INTERIM BUDGET 2024 - 25

Post Budget Analysis & Stock Ideas

AXIS SECURITIES

A Vote-of-Account-Budget sets the Narrative of “Viksit Bharat”

Our honourable Finance Minister Nirmala Sitaraman presented the Interim Budget 2024-25 today. Being the “vote of account” budget before the Union Election 2024, the expectations of the budget were naturally low. The finance minister delivered along the expected lines with an emphasis on the continuation of higher capital expenditure on top of the medium-term flavour of populism. We believe that the Budget has proactively set the tone for economic development in the upcoming years. It envisions a "Viksit Bharat" by 2047, following a transformation similar to the one witnessed in the last decade. The market borrowing is projected to be ~11.75 Lc Cr for FY25, and the bond market responded positively to this budgeted figure. However, there were no major announcements related to the market, making it a relatively muted event from a market perspective. Investors will need to adopt a wait-and-watch approach until Jul’24 when the full-fledged budget will be presented after the formation of the new government.

Our key takeaways from the Interim Budget are as follows:

Fiscal Math Reasonable: Nominal GDP growth for FY25 is set at Rs 327.7 Lc Cr, indicating a robust growth of 10.5% over the FY24 revised figure of Rs 296.6 Lc Cr. The government has successfully achieved the Fiscal Deficit target of 5.8% for FY24, surpassing the budgeted estimate of 5.9%. Additionally, it has set a fiscal deficit target of 5.1% for FY25. Keeping this in view, the market borrowing is projected to be ~11.75 Lc Cr for FY25. As expected, the bond market has responded positively to this budgeted number.

Significant positive for infrastructure: The government’s capital expenditure will grow to Rs 11.1 Lc Cr, reflecting an encouraging growth of 11.1% in FY25 over the FY24 figure. Its unwavering focus on Roads, Power, Urban Development, and Railways will create key long-term economic multipliers. In a significant development for the railways, the government has announced higher capital outlays of 2.55 Lc Cr for the segment, which will notably boost railway infrastructure moving forward. Moreover, the conversion of the existing 40,000 bogies to Vande Bharat standards under the Pradhan Mantri Gatishakti scheme will greatly enhance the efficiency and modernization of the railway infrastructure in the country.

Enhanced allocation to the PM Awas Yojana: Allocation under the PM Awas Yojana will focus on building 20 Mn houses in the next five years, up 50% vs. the revised 2023-2024 budget.

Rooftop solarization (Suryodaya Yojna): 1 Cr households will be enabled to obtain up to 300 units of free electricity every month. This initiative is expected to result in savings of up to Rs 15,000 to 18,000 annually for households through free solar electricity and selling the surplus to distribution companies.

Boost to Nano DAP and Aquaculture Production: After the successful adoption of Nano Urea, the application of Nano DAP on various crops will be expanded in all agro-climatic zones. Moreover, the government also plans to set up a separate Department for Fisheries after realizing the importance of assisting fishermen. The implementation of the Pradhan Mantri Matsya Sampada Yojana (PMMSY) will be stepped up to enhance aquaculture productivity from the existing 3 to 5 tons per hectare, double exports to Rs 1 Lc Cr, and generate 55 Lc employment opportunities in the distant future. It will also set up five integrated aqua parks to further its aquaculture objectives.

Our Positive Budget Plays (Coverage): SBI, Bank of Baroda, Ultratech cement, Nestle, Britannia, Amber Enterprises, Praj Industries, PNC Infra, Ahluwalia Contracts (Non Coverage): Jindal Stainless, Tata Power, Waaree Renewables, Coromandel International

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UNION BUDGET 2024 - 25

AXIS SECURITIES

Key Highlights

Key Announcements

- FY25 Capex outlay is up 11.1% to Rs 11.1 Cr and stands at 3.4% of GDP.
- Higher capital spending for Railways and Infrastructure. Rs 2.55 Lc Cr announcement for railways, up 5% from the FY24 BE
- PM Awaas Yojna – close to achieving a target of 3 Cr houses; 2 Cr more houses are planned for the next 5 year.
- Vision for Viksit Bharat by 2047: Harmony with nature, Modern Infrastructure, Earning Sabka Viswas.
- Improve logistics efficiency in Energy, mineral and cement corridor;
- Matsya Sampada Yojana: Aim to double seafood exports to 1 Lc Cr through various fisher schemes + 5 Integrated Aqua Park to be set up.

Fiscal Outlook

- Nominal GDP growth for FY25 is pegged at Rs 327.71 Lc Cr, up 10.5% over FY24 revised number of Rs 296.57 Lc Cr.
- Total expenditure for FY24 is budgeted at Rs 47.65 Lc Cr.
- Gross revenue collection is expected to grow at 13% in FY25. The expectations are likely to be met.
- The Fiscal Deficit for FY24 is at 5.8% (10 bps below the budgeted estimates). Fiscal deficit for FY25 is budgeted at 5.1%. The government is on the right track of fiscal consolidation path.
- The gross borrowing target for the next year is set at Rs 16.85 Lc Cr (along the expected lines).

Specific Areas

- Focus to make the Eastern region a powerful driver of India's economic growth story.
- A Corpus of 1 Lc Cr will be established with 50-year interest-free to nil-interest rates for Private sector research and innovation in Sunrise Domains.
- A coal gasification and liquefaction capacity of 100 metric tons will be set up by 2030.
- Healthcare coverage will be extended to all Aasha, Anganwaadi workers, and helpers.
- Lakhpati DIDI target enhanced from 2 Cr to 3 Cr; to support Micro Finance Companies
- 40,000 normal railway bogies to convert to Vande Bharat standard

UNION BUDGET

2024 - 25

AXIS SECURITIES

Fiscal Account FY24-25: Revenue Receipt

In Cr	2022-23 Actuals	2023-24 Budget Estimates	2023-24 Revised Estimates	2024-25 Budget Estimates
Gross Tax Revenue	**30,54,192**	**33,60,858**	**34,37,211**	**38,30,796**
1) Direct Tax	**16,59,094**	**18,23,250**	**19,45,000**	**21,98,830**
Personal Income Tax	8,33,260	9,00,575	10,22,325	11,56,000
Corporation tax	8,25,834	9,22,675	9,22,675	10,42,830
2) Indirect Tax	**13,90,647**	**15,37,608**	**14,87,711**	**16,27,266**
GST	8,49,133	9,56,600	9,56,600	10,67,650
Excise Duties	3,19,000	3,39,000	3,03,600	3,18,780
Custom Duty	2,13,372	2,33,100	2,18,680	2,31,310
Union Terriotories	8,711	8,408	8,331	9,426
Service Tax	431	500	500	100
Less: To states & NCCD transfer	9,56,407	10,30,228	11,13,293	12,29,223
Net Tax Revenue	**20,97,786**	**23,30,631**	**23,23,918**	**26,01,574**
Non Tax Revenue (Interest, Dividend, grants)	2,85,421	3,01,650	3,75,795	3,99,701
Non-Debt Receipts (Loans And Disinvestments)	72,196	84,000	56,000	79,000
Total Receipts	**24,55,403**	**27,16,281**	**27,23,106**	**30,80,275**
Borrowings & oth Liabilities	**17,37,756**	**17,86,817**	**17,34,772**	**16,85,493**
Total Receipts inc Borrowings	**41,93,159**	**45,03,098**	**44,57,878**	**47,65,768**
Fiscal Deficit	**6.36%**	**5.92%**	**5.85%**	**5.14%**

Key Highlights

- **Gross tax revenue is up 13% in FY24, led by buoyancy in Direct Tax collection. It is expected to grow by 11% in FY25. The expectations are likely to be met.**
- Tax Buoyancy in indirect taxes is likely to continue in FY25 as well. GST collection for FY25 is likely to grow by 12%. Assuming 7% real GDP growth, 4% Inflation, and 1% with compliance, the numbers seem to be achievable.
- Net government borrowings for FY24 is targeted at 16.85 Lc Cr vs. 17.34 Lc Cr in FY24.
- The fiscal deficit for FY25 is pegged at 5.1% on account of improved revenue and a higher base of nominal GDP.

Fiscal Account FY24-25: Subsidy & Non Tax Receipt

Subsidy (In Cr)	2022-23 Actuals	2023-24 Budget Estimates	2023-24 Revised Estimates	2024-25 Budget Estimates
Food	**2,72,802**	**1,97,350**	**2,12,332**	**2,05,250**
Fertiliser	**2,51,340**	**1,75,103**	**1,88,902**	**1,64,103**
Urea	*1,65,217*	*1,31,100*	*1,28,594*	*1,19,000*
Nutrition based	86,122	44,000	60,300	45,000
Petroleum	**6,817**	**2,257**	**12,240**	**11,925**
LPG	*6,817*	*2,257*	*12,240*	*11,925*
Kerosene				
Interest Subsidies	41,676	27,565	23,980	25,550
Other	5,281	812	3,090	2997.53
Total	**5,77,916**	**4,03,084**	**4,40,536**	**4,09,723**

Non Tax and Capital Receipt (In Cr)	2022-23 Actuals	2023-24 Budget Estimates	2023-24 Revised Estimates	2024-25 Budget Estimates
Interest	27,852	24,820	31,778	33,107
Dividends	99,913	91,000	1,54,407	1,50,000
From Public Enterprises	*59,953*	*43,000*	*50,000*	*48,000*
From RBI & Financials Institutions	39,961	48,000	1,04,407	1,02,000
Disinvestment	46,035	51,000	30,000	50,000

Subsidy budget reduced in FY25 on account of normalcy

- In line with our expectations, the overall subsidy budget has been reduced to 1.25% of GDP vs. 1.48% in the last year, on account of the encouraging pace of the economic recovery.
- Allocation in the fertilizer subsidy is pegged at Rs 1.64 Lc Cr vs. 1.88 Lc Cr in FY24

A Reasonable Disinvestment Target in FY25

- In line with our expectations, the target for FY24 disinvestment has been revised to 30,000 Cr and the same for FY25 has been set at 50,000 Cr. Both seem reasonable.
- Estimates for the RBI dividends are set at 1.5 Lc Cr in FY25.

Government Schemes: Major Outlay

In Cr	2022-23 Actuals	2023-24 Budget Estimates	2023-24 Revised Estimates	2024-25 Budget Estimates	% Increase over FY24 RE
Centrally sponsered Schemes					
Core of the Core Schemes	**1,11,234**	**86,145**	**1,08,191**	**1,12,516**	**4%**
National Social Assistance Progam	*9,651*	*9,636*	*9,652*	*9,652*	**0%**
MNREGA	90,806	60,000	86,000	86,000	**0%**
Others	*10,777*	16,509	*12,539*	*16,864*	**34%**
Core Schemes	**3,26,842**	**3,89,960**	**3,36,722**	**3,89,272**	**16%**
Pradhan Mantri Krishi Sinchai Yojna	6,380	10,787	8,781	11,391	**30%**
Pradhan Mantri Gram Sadak Yojna	18,783	19,000	17,000	12,000	**-29%**
Pradhan Mantri Awas Yojna (PMAY)	73,515	*79,590*	*66,103*	*80,671*	**22%**
Jal Jeevan Mission / National Rural Drinking Water Mission	54,700	70,000	70,000	70,163	**0%**
Swachh Bharat Mission	1,926	*5,000*	2,550	*5,000*	**96%**
Swachh Bharat Mission (Gramin)	4,925	7,192	7,000	7,192	**3%**
National Health Mission	33,803	36,785	33,886	38,183	**13%**
National Education Mission	32,875	38,953	33,500	37,500	**12%**
Environment, Forestry and Wildlife	485.24	758.8	535	713	**33%**
AMRUT and Smart Cities Mission	15,153	16,000	13,200	10,400	**-21%**
Modernisation of Police Forces	2,896	3,750	2,837	3,720	**31%**
Others	*81,400*	*1,02,143*	*81,330*	*1,12,339*	**38%**
Total Centrally sponsered schemes	**4,37,556**	**4,76,105**	**4,60,614**	**5,01,788**	**9%**
Major Central sector Schemes					
Crop Insurance Scheme	10,296	13,625	15,000	14,600	**-3%**
Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	58,254	60,000	60,000	60,000	**0%**

Key Highlights

- Allocation in the PMAY has increased to Rs 80,671 Cr vs. Rs 79,590 Cr in FY24 BE
- Allocation to MNREGA stands unchanged at Rs 86,000 Cr
- Allocation for the PM Gram Krishi Sinchai Yojana has increased by 30% in FY25 to 11,391 Cr.
- Rs 70,000 Cr allocated to the Jal Jeevan Mission
- National Education Mission has got an allocation of Rs 37,500 Cr, 12% higher than the revised estimates of FY24.
- AMRUT and Smart Cities Mission have received an allocation of 10,400 Cr.

Major Announcements on Infrastructure

Infrastructure Budget (In Cr)	2022-23 Actuals	2023-24 Budget Estimates	2023-24 Revised Estimates	2024-25 Budget Estimates	% Increase over FY24 RE
Roads	2,17,089	2,70,435	2,76,351	2,78,000	1%
NHAI	1,41,661	1,62,207	1,67,400	1,68,464	1%
Railways	1,62,410	2,41,268	2,43,272	2,55,393	5%
Urban development	77,310	76,432	69,271	77,524	12%
Smart Cities+AMRUT	15,153	16,000	13,200	10,400	-21%
MRTS and Metro Projects	23,603	23,175	22,988	23,104	1%
Shipping	1,688	2,219	2,395	2,346	-2%
Sagar Mala Port	412.31	360	435.88	700	61%
Power	9,313	20,671	17,635	20,502	16%
Aviation	9,321	3,113	2,922	2,300	-21%
Jal Shakti	11,962	20,055	19,517	21,028	8%
Pradhan Mantri Awas Yojna (PMAY)	73,515	79,590	66,103	80,671	22%
Pradhan Mantri Gram Sadak Yojna	18,783	19,000	17,000	12,000	-29%
Swachh Bharat	6,851	12,192	9,550	12,192	28%

Key Highlights

- Allocation to Railways has been increased to Rs 2.55 Lc Cr for FY25, reflecting a 5% increase over FY24 RE.
- Allocation to Road & Highways (NHAI) has been increased to Rs 1.68 Lc Cr in FY25
- Allocation to the Power sector has been increased to Rs 20,502 Lc Cr in FY25.
- Urban development continues to be the focus area. Rs 10,400 Cr have been allotted to Smart cities and Rs 23,104 Cr have been allotted to Metro Projects.
- Allocation to Swachh Bharat Mission has been increased by 28% to Rs 12,192 Cr.

Fiscal Account FY24-25: Expenditure Budget

Expenditure Major items (Cr)	2022-23 Actuals	2023-24 Budget Estimates	2023-24 Revised Estimates	2024-25 Budget Estimates
Pension	2,41,599	2,34,359	2,38,049	2,39,612
Defence	3,99,123	4,32,720	4,55,897	4,54,773
Subsidy				
Fertiliser	2,51,339	1,75,100	1,88,894	1,64,000
Food	2,72,802	1,97,350	2,12,332	2,05,250
Petroleum	6,817	2,257	12,240	11,925
Agriculture and Allied Activities	1,25,875	1,44,214	1,40,533	1,46,819
Commerce and Industry	44,363	48,169	47,350	45,958
Development of North East	990	5,892	5,892	5,900
Education	98,567	1,16,417	1,08,878	1,24,638
Energy	65,717	94,915	54,989	76,302
External Affairs	16,661	18,050	29,122	22,155
Finance	11,551	13,574	23,982	87,642
Health	73,551	88,956	79,221	90,171
Home Affairs	1,20,932	1,34,917	1,33,360	1,39,328
Interest	9,28,517	10,79,971	10,55,427	11,90,440
IT and Telecom	1,11,629	93,478	95,781	1,15,752
Others	1,01,108	1,17,008	1,18,020	1,23,136
Planning and Statistics	4560	6268	4,475	6291
Rural Development	2,38,396	2,38,204	2,38,984	2,65,808
Scientific Development	24,041	32,225	26,651	32,169
Social Welfare	40,470	55,080	46,741	56,501
Tax Admin	2,07,431	1,94,749	1,93,695	2,03,297
GST Compensation fund	1,63,506	1,45,000	1,45,000	1,50,000
Transfer to States	2,73,393	3,24,641	2,73,985	2,86,787
Transport	3,90,508	5,17,034	5,24,941	5,44,039
Union Territories	65,907	61,118	66,676	63,541
Urban Development	77,310	76,432	69,271	77,524
Grand Total	**41,93,157**	**45,03,097**	**44,90,486**	**47,65,768**
Pension	2,41,599	2,34,359	2,38,049	2,39,612

Key Highlights

- Total Expenditure: Rs 47.65 Lc Cr
- Education allocation is up 14%
- Health allocation is up 14%
- Scientific development allocation has been increased by 21%
- Transport allocation has been increased by 4%.
- Allocation to Social Welfare schemes has been increased by 21%

Cement - Positive

Winners: All Cement Companies

Losers: None

Key Budget Announcement

- **Infrastructure Investment Surge Sparks Optimism for Cement Sector Growth:** Increased investment in infrastructure is expected to drive cement demand, as higher capital allocation will lead to the building of more roads, airports, and highways.
- **Cement Sector Poised for Growth:** Construction of 2 Cr rural houses in the next 5 years is expected to positively impact cement demand. Additionally, a new housing scheme for the middle class is set to be announced, supporting higher cement consumption.
- **Gati Shakti Plan Monitoring Crucial for Cementing Efficient Infrastructure Growth:** Proper monitoring of the Gati Shakti Plan will enable efficient implementation of the overall infrastructure development program, facilitate long-term growth, and thereby increase cement demand.

Our View

Positive

- For all cement companies such as UltraTech, Ambuja, ACC, Shree Cement, JK Cement, JK Lakshmi, Birla Corp, and Star Cement

Infra - Positive

Winners: All Infra companies

Losers: None

Key Budget Announcement

- **Increase in capital expenditure by 11%** to Rs 11.1 Lc Cr to boost overall infrastructure. Higher allocation of funds to MORTH from Rs 2.70 Lc Cr to 2.78 Lc Cr to boost road infrastructure.
- **Higher capital outlay of 2.55 Lc Cr** for Railways to boost railway infrastructure.
- **Promotion of urban transformation** via Metro rail and NaMo Bharat.
- **Expansion of existing airports** and comprehensive development of new airports under UDAN scheme .
- **Implementation of 3 major railway corridor programmes** under PM Gati Shakti to improve logistics efficiency and reduce cost.
- **Opening of more medical college** positive for the EPC companies.

Our view

Positive

- **Under Coverage Stocks:** PNC Infratech; KNR Construction; HG Infra; KEC Intl; RITES; PSP Projects; Ahluwalia Contracts.
- **Non-coverage Stocks: RVNL**; IRCON; JKumar Infra; Titagarh Wagon; Texmaco Rail Engineering

BFSI – Neutral

Winners: **Banks – ICICI Bank; SBI; Bank of Baroda**

NBFCs – Aptus Value Housing Finance, Aavas Financiers

Losers: None

Key Budget Announcement

- **Capital outlay increased:**
  - ✓ **Massive tripling of the capital expenditure outlay:** Building on the massive tripling of the capital expenditure outlay in the past 4 years, there has been a significant multiplier impact on economic growth and employment creation. The Capex target for FY25 has been set at Rs 11.1 Lc Cr, up ~11%. FY25 Capex Outlay is ~3.4% of GDP
- **Housing Finance Companies**
  - ✓ **PM Awas Yojana (Grameen):** Under the PM Awas Yojana (Grameen), the government is close to achieving target of 3 Cr homes. The government plans to provide 2 Cr more houses over the next 5 years to meet the housing demand arising from the increase in the number of families.

Our View

- An increase in capital outlay should support credit growth in the Banking sector. This should be **positive for the entire Banking sector**.
- **Positive** for **Affordable Housing Financiers focused in rural markets and SFBs expanding their portfolio in the Affordable Housing Segment.**

Metals & Mining - Positive

Winners: Tata Steel; JSW Steel; SAIL; Jindal steel & Power; Hindalco; NALCO; Jindal Stainless

Losers: None

Key Budget Announcement

- **Infrastructure Push to Benefit Metals & Mining Sector:** The Union Budget's focus on infrastructure development will support the Metals & Mining sector. However, no major sector-specific announcements were made.
- **Capex outlay:** Capex outlay for FY25 is increased by 11.1 % YoY to Rs 11.11 Lc Cr, which forms ~3.4 % of GDP.
- The government **announces conversion of 40,000 normal rail bogies to the Vande Bharat standards**
- **Implementation of PM Awas Yojana (Grameen)** – In addition to the target of constructing 3 Cr houses, an additional 2 Cr houses will be initiated over the next five years to accommodate the growing demand due to an increase in the number of families. The increased allocation for PMAY stands at Rs 80,671 Cr.
- **Coal gasification and liquefaction** capacity of up to 100 metric tonnes will be established by 2030. Coal India will spearhead the establishment of the coal gasification facility, as previously announced.
- **Boost for Specialty Steel as PLI Expenditure Hits Rs 270 Cr:** The budgeted expenditure for the PLI (Production-Linked Incentive) scheme for specialty steel in India has increased to Rs 270 Cr for FY25, compared to Nil in FY24.

Our View

- Capex outlay for FY25 is supportive of metal demands in general. Positive for Steel and Aluminium companies as domestic demand will continue in line with the higher infrastructure and housing Capex.
- Jindal Stainless is set to benefit from the conversion of 40,000 normal rail bogies to the Vande Bharat standards.

Capital Goods & Wires & Cables – Positive; Consumer Durables – Neutral

Winners: Amber Enterprises; Polycab India; Pitti Engineering; Dixon Technologies

Losers: None

Key Budget Announcement

- **Aims to Construct 20 Mn Houses in Next Five Years:** Allocation under the PM Awas Yojana will focus on building 20 Mn houses in the next five years, up 50% vs. the revised 2023-2024 budget.
- **Gatishakti Boost:** Converting existing 40,000 bogies to Vande Bharat standards under Pradhan Mantri Gatishakti scheme.
- **Rooftop solarization:** Rooftop solarization to benefit 1 Cr households; 300 units of free electricity per month
- **Semiconductor and Display Manufacturing in India:** Investments in Development of Semiconductors and Display Manufacturing Ecosystem in India increased by 360% to Rs 6,200 Cr vs. the revised 2023-2024 budget of Rs 1,503 Cr.

Our View

- Positive for Wires & Cables and Building Material companies (being ancillary to the housing development)
- Positive for railway ancillaries.
- Positive for Visaka Industries in rooftop solarization
- Neutral for Semiconductor stocks: **Dixon Technologies**

Utilities & Power Ancillaries - Positive

Winners: Tata Power; KPI Green; Borosil Renewables; Adani Green; Waree renewable; Gensol Engineering

Losers: None

Key Budget Announcement

- **Rooftop solarization (Suryodaya Yojna):** As announced earlier, through the rooftop solarization (Suryodaya Yojna), 1 Cr households will be enabled to obtain up to 300 units of free electricity every month. This initiative is expected to result in savings of up to Rs 15,000 to 18,000 annually for households through free solar electricity and selling the surplus to distribution companies.
- **Net Zero emissions by 2070:** Towards achieving Net Zero emissions by 2070, viability gap funding will be provided for harnessing offshore wind energy potential, starting with an initial capacity of 1GW.
- **Reform Linked Distribution Scheme:** Budgeted expenditure for the Reform Linked Distribution Scheme in FY25 has increased to Rs 14,500 Cr from Rs 12,071 Cr in FY24.
- **Budgeted expenditure for Solar Power (Grid)** in FY25 has increased to Rs 8,500 Cr from Rs 4,970 Cr in FY24.
- **National Green Hydrogen Mission** budgeted expenditure for FY25 has increased to Rs 600 Cr from Rs 297 Cr in FY24.
- **Viability Gap Funding for the development of Battery Energy Storage Systems** has been budgeted at Rs 96 Cr for FY25, compared to Nil in FY24.

Our View

- The Suryodaya Yojna is positive for entire rooftop solar value chain which includes: Solar Cells, Solar Glass, Solar Modules, Solar Panels, Solar Batteries, Solar EPC, Solar Power Storage, Transformers, Power Cables, Chemicals and Power financers.
- **Stocks:** Tata Power, KPI Green, Borosil Renewables, Adani Green, NHPC, Waree renewable, Gensol Engineering.
- Offshore wind EPC companies – Siemens, Vestas

FMCG - Positive

Winners: HUL, Dabur, Nestle, Britannia, Jyothy Labs, Asians Paints

Losers: None

Key Budget Announcement

- **Infrastructure boost –** The increase in infrastructure development capital expenditure by 11.1% to Rs 11.11 Lc Cr, which is 3.4% of GDP. This will lead to massive employment opportunities in rural areas.
- **Matsya Sampada (PMMSY) –** Department for Fisheries, realizing the importance of assisting fishermen under PMMSY, will step up investment to enhance aquaculture productivity from the existing 3 to 5 tons per hectare. This includes setting up five integrated aquaparks, doubling exports to Rs 1 Lc Cr, and generating 55 Lc employment opportunities.
- **Skill Development** – Under RSETI, each district of the country will provide training to rural youth from poor households to set up micro-enterprises.
- **Food subsidy (free food grains) to underprivileged:** Under Pradhan Matri Garib Kalyan Anna Yojana (PMGKAY), food subsidy (free food grains) will be provided to underprivileged. For this, the government has allocated Rs 2 Lc Cr.
- **Tourism –** The government has increased its focus on spiritual tourism by encouraging states to develop tourism centers .This is expected to provide additional employment opportunities in states.

Our View

- This budget will have an indirect benefit to the rural sector through infrastructure boost, tourism, fisheries, skill development, and PMGKAY. These initiatives are expected to increase rural income, thereby reducing the sole reliance on agriculture income.
- **Positive** for employment generation as well as for ensuring multiplier effect
- **Positive** for major FMCG companies with more growth driven from rural regions – **HUL; Dabur; Nestle; Britannia; Jyothy Labs**
- **Positive** for Consumer Discretionary companies such as **Asian Paints** (due to PM Awas Yojana)
- **Neutral** for Cigarette manufacturing companies such as **ITC, Godfrey Phillip, and VST Industries**

Agriculture - Positive

Winners: Coromandel International; Avanti Feeds; Coastal Corporation; Dairy Corporation

Losers: None

Key Budget Announcement

- **Nano DAP:** After the successful adoption of Nano Urea**, application of Nano DAP** on various crops will be expanded in all agro-climatic zones.
- **Value addition in the agricultural sector:** The efforts for value addition in the agricultural sector and boosting farmers' income will be stepped up. To ensure faster growth of the sector, our government will further promote private and public investment in post-harvest activities, including aggregation, modern storage, efficient supply chains, primary and secondary processing, marketing, and branding.
- **Comprehensive programme for supporting dairy farmers:** A comprehensive programme for supporting dairy farmers will be formulated. Efforts are already underway to control foot and mouth disease. India is the world's largest milk producer, but with low productivity of milch animals. The programme will be built on the success of existing schemes such as the Rashtriya Gokul Mission, National Livestock Mission, and Infrastructure Development Funds for dairy processing and animal husbandry.
- **Separate Department for Fisheries to boost aquaculture production further:** The government set up a separate Department for Fisheries after realizing the importance of assisting fishermen. This has resulted in the doubling of both inland and aquaculture production. Seafood export since 2013-14 has also doubled. The implementation of the Pradhan Mantri Matsya Sampada Yojana (PMMSY) will be stepped up to enhance aquaculture productivity from the existing 3 to 5 tons per hectare, double exports to Rs 1 Lc Cr, and generate 55 Lc employment opportunities in the near future. Five integrated aquaparks will be set up.

Our view

- **Positive:**
- **Coromandel International Ltd.** sells various types of phosphatic fertilizers in the domestic market. It holds approximately 40% share in the sales of unique grade fertilizers in India. Overall, it is the second-largest phosphatic seller in India and the largest single super phosphate (SSP) seller, commanding a market share of around 15%. The company is expected to be a key beneficiary of the Nano DAP announcement.
- Dairy Sector will be a beneficiary.
- Players such as **Avanti Feeds, Coastal Corporation, Apex Frozen Foods** will be the key beneficiaries of the PM Matsya Sampada Yojana.

Green Energy/Decarbonisation - Positive

Winners: Praj Industries Ltd,

Losers: None

Key Budget Announcement

The following measures are in the pipeline for meeting commitment of 'net-zero' by 2070:

- Phased mandatory blending of compressed biogas (CBG) in compressed natural gas (CNG) for transport and piped natural gas (PNG) for domestic purposes will be mandated. Financial assistance will be provided for the procurement of biomass aggregation machinery to support collection.
- **Harnessing offshore wind energy potential:** Viability gap funding will be provided for harnessing offshore wind energy potential for initial capacity of 1 gigawatt. Coal gasification and liquefaction capacity of 100 MT will be set up by 2030. This will also help in reducing imports of natural gas, methanol, and ammonia.
- **Promoting green growth:** For promoting green growth, a new scheme of bio-manufacturing and bio-foundry will be launched. This will provide environmentally friendly alternatives such as biodegradable polymers, bio-plastics, bio-pharmaceuticals, and bio-agri-inputs. This scheme will also help in transforming today's consumptive manufacturing paradigm to the one based on regenerative principles.

Our view

- **Praj Industries** will be a key beneficiary of the phased mandatory blending of CBG with CNG for transport and PNG.

Auto - Neutral

Winners: Olectra Greentech, JBM Auto, Tata Motors

Losers: None

Key Budget Announcement

- **Infrastructure Boost and Connectivity Focus in Budget 2024:** The budget's thrust on infrastructure development with a total Capex outlay of Rs 11.11 Lc Cr bodes well for the auto sector. The budget's logistics focus on connectivity for ports, coal, steel, and minerals is positive for the auto sector.
- **E-Vehicle Ecosystem and Public Transport:** With a continued focus on the green economy, the government will expand and strengthen the e-vehicle ecosystem by supporting manufacturing and charging infrastructure. Greater adoption of e-buses for public transport networks will be encouraged through a payment security mechanism.
- **Push for EV Self-Reliance:** The Central Government Scheme for Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India - (FAME - India) has been reduced from ~Rs 5,172 Cr (as per Budget 2023-24) to ~Rs 2,671 Cr in Budget 2024-25. This is in line with the government's continued intent of making the industry self-reliant and increasing competition among OEMs.
- **PLI Scheme Swells to Rs 3,500 Cr:** The budgeted figure for Production Linked Incentive (PLI) Scheme for Automobiles and Auto Components has increased to ~Rs 3,500 Cr from ~Rs 604 Cr previously.
- **PM-eBus Scheme:** The Government has budgeted Rs 1,300 Cr under the PM-eBus Scheme aimed to augment bus operations by deploying 10,000 electric buses on a PPP model.

Our View

- Positive for CV Auto OEMs such as Ashok Leyland, Tata Motors, Olectra Greentech, JBM Auto.
- Positive for the PV and 2W sector.

IT Services - Positive

Winners: IT Services Companies

Losers: None

Key Budget Announcement

- **India's Technological Leap and Global Opportunities:** New-age technologies and data are changing the lives of people and businesses. They are also enabling new economic opportunities and facilitating the provision of high-quality services at affordable prices for all, including those at the 'bottom of the pyramid'. Opportunities for India at the global level are expanding. India is showcasing solutions through the innovation and entrepreneurship of its people.
- **Fueling Innovation:** A corpus of Rs 1 Lc Cr will be established with a 50-year interest-free loan. The corpus will provide long-term financing or refinancing at low or nil interest rates and with long tenors. This will encourage the private sector to scale up research and innovation significantly in sunrise domains. The government will encourage programs that combine the powers of our youth and technology.
- **New Scheme Unveiled to Strengthen Deep-Tech Technologies:** A new scheme will be launched for strengthening deep-tech technologies for defense purposes and expediting 'atmanirbharta'.

Our View

- Positive for all IT services companies
- We are positive on the IT/ITes companies over the long term in light of encouraging support to the sector.

Real Estate - Neutral

Winners: None

Losers: None

Key Budget Announcements

- **Affordable Housing Scheme for Middle-Income Households:** The government will launch a scheme for affordable housing or pucca housing for Middle Income households namely – Living in rented house, slums, chawls, and unauthorized colonies to buy/build their own homes.
- **Housing for All' Reaches Every Household in Record Time:** Development programs that have been implemented over the last ten years for every household or individual were reached through 'Housing for All' in record time.
- **A Steadfast Progress Toward 3 Crore Homes:** Implementation of PM Awaas Yojna Gramin continued and is close to achieving the target of 3 Cr houses. Two Cr more houses will be taken up for the next 5 years to meet the requirements arising from the increase in the number of families.
- **Increased Unit Assistance Empowering Rural Housing:** Unit assistance (per-household) provided by the scheme is enhanced to Rs 2 Lc in plain areas (from Rs1.2 Lc in the previous year) and up to Rs 2.2 Lc in IAP, Hilly, North Eastern, and difficult regions (from 1.3 Lc in the previous year).

Our view

- Mid-segment housing and Tier-3 housing to witness higher demand moving forward.
- **Neutral** for large players such as **Godrej Properties, Macrotech Developers, Prestige Estates might benefit** due to upcoming mid-segment and affordable projects.
- **Positive** for redevelopment projects due to the increase in housing demands resulting from the growing number of families.

Pharma - Neutral

Winners: KIMS; Aurobindo; DR Reddy; Cipla; Aarti Drugs

Losers: None

Key expectations from the budget announcement

- **Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY):** The government has increased the allocation under this scheme to Rs 7,500 Cr, an increase of 9% YoY. This could benefit hospital players with the expansion of the insurance base.
- **Production Linked Incentive (PLI) Scheme for Pharmaceuticals:** The outlay under this scheme stands at Rs 2,143 Cr , up 26.4% YoY. This scheme is majorly benefitted API manufacturers.

Our view

- An increase in the insurance base could benefit the hospital players. The proportion of revenue in Hospitals' revenue mix is gaining. **Medanta, Healthcare Global Enterprises (HCG), and KIMS will be benefitted.**
- API manufacturers such as **Aurobindo, DR Reddy, CIPLA, Aarti Drugs, and Granules India could benefit from the PLI Scheme.**

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