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**SYSTEMATIX GROUP**

Investments Re-defined

# UNION BUDGET

2024-2025

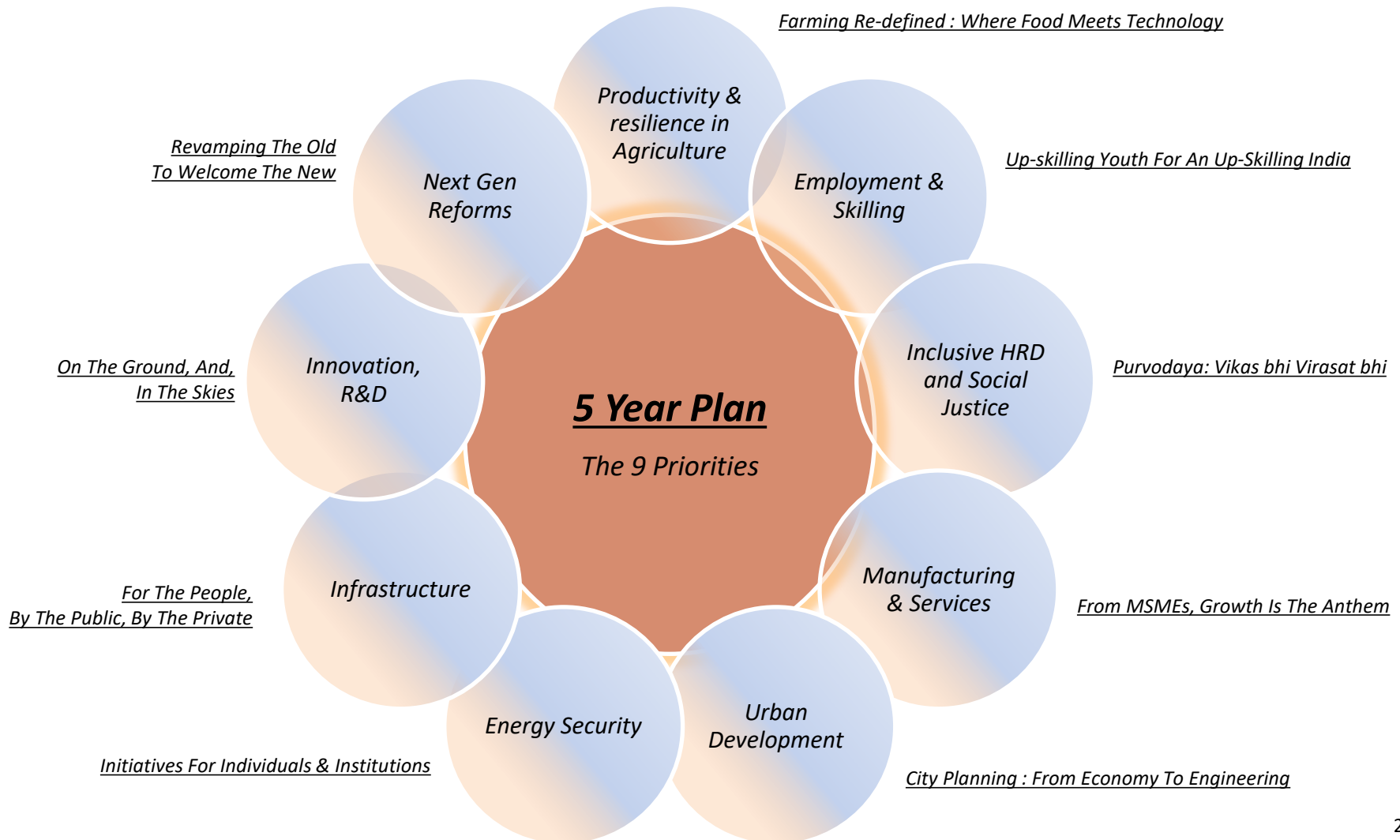


# Budget At A Glance – Roadmap For “Viksit Bharat”

**India's Economy Shines Amidst Gloomy Global Climate, As Its Inflation Tends To The 4% Target:**

Real GDP up by 20% in FY24 vis-à-vis pre-covid FY20

India to be \$4Tn economy in FY25 - 4<sup>th</sup> largest in world



# Economic Snapshot

## Observations

*Solid macro position in lieu of GDP growth, sliding inflation, trade surplus (as of last quarter), & highest reserves, sets the tone for capital harvesting & sustainable momentum*

*Fiscal consolidation vis-à-vis global trend of burdening spends, reflects India's readiness to shed balance sheet blues*

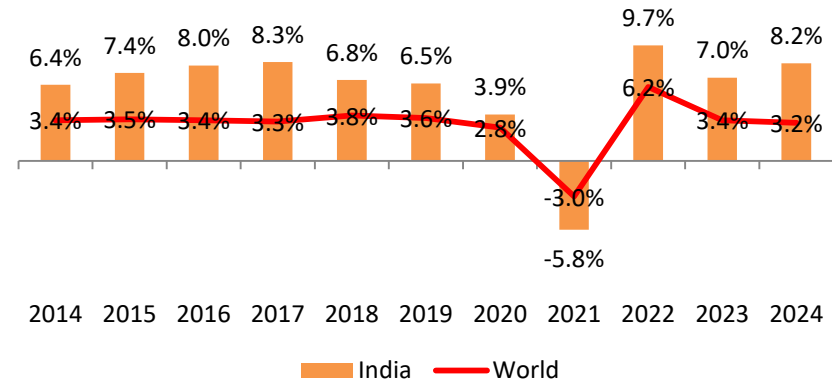
*India's ascension amongst the biggest economies in the world, positions it as a prime destination for foreign capital*

*It expands on 4 "castes" presented in the interim doc titled Garib Kalyan, Desh ka Kalyan, Yuva, Annadata, Nari Shakti*

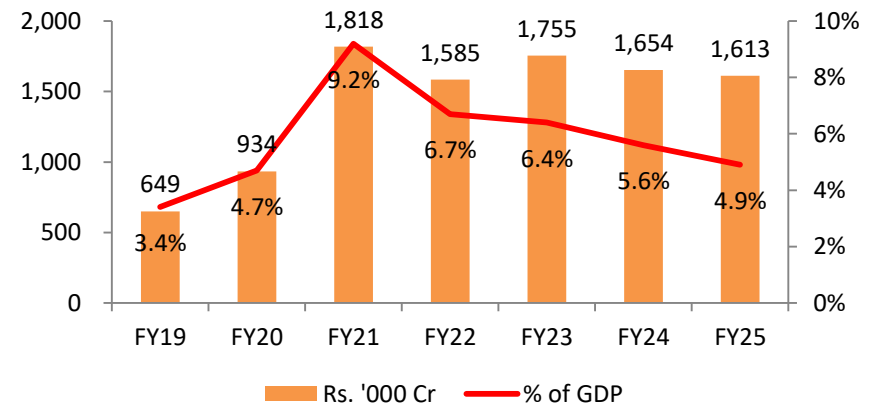
*Structural focus on demographic employment, MSME, energy, & tourism, will be instrumental in taming shocks to growth*

*Revision of the new tax regime is expected to increase disposable income, thereby cushioning the salaried class from rising costs*

## India To Be Fastest Growing Economy In This Decade

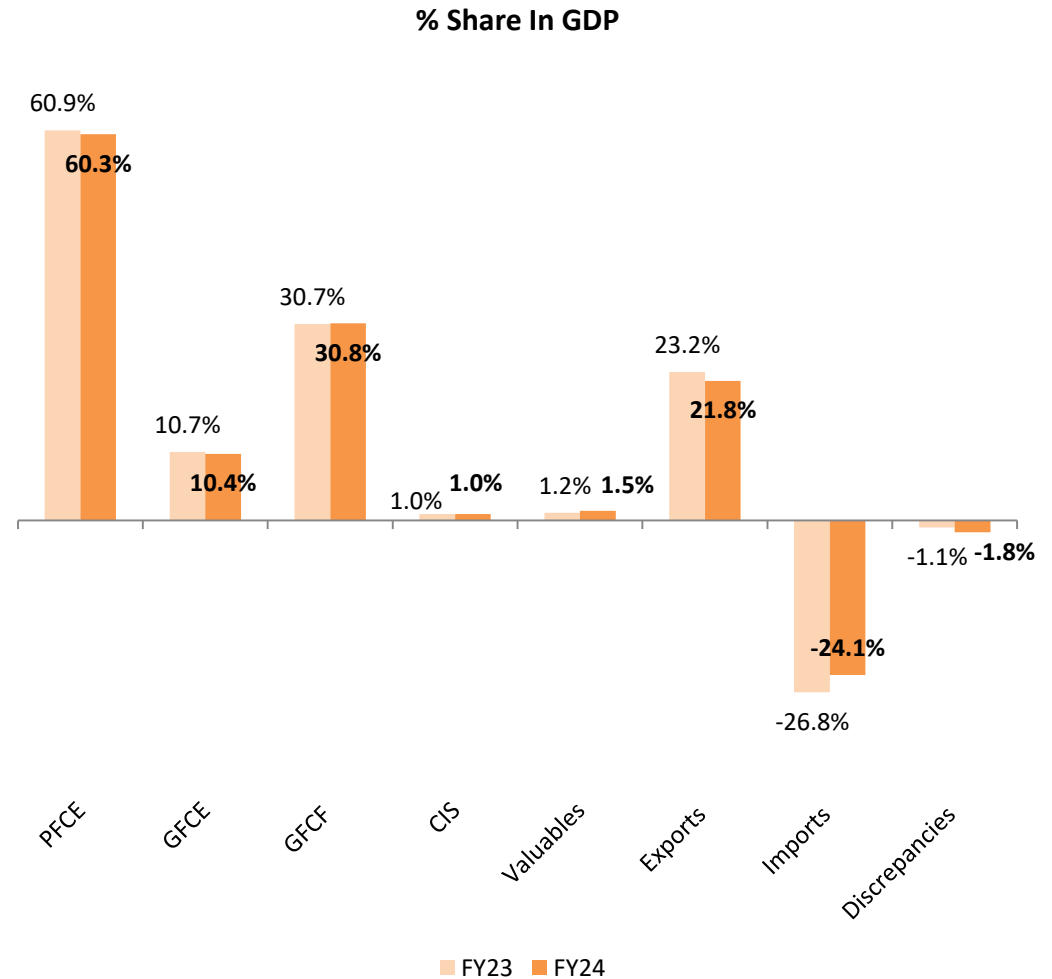


## Fiscal Prudence Practices Will Result In Contained Deficits



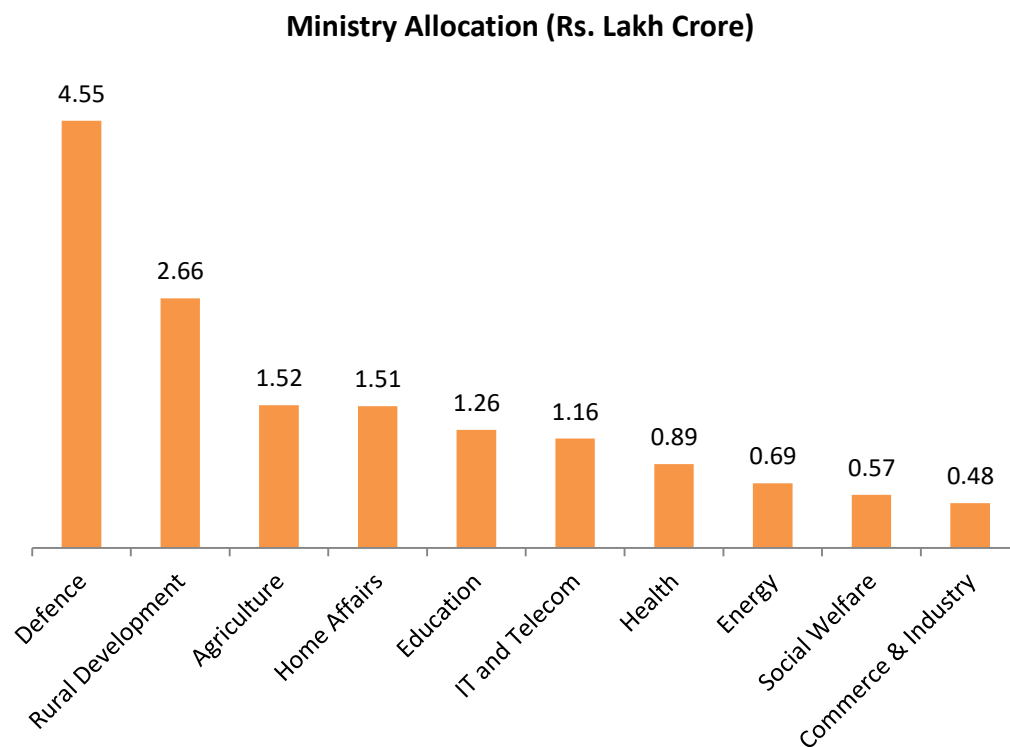
# GDP At A Glance – Slicing It's Layers

Major Schemes	FY23 (Rs Lk Cr)	FY24 (Rs Lk Cr)
Private Final Consumption Exp. (PFCE)	164.2	178.2
Govt. Final Consumption Exp. (GFCE)	28.8	30.7
Gross Fixed Capital Formation (GFCF)	82.9	91.1
Changes in Stocks (CIS)	2.8	3.0
Valuables	3.4	4.4
Exports	62.5	64.5
Imports	72.1	71.1
Discrepancies	-3.0	-5.4
GDP	269.5	295.4



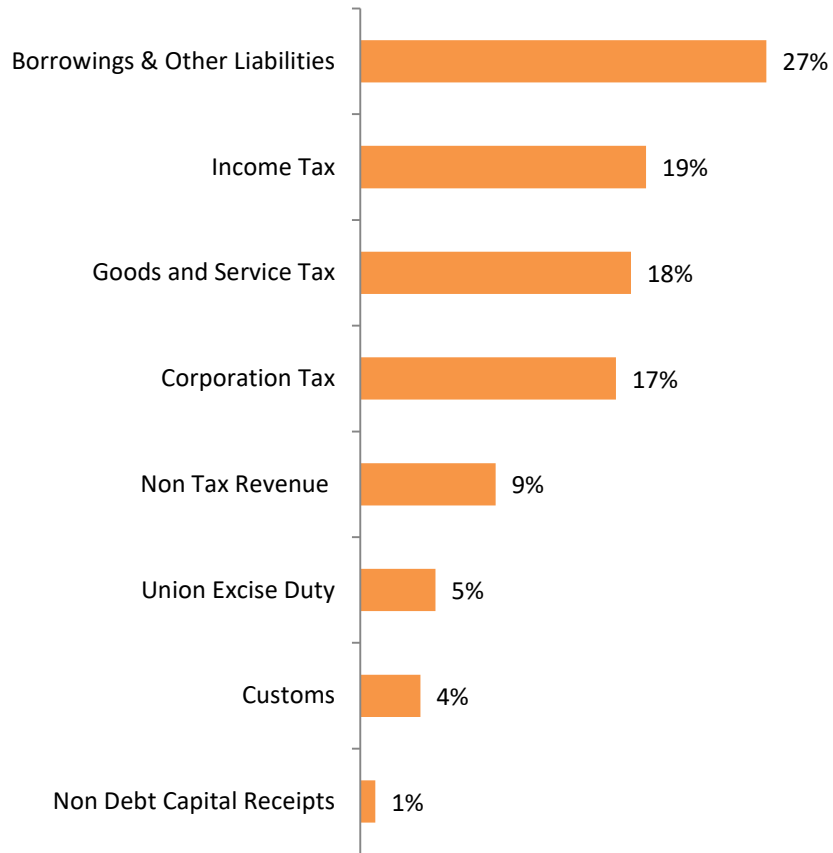
# Allocation Appendix

Major Schemes	FY24 (Rs Cr)	FY25 (Rs Cr)
MGNREGA	60,000	86,000
Solar Power (Grid)	4,970	10,000
Development of Semiconductors and Display Manufacturing	3,000	6,903
Lines of Credit under IDEA Scheme	1,300	3,849
Nuclear Power Projects	442	2,228
PLI for Pharmaceutical Industry	1,200	2,143
Direct Benefit Transfer- LPG	180	1,500
Research and Development Projects	840	1,200

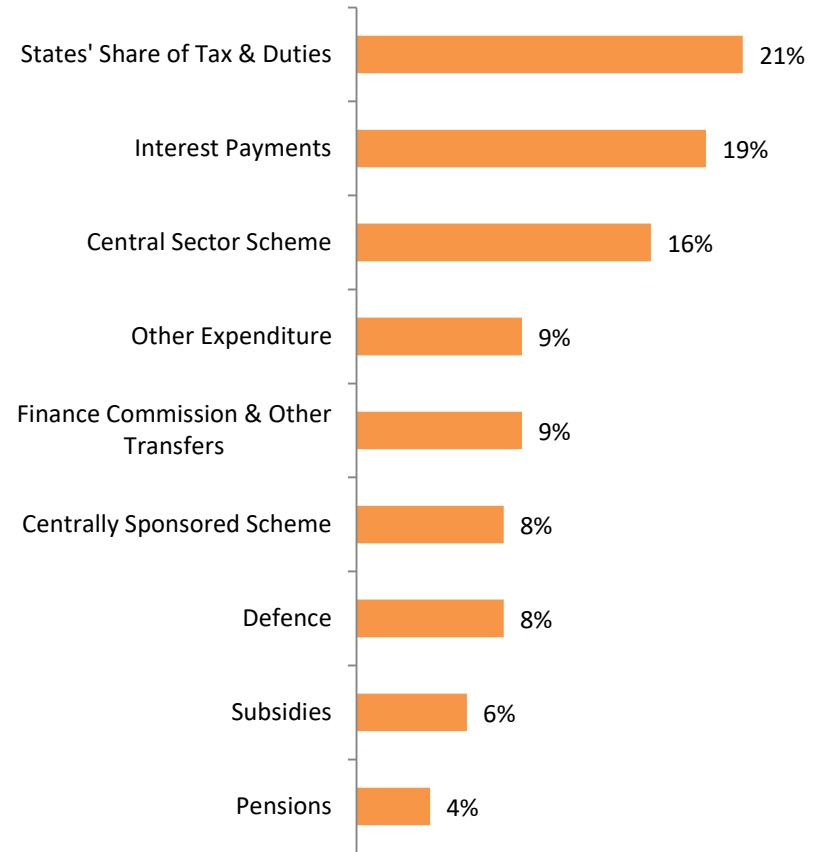


# Rupee Flow Chart

## Rupee Comes From



## Rupee Goes To



# Direct Tax – New Regime Wears A Newer Face (1/2)

Listed Assets	STCG		Holding period for long-term		LTCG	
	Prior	Current	Prior	Current	Prior	Current
Stocks	15%	20%	12 months	12 months	10%	12.5%
Equity MF	15%	20%	12 months	12 months	10%	12.5%
Debt & Non-equity MF	Slab rate	Slab rate	N/A	N/A	Slab rate	Slab rate
Bonds (Listed)	Slab rate	20%	12 months	12 months	20%	12.5%
REIT / InVITs	15%	20%	36 months	12 months	10%	12.5%
FoF*	Slab rate	Slab rate	N/A	24 months	Slab rate	12.5%
Gold / Silver ETF	Slab rate	Slab rate	N/A	24 months	Slab rate	12.5%
Overseas FoF	Slab rate	Slab rate	N/A	24 months	Slab rate	12.5%

\*Other than those >90% equity holding ;  
Annual LTCG exempt amount hiked from Rs. 1 Lakh to Rs. 1.25 Lakh for Stocks, Equity MFs, & REIT / InVIT ;  
Capital gains to take effect with immediate force

Source: Union Budget, Systematix PCG Research

# Direct Tax – New Regime Wears A Newer Face (2/2)

Unlisted Assets	STCG		Holding period for long-term		LTCG	
	Prior	Current	Prior	Current	Prior	Current
Stocks	Slab rate	Slab rate	24 months	24 months	20%**	12.5%
Bonds	Slab rate	Slab rate	N/A	N/A	Slab rate	Slab rate
Physical Gold	Slab rate	Slab rate	36 months	24 months	20%**	12.5%
Real Estate (Physical)	Slab rate	Slab rate	24 months	24 months	20%**	12.5%
Foreign Equities / Debt	Slab rate	Slab rate	24 months	24 months	20%**	12.5%

\*\*With indexation

Source: Union Budget, Systematix PCG Research



# Indirect Tax – Customizing The Custom Duties

Subject	Target Area
Medicines & related parts	Fully exempt three more medicines from customs duties for cancer patients
Mobile Phone & related parts	Reduce the BCD on mobile phone, mobile PCBA and mobile charger to 15%
Critical Minerals	Fully exempt customs duties on 25 critical minerals and reduce BCD on two of them
Solar Energy	<ul style="list-style-type: none"> <li>Expand list of exempted capital goods for use in solar cells and panel manufacturing</li> <li>Cap customs on solar glass and tinned copper interconnect</li> </ul>
Marine products	<ul style="list-style-type: none"> <li>Reduce BCD on certain broodstock, polychaete worms, shrimp and fish feed to 5%</li> <li>Exempt customs duty on various inputs for manufacture of shrimp and fish feed.</li> </ul>
Leather and Textile	<ul style="list-style-type: none"> <li>Reduce BCD on real down filling material from duck or goose</li> <li>Addition to exempted goods for manufacture of leather and textile wearable's and for export</li> </ul>
Precious Metals	Reduce customs duties on gold and silver to 6% and on platinum to 6.4%
Other Metals	Remove the BCD on ferro nickel and blister copper
Electronics	<ul style="list-style-type: none"> <li>Remove BCD, subject to conditions, on oxygen free copper for manufacture of resistors</li> <li>Exempt certain parts for manufacture of connectors</li> </ul>
Chemicals and Petrochemicals	Increase the BCD on ammonium nitrate from 7.5 to 10%
Plastics	Raise the BCD on them from 10 to 25%
Telecommunication Equipment	Increase the BCD from 10 to 15% on PCBA of specified telecom equipment
Trade facilitation	<ul style="list-style-type: none"> <li>Extend the period for export of goods imported for repairs from 6 months to 1 year</li> <li>Extend the time-limit for re-import of goods for repairs under warranty from 3 to 5 years</li> </ul>
Futures & Options	STT on F&O increased from 0.0125% and 0.0625% to 0.02% and 0.1% respectively
Buyback	Income received on buy back of shares to be taxed in the hands of the recipient

# *Sector Suite*

## **Infrastructure**

- Provision of Rs 2.66 lakh crore for rural development including rural infrastructure. Total capex at Rs 11.11 Lakh Cr, totaling to 3.4% of GDP
- Provision of Rs 1.5 lakh crore for long-term interest free loans has been made this year also to support the states in their resource allocation
- Investment in infrastructure by private sector will be promoted through viability gap funding and enabling policies and regulations
- Endeavour to maintain strong fiscal support for infra over the next 5 years, in conjunction with imperatives of other priorities and fiscal consolidation

**Stocks To Benefit – IRB Infra, Dilip Buildcon, Ashoka Buildcon, Container Corp, InterGlobe**

## **Agriculture**

- Agricultural Productivity: Rs. 1.52 lakh Crore (Provision)
- 1 crore farmers will be initiated into natural farming, supported by certification and branding in next 2 years.
- 10,000 need-based bio-input resource centres to be established
- Funding to be provided for private research to increase productivity. Introduction of 109 new high-yield crop varieties
- DPI for coverage of farmers and their lands in 3 years ; Digital crop survey in 400 districts ; Issuance of Jan Samarth based Kisan Credit Cards

**Stocks To Benefit – Coromandel International, Chambal Fertilizers, RCF, UPL, Bayer CropScience, Kaveri Seed**

## **Banking & Finance**

- PSBs to internally assess MSME credit using digital footprint-based model, moving away from external assessments and traditional criteria like assets or turnover, thereby including MSMEs without formal accounting systems
- Reforms to strengthen NCLT and expedite insolvency resolution. Additionally, reform and strengthen debt recovery tribunals, including the establishment of additional tribunals
- A new credit guarantee scheme for MSMEs seeking term loans for machinery and equipment, operating on pooled credit risks, includes a self-financing fund offering guarantee cover up to Rs. 100 crore per applicant, with upfront and annual guarantee fees. A new mechanism supports MSMEs with govt-backed guarantees to maintain bank credit during periods of stress, preventing them from entering the NPA stage while in the SMA phase
- SIDBI plans to establish new branches to extend its presence and provide direct credit to all major MSME clusters, aiming to cover 168 out of 242 clusters with 24 branches opening this year alone

**Stocks To Benefit – HDFC Bank, ICICI Bank, Kotak Bank, SBI, Union Bank**

## **Land & Housing**

- Under the PM Awas Yojana 3 crore additional houses in rural and urban areas are planned. Under PM Awas Yojana Urban 2.0, Housing needs of 1 crore urban poor and middle-class families will be met with ₹10 lakh crore investment, including ₹2.2 lakh crore central assistance over 5 years
- State governments will incentivize land-related reforms, including digitization of land records, establishment of ULPIN, and creation of IT-based property record systems to enhance financial management of urban local bodies, with completion targeted within 3 years
- The government will urge states to reduce high stamp duty rates universally and consider additional reductions for properties bought by women
- Plans for Transit Oriented Development will be formulated for 14 large cities with a population exceeding 30 lakh, accompanied by strategies for implementation and financing
- Rental housing featuring dormitory-style accommodations for industrial workers will be facilitated in PPP mode, supported by VGF and commitments from anchor industries

**Stocks To Benefit – Home First Finance, Can Fin Homes, PNB Housing**

## **Power & Energy**

- Offer free electricity through rooftop solar plants benefitting 1 crore households obtain free electricity upto 300 units every month and receiving overwhelming response with 1.28 crore registrations and 14 lakh applications
- Setting up Bharat Small Reactors with private players to promote R&D of small and modular nuclear reactors and newer technologies for nuclear energy
- Completion of tech for Advanced Ultra Super Critical (AUSC) thermal power plants followed by JV between NTPC & BHEL to establish 800MW plant with AUSC technology further providing support for indigenous high-grade steel production and other advanced metallurgy materials for these plants
- Policy for promoting pumped storage projects was introduced for electricity storage and facilitating smooth integration of the growing share of renewable energy with its variable & intermittent nature in the overall energy mix
- Investment-grade energy audits for traditional micro and small industries and support for cleaner energy adoption and energy efficiency measures

**Stocks To Benefit – NTPC, BHEL**

## **Tourism**

- The govt. has announced reforms to rejuvenate India's historical and cultural sites, boosting tourism and economic growth
  - Vishnupad and Mahabodhi Temple Corridors to undergo comprehensive development, following the model of the Kashi Vishwanath Temple
  - Nalanda's transformation to a thriving tourist hub and the revival of the esteemed Nalanda University
  - Rajgir will be developed to preserve its spiritual legacy and hot springs
- Odisha will receive assistance to highlight its natural beauty, ancient temples, monuments, and exquisite craftsmanship

**Stocks To Benefit – Indigo, Lemon Tree**

## **Auto**

- PLI scheme for the automobile and auto components sector has been increased to ₹3,500 crore in the Budget for 2024-25 from ₹484 crore in the revised estimates of 2023-24.
- Propose complete exemption from custom duties on lithium, copper, cobalt, and rare earth elements. Additionally, suggestions to reduce the basic customs duty (BCD) on two of these materials
- Stocks of companies involved in manufacturing electric vehicles, mining and refining, and technology and electronics could benefit from this policy

**Stocks To Benefit – Tata Motors, Bajaj Auto, Hero Motocorp, Maruti**

## **Real Estate**

- Indexation benefit on property sale removed; new LTCG tax rate of 12.5% announced for capital gains on sale of property versus 20% earlier

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