Jan 25, 2023

UNION BUDGET FY24 PREVIEW

One Stop Investment Avenue

GEPL CAPITAL

Preface

The Feb 1st, Budget day is near to us. The sentiments suggest that government would announce a series of measures in Union Budget FY24 that would help in the revival of the domestic economy. This time in Budget, The Where, How much, What are more important than before on course of headwinds in overall global economies from developing nations to the developed ones. Smart allocations through various majors could provide some degree of immunity to Indian economy.

Budget Focus

Expect Growth at core in Budget in spite of General Elections: Indian's general elections are scheduled in 2024, 'populist' budget expectation, discussions is aligned with before election budgets. However Govt. has focused remained on growth on such historical events. We expect FY24 budget allocation to be growth focused.

Measures to Maintain Healthy Consumption: Consumption is one the driving engine for Indian economy. Globally tight monetary policies to weigh high on demand, Hence various measures are expected in order to maintain healthy consumption rate.

Continuation of Thrust on Infrastructure: Govt.'s focus on Infrastructure has been quit resilient through initiatives such as National Infrastructure Pipeline (NIP), Bharamala Pariyojana etc. NIP has target completion year of FY25 and acceleration of the same is possible. Roads and Highways cumulative network has remained subdued relative to pre-Covid and accordingly we expect budget to propose higher allocation in Infrastructure.

Accelerate growth of Manufacturing: Manufacturing to remained a key area of focus. Manufacturing sector is one of the highest employment generation factor which could be in focus. A further extension of the concessional 15% corporate tax rate for new domestic manufacturing companies is likely, as a part of the government's efforts to attract investments and aid job creation, according to sources privy to the matter.

Increase Attractiveness for Foreign Investors: Indian market witnessed outflow from Foreign Institutional investors (FII) in the tune of Rs 2,78,275 Cr in CY2022,start of CY2023 is no different. We expect some efforts to attract investments through rebate or any form of new initiatives, despite India remains a bright spot in overall global economy.

Fiscal Deficit Discipline remains key watch: Higher subsidy towards foods and fertilizer caused a steep rise in expenditure. However Govt expected to meet 6.4% fiscal deficit target comfortably for FY23. amid rising interest rate scenario, discipline with fiscal deficit should continue albeit increased size of budget.

Exhibit 01- Historical budgets at a glance

Particulars	Actuals 2020-21	Budgeted 2020-22	Budgeted 2022-23
Revenue Expenditure	**30,83,519**	**29,29,000**	**31,94,663**
Capital Expenditure	**4,26,317**	**5,54,236**	**7,50,246**
Capex % of Total Expenditure	12.1	15.9	19.1
of which:			
Capital Outlay	3,15,826	5,13,862	6,10,189
Loans and Advances	1,10,491	40,374	1,40,057
Total Expenditure	**35,09,836**	**34,83,236**	**39,44,909**
Revenue Receipts	16,33,920	17,88,424	22,04,422
Capital Receipts	57,625	1,88,000	79,291
of which:			
Recoveries of Loans	19,729	13,000	14,291
Other receipts (including disinvestments)	37,897	1,75,000	65,000
Total Receipts (excluding borrowings)	16,91,545	19,76,424	22,83,713
Revenue Deficit	14,49,599	11,40,576	9,90,241
% of GDP	7.3%	5.1%	3.8%
Fiscal Deficit	**18,18,291**	**15,06,812**	**16,61,196**
% of GDP	**9.2%**	**6.8%**	**6.4%**

Source: Budget at a Glance, Union Budget Documents 2022-23 PRS

KEY THEMES OF FOCUS

BOOST TO CONSUMPTION

INCREASE ATTRACTIVENESS FOR FOREIGN INVESTORS

THRUST ON INFRASTRUCTURE

MANUFACTURING

- ***Fiscal Deficit is Good Trajectory*** *Positively, over the years, Fiscal deficit as a % of GDP has dropped to 6.4% in FY23 budget from 9.2% in FY21 actuals.*
- ***Rising Capital Expenditures Share in Total Expenditure*** *capital expenditure builds asset for the nation along with ability to generate revenue receipts, India's budget has seen increase to 19.1% in FY23 from 12.1% in FY21 actuals.*

Notes

Disclaimer

We, Research Analyst of GEPL Capital, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We, also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Disclosure

This document has been prepared by Research Department of GEPL Capital Pvt. Ltd. (hereinafter referred to as GEPL Capital) and this report is for personal information of the selected recipient/s and does not construe to be any investment, recommendation, prospectus, offering circular or legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and GEPL Capital is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. GEPL Capital makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability or obligation with respect to, the fairness, accuracy, completeness or correctness of any information or update information or opinions contained herein. All investments including Future and Options are involving risks and investor should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or GEPL Capital as a result of using different assumptions and criteria. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. The information contained in this report has been obtained from sources that are considered to be reliable. However, GEPL Capital has not independently verified the accuracy or completeness of the same. Neither GEPL Capital nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein. GEPL Capital and its affiliates and/or their officers, directors and employees may have similar position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment. GEPL Capital specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL Capital and GEPL Capital accepts no liability whatsoever for the actions of third parties in this regard. GEPL Capital or its director or its research analysts or its associates or his relatives and/or its affiliates and/or employees do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report. Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

Disclaimers in respect of jurisdiction

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such Distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject GEPL Capital its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently send or has reached any individual the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of GEPL Capital.

Analyst Certification

The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

GEPL Capital Private Limited is a SEBI registered Research Analyst entity bearing SEBI Reg. No. “INH000000081” under SEBI (Research Analysts) Regulations, 2014.

Reg./Corp. Office: D-21 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400 001 Contact No +91 22 66182400

SEBI Reg. No. NSE/NSEF&O/CD - INB230993934, INF230993934 & INE230993934. BSE/BSE F&O- INB010993934 & INF010993934, For more information, visit us at: www.geplcapital.com

Disclaimer:

Investments in securities market are subject to market risks, read all the related documents carefully before investing. Investors must make their own investment decisions based on their specific goals, financial position & risk appetite. The content provided herewith is purely for investor awareness only.