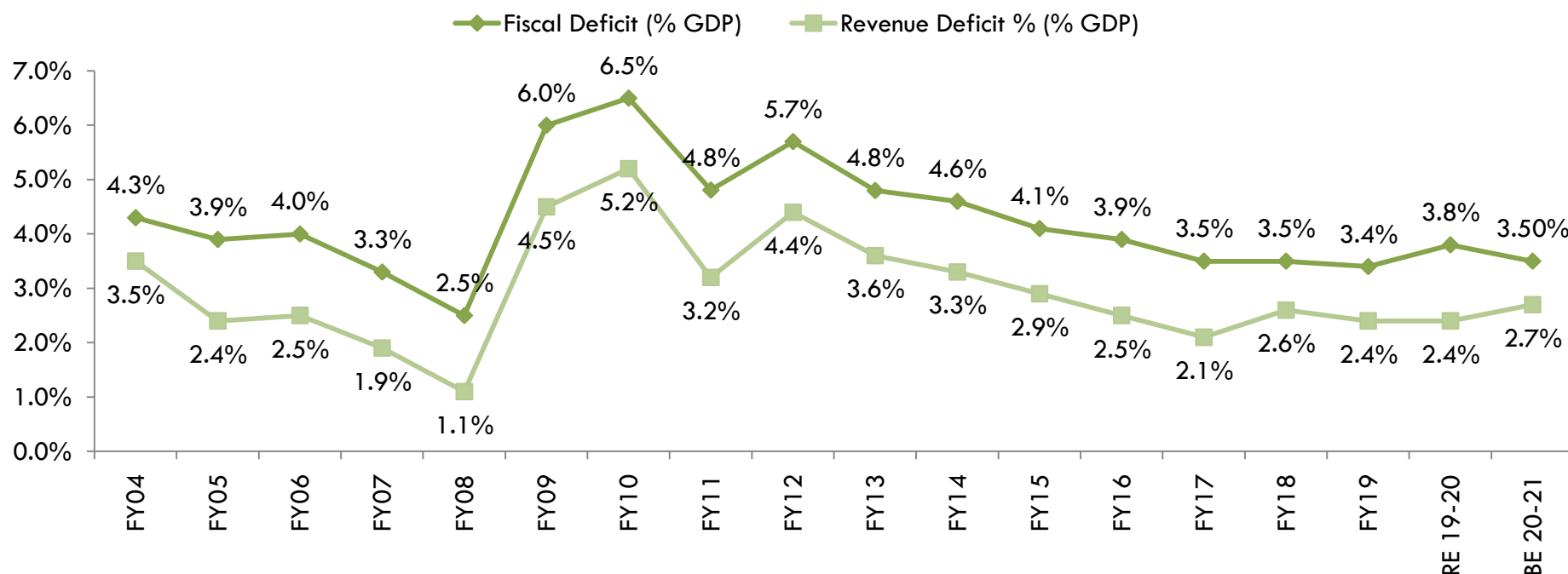
(₹Cr)

	2017-18	2018-19	2019-20 BE	2019-2020 RE	2020-2021 BE	2018-19	2019-20 BE	2019-2020 RE	2020-2021 BE
Revenue receipts	14,35,233	15,52,916	19,62,761	18,50,100	20,20,926	8.2%	26.4%	-5.7%	9.2%
Tax (net to centre)	12,42,488	13,17,211	16,49,582	15,04,587	16,35,909	6.0%	25.2%	-8.8%	8.7%
Non-tax revenue	1,92,744	2,35,705	3,13,179	3,45,513	3,85,017	22.3%	32.9%	10.3%	11.4%
Capital receipts	7,06,742	7,62,197	8,23,588	8,48,451	10,21,304	7.8%	8.1%	3.0%	20.4%
Recovery of loans	15,633	18,052	14,828	16,605	14,967	15.5%	-17.9%	12.0%	-9.9%
Other receipts	5,407	94,727	1,05,000	65,000	2,10,000	1651.8%	10.8%	-38.1%	223.1%
Total receipts	21,41,975	23,15,113	27,86,349	26,98,551	30,42,230	8.1%	20.4%	-3.2%	12.7%
Total expenditure	21,41,975	23,15,113	27,86,349	26,98,551	30,42,230	8.1%	20.4%	-3.2%	12.7%
a) Revenue expenditure	18,78,835	20,07,399	24,47,780	23,49,644	26,30,145	6.8%	21.9%	-4.0%	11.9%
b) Capital expenditure	2,63,140	3,07,714	3,38,569	3,48,907	4,12,085	16.9%	10.0%	3.1%	18.1%
Revenue deficit	4,43,602	4,54,483	4,85,019	4,99,544	6,09,219	2.5%	6.7%	3.0%	22.0%
Effective revenue deficit	2,52,568	2,62,702	2,77,686	3,07,807	4,02,719	4.0%	5.7%	10.8%	30.8%
Fiscal deficit	5,91,064	6,49,418	7,03,760	7,66,846	7,96,337	9.9%	8.4%	9.0%	3.8%
Primary deficit	62,112	66,770	43,289	1,41,741	88,134	7.5%	-35.2%	227.4%	-37.8%

Source: Budget Documents

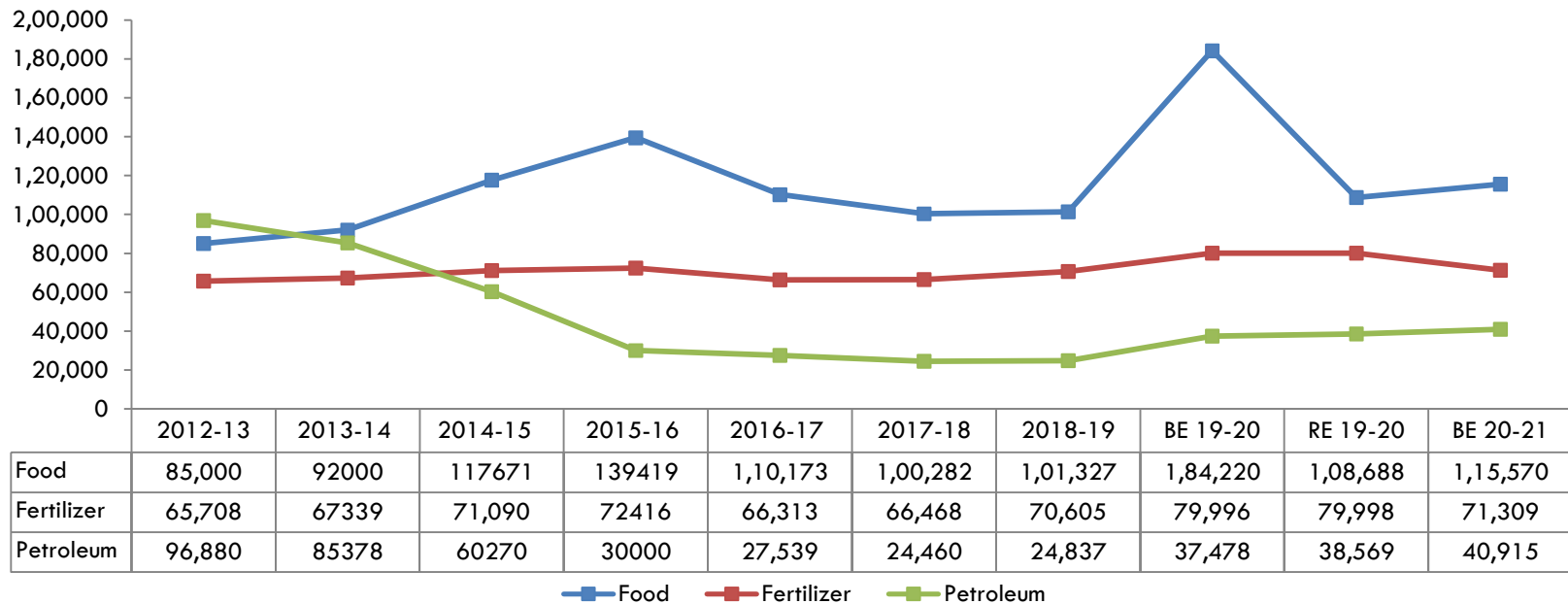
Deficit Trends

The government has raised fiscal deficit target to 3.8 per cent of the GDP from 3.3 per cent pegged earlier for 2019-20 due to revenue shortage and set a fiscal deficit target of 3.5% of GDP for the year ending March 2021 and expected nominal GDP of 10%. The government had targeted nominal growth of 12% for the current fiscal year.



Source: Budget Documents

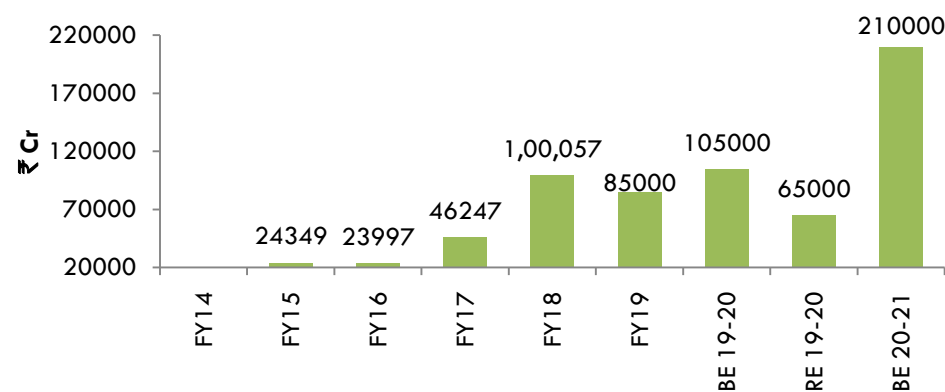
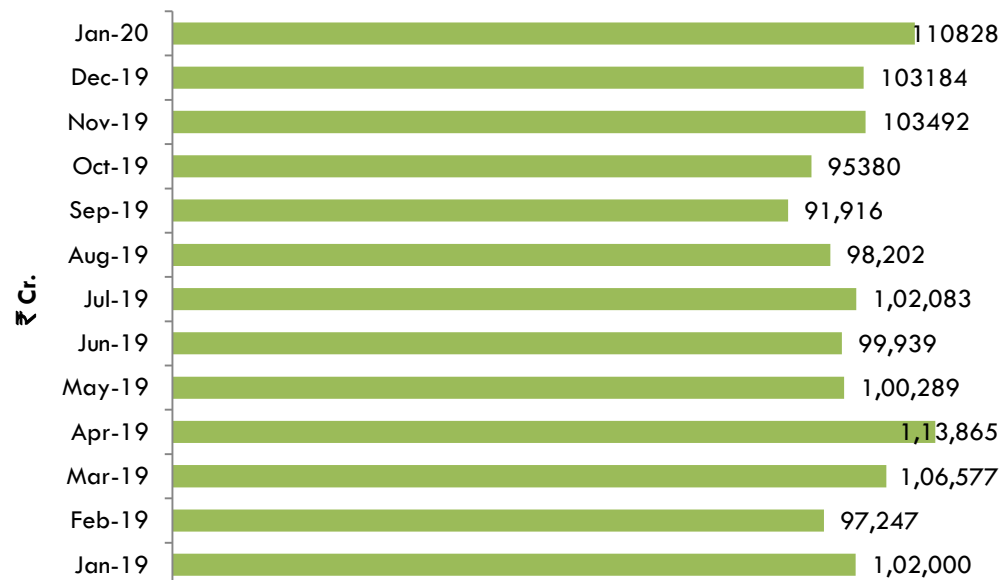
Major subsidies (food, nutrient based fertilizers, urea and petroleum) increased by 7.3 percent during April-November, 2019, as compared to April-November 2018. Urea subsidy increased by 52.7 percent and petroleum subsidy increased by 27.7 percent during April-November 2019, as compared to the corresponding period in 2018-19.



Source: Budget Documents

Tax Revenue – Gross Tax Revenue (GTR) has been pegged at ₹21,63,423 crore in RE 2019-20 which reflects a decrease of ₹2,97,772 crore from BE 2019-20. The reasons for this shortfall are the reductions in Corporation tax. For BE 2020-21, GTR is expected to be ₹24,23,020 crore which works out to be 10.8 percent of GDP. Goods and services tax (GST) collection has crossed the ₹1 trillion-mark for the third month in a row in January on the back of anti-evasion steps taken by tax officers.

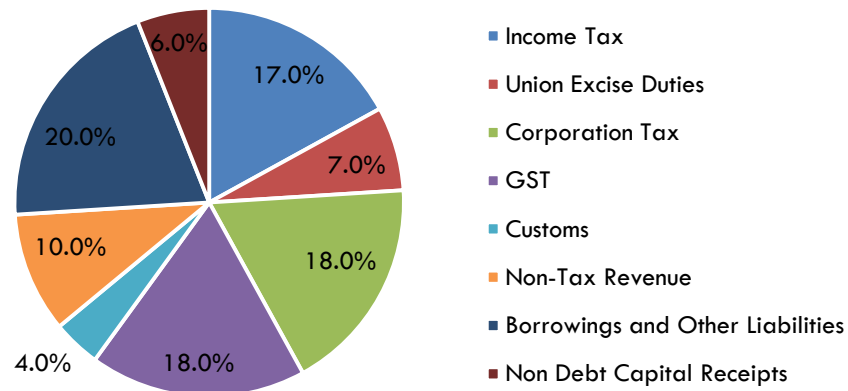
Divestment – The central government aims to garner ₹2.1 lakh crore through divestments in 2020-21. In 2019-20, the government had hoped to earn ₹1.05 lakh crore through divestment receipts. That has now been revised lower at ₹65,000 crore. The government would sell a partial stake in its prized possession –Life Insurance Corporation of India—through an initial public offering. The country's largest insurer has assets worth more than ₹36 lakh crore as of March-19.



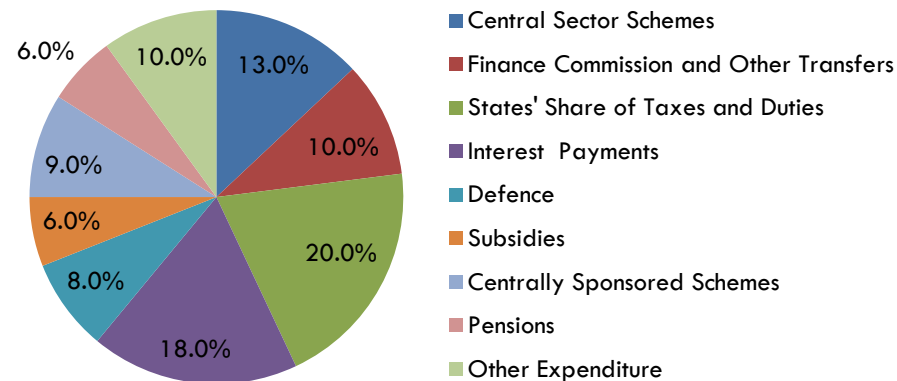
Source: Budget Documents

Tax Receipts

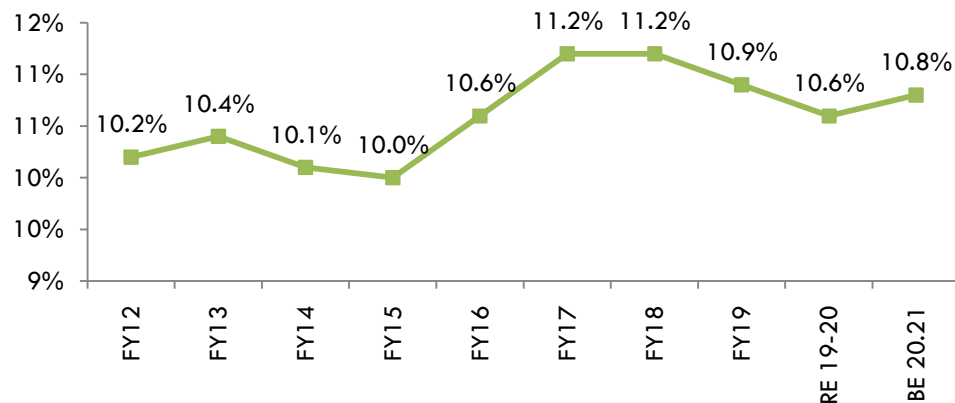
Inflow of Funds



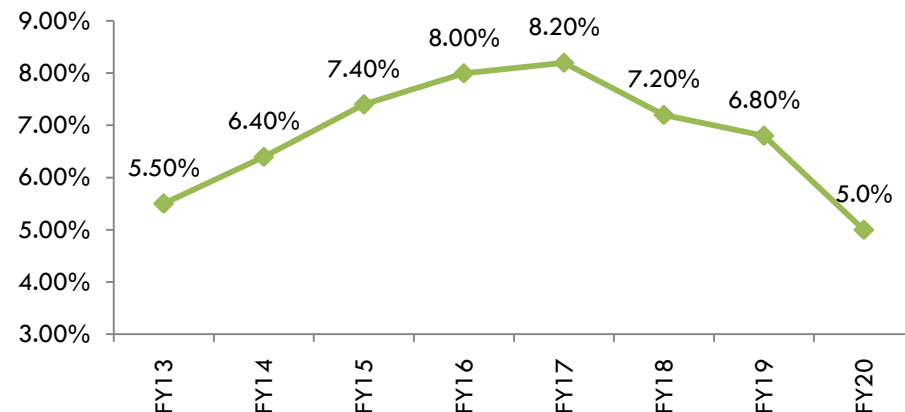
Outflow of Funds



Trend in Gross Tax-Receipt



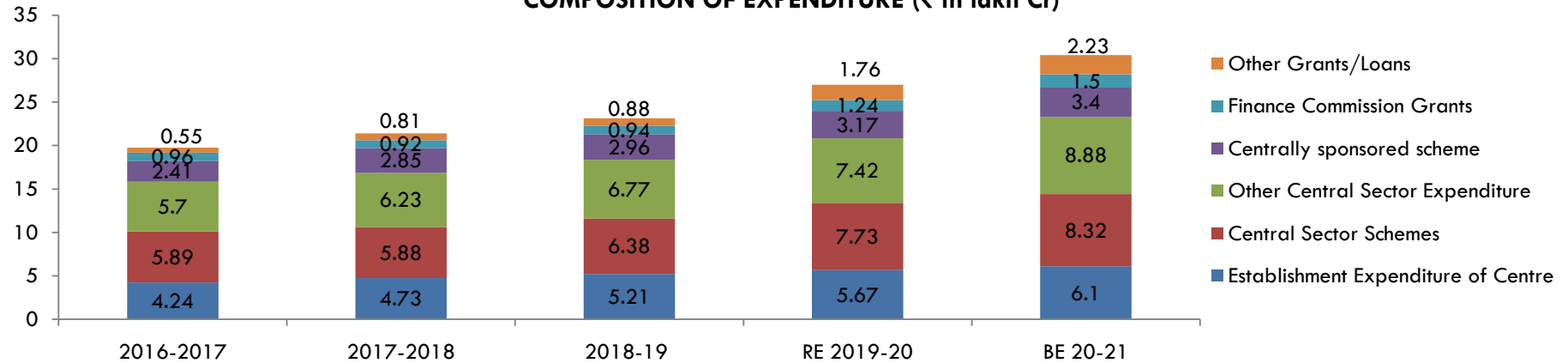
GDP Growth Rate



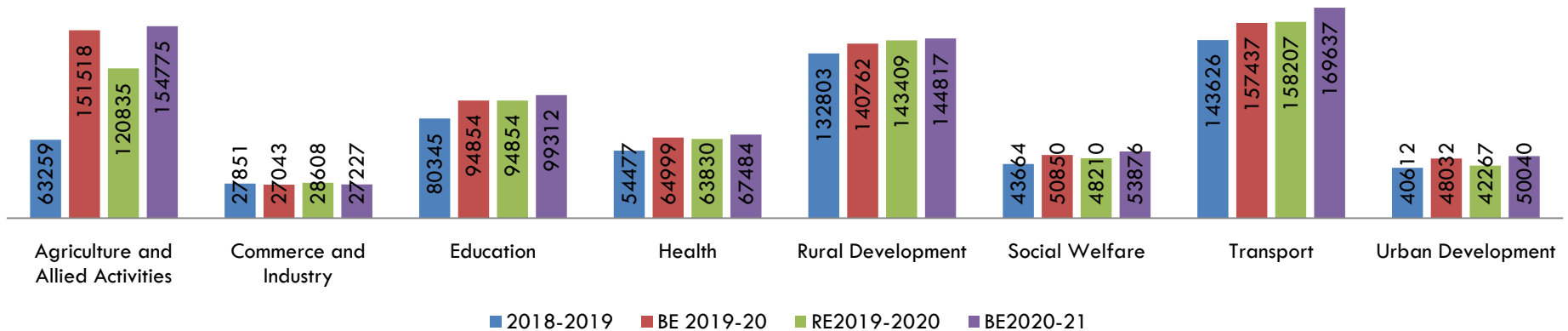
Source: Budget Documents

Expenditure Profile

COMPOSITION OF EXPENDITURE (₹ in lakh Cr)



Expenditure of Major Items (₹Cr)



Source: Budget Documents

Source: Budget 2019-20

Our take on the Budget and Equity Markets

- Today's budget came at a time when the Economy was facing its worst economic slowdown over a decade where the economy has slumped from 8.1% in Q4FY18 to 4.5% in Q2FY20. The key focus of the budget was increasing the government spend to boost overall demand by leaving people with higher disposable income, focus on rural development and raising customs duty on a variety of products ranging from tableware and kitchenware, electrical appliances to footwear, furniture, stationery and toys to give a level playing field to domestic companies and boost 'Make in India' for job creation.
- On the personal income tax front, it remains to see how many would opt for the new tax regime with exemption and deduction which is likely to benefit people with annual income in the lower tax bracket.
- Major government spending in the infra space would benefit players like L&T, ABB, Siemens; road construction players like Dilip Buildcon, Ashoka Buildcon, KNR construction etc.
- Scope and execution plans for logistics policy remains to be seen when once placed to benefit companies like COGNOR, TCI, TCI express and VRL
- Budgetary allocation under PM Kisan with solar grid connected and increase farm credit outlay augurs well for rural development.
- Goodies to the corporates by doing away with dividend distribution tax (DDT) was a continuation to the tax reduction in previous budget. Not likely to revive private investments until consumption picks up.

Our take on the Budget and Equity Markets

- Extending the restructuring window for MSMEs by a year provides breathing space to the unorganised sector and financial institutions.
- Going public with LIC and increase in disinvestment target of ₹2.1tn is to overcome the tax forgone and reduce the fiscal deficit.
- Nothing much was put on UDAY 2 scheme while tax holiday extension by a year for house owners and developers on affordable housing was only sliver lining in real estate
- We advise investors to continue their investments in a staggered manner and keep buying at different levels of the market because long-term financial planning should not go off-track because of short-to-medium term market gyrations. However, one should be cautious while averaging out stock specific investments and stick to high quality large and mid-cap stocks that offer robust growth visibility, low leverage ratios, prudent cash flow management and superior operating matrix

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