



Indian Market View

Debashish Neogi

Investors would have been relieved that there were no new taxes or cesses on income tax, or any increase in GST rates. Companies were not hit by any across the board tax increases. Some had feared a wealth tax or an inheritance tax could make it into the budget. The government has done none of that.

Instead, it has taken a China-style approach to spurring the investment cycle, putting its weight behind capital investments, and increasing allocations on this account.

On the face of it, the government has done a good job, of giving everybody what they want without hurting anybody with a significant increase in taxes. That has meant that the projected fiscal deficit for FY22 stands at 6.8percent of GDP, which given the unusual stress caused by the pandemic is an acceptable deviation. As balancing acts go, it's a good one. But it also means that much depends on how the economy does in FY22, as tax revenues will depend chiefly on GDP growth.

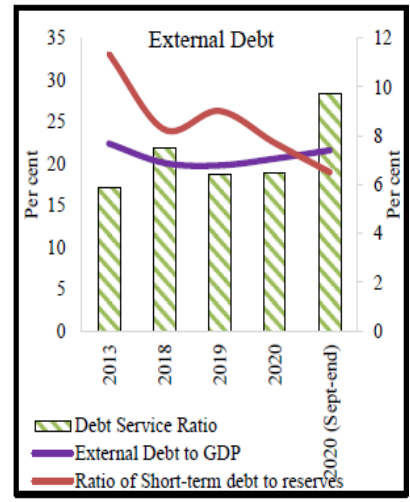
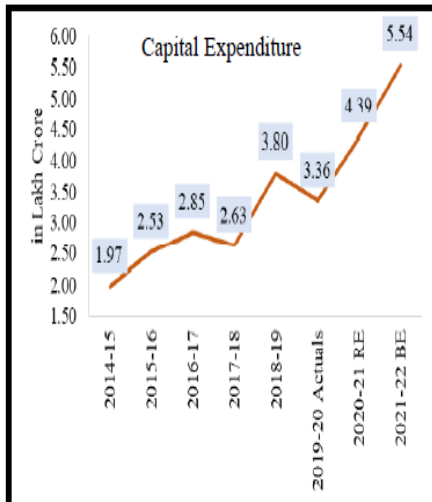
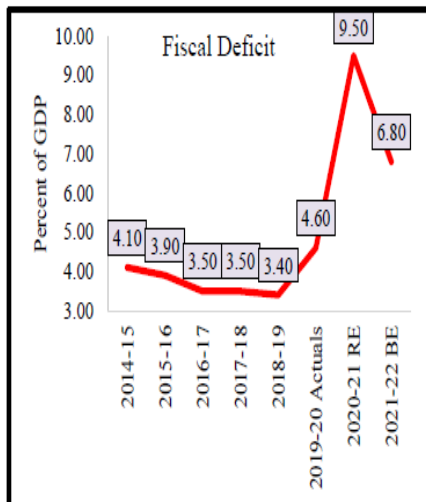
Top Highlights of Budget 2021 (What I find worth Noting)

1. **No tax returns for Senior Citizens**, age 75 years and above who have pension and interest income
2. **Reduce** time limit for **reopening of tax assessments** to 3 years.
3. **Affordable housing** is a priority area Rs 1.5 lakh for loans to purchase affordable house is now **extended** by one more year .
4. India FY21 **budget deficit** is said to be 9.5% of GDP. FY'21 fiscal deficit (Revised Estimate) pegged at 9.5% of GDP; **fiscal deficit** seen at 6.8% for FY22
5. **Divestment target** for FY22 at Rs 1.75 lakh cr.
6. Other than IDBI Bank, **two other PSBs** and **one general insurance** company to be **divested** in FY22
7. **Decriminalisation under LLP Act** Small Company definition changed, One Person Company revamped will be big Boost to Startups by increasing their threshold for paid-up capital, from not exceeding Rs 50 lakhs, to not exceeding Rs 2 crores and Turnover from not exceeding Rs 2 crores to not exceeding 20 crores; **NRIs to be allowed to set up One Person Companies.**
8. Through the past year, the Finance Minister announced a Rs 30-lakh-crore plan, in 'mini-budgets' to beat Covid 23. Aim to double farmers income. The total financial impact of all **Aatma Nirbhar packages** including measures taken by RBI was estimated to be about Rs 27.1 lakh crores
9. A portion of the agricultural fund will be allocated to **APMC for furthering their infrastructure** .
10. New scheme called PM **Aatma Nirbhar Swastha Bharat** to be launched, outlay of `64,180cr over 6 yrs
11. Voluntary scrapping policy to **phase out polluting vehicles**. Vehicles to undergo fitness tests after 20 years for personal vehicles and 15 years for CVs
12. **Jal Jeevan Mission Urban** to be launched at outlay of Rs 2.87 lakh crore. 17,000 rural and 11,000 urban health and wellness centers to be set up.
13. India has **two COVID-19 vaccines** available and we expect two more vaccines soon .
14. FY22 budget proposals based on **six pillars** namely **Health & Well-being, Inclusive Development Human Capital, Innovation and R&D, Physical & Financial capital and infrastructure, Minimum government, maximum governance.**
15. FY22 outlay (budget estimate) **for health & well-being up 138%**, is Rs 2,23,846 cr.
16. Scheme **of mega integrated textile park** will be launched in addition to PLI scheme, 7 textiles parks to be unveiled over 3 years.
17. Professionally managed **development financial institution (DFI)** will be introduced with an allocation of 20,000cr; Rs5 lakh cr will be lent by **DFI in 3 years time**

18. Asset monetization dashboard will be created to provide clarity to investor
Monetization of gas pipeline of GAIL, HPCL planned
19. To tackle the **problem of air pollution**, Rs 2200 crore for 42 urban centers; a vehicle scrapping policy towards reducing vehicular pollution
20. Rs. 2.86 Cr. **Household tap connection** to be established.
21. **Highway works proposed**: 3500kms corridor in TN 1,100km in Kerala at investment of Rs 65,000 cr 675km in West Bengal at cost of Rs 95,000 cr 1300 kms in Assam in coming 3 years
22. Over 13,000 km length of roads at a cost of Rs 3.3 lakh cr has already been awarded under Rs 5.35 lakh cr **Bharatmala project** of which 3,800 kms have been constructed
23. Scheme to **assist Discoms** will be launched with an outlay of over Rs 3 lakh cr
24. Four Acts converged into **Securities Market Code**, Investor Charter Introduced to Protect Investors, Insurance Act Amended to introduce FDI and AMC to be set up to take over stressed debts of Banks
25. Propose to amend the **Insurance Act**, propose to hike **FDI limit to 74 percent from 49 percent**. Also to allow foreign ownership & control with safeguards
26. **Ujjwala Scheme** to Cover 1 Crore more Beneficiaries. Ujjwala scheme will be expanded to over 1 crore more beneficiaries. Will add 100 more districts in the next three years to the city gas distribution network. A gas pipeline project will be taken up in Jammu and Kashmir
27. 100 more Dist. to be added under **City Gas Expansion**
28. To provide Rs 20,000 crore in FY22 for **recapitalisation of public sector banks**.
29. **Asset reconstruction and management company** to be set up for stressed assets of banks
30. The MSP regime has undergone a change to assure price that is at least 1.5 times the cost of production across all commodities.
31. **National Infrastructure Pipeline** was launched with 6835 projects
32. **One-nation, one-ration plan** under implementation by 32 states and union territories
33. **Five major fishing harbours** to be developed as hubs for economic activity Substantial investments in the development of modern fishing harbours & fish landing centres. 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip and Petuaghat will be developed as hubs for economic activities
34. **Micro irrigation corpus** doubled to Rs 10,000 cr.
35. **Education** : 100 new sainik schools will be set up in partnership with NGOs. There are other 'umbrella' structures to be created for higher education. More than 15,000

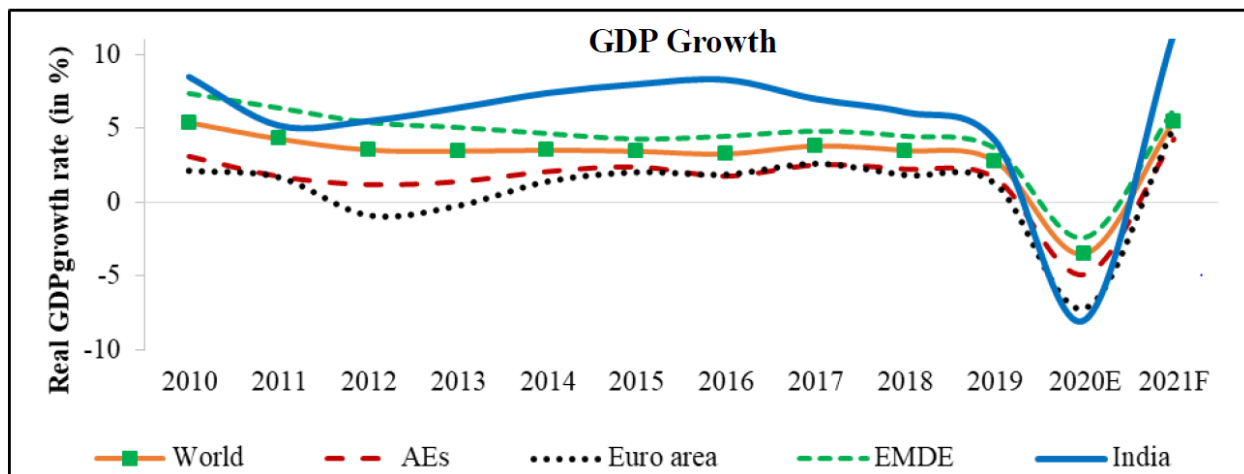
schools in the country will be qualitatively strengthened to include all components of the National Education Policy

36. On the recommendations of the 15th Finance Commission, a detailed exercise has been undertaken to **rationalize and bring down the number of Centrally Sponsored Schemes**. This will enable consolidation of outlays, for better impact
37. New scheme at a cost of ₹ 18,000 crore for augmentation of public bus transport services 89. Will facilitate deployment of innovative PPP models enabling private players to finance, acquire, operate and maintain over 20,000 buses
38. FY'22 Gross borrowing target at Rs 12 lakh crore; need another Rs 80,000cr in next 2 months, will approach market to raise it
39. Govt proposes portal to collect info on gig-workers, building and construction workers, among others
40. Govt proposes to amend apprenticeship law to enhance opportunities for youth
41. Contingency Fund of India corpus to be raised to Rs 30,000 crore.
42. Normal ceiling for net borrowing for states at 4% of GSDP as per Finance Commission recommendations
43. Rs 1,500 cr earmarked for scheme to incentivise digital payments:
44. FM says government committed to bringing down fiscal deficit below 4.5 pc of GDP by 2025-26
45. Big boost for startups. Incorporation of one person companies to incentivize innovation in startups. Reducing residency limit for Indian citizen to set up 1 person company from 182 to 120 days





View from Washington DC Saugata Banerjee



This budget has to be seen in the light of current economic environment. IMF, World Bank S&P Moody all have projected India GDP to be bouncing back with a growth of around 11% next fiscal.(obviously given the lower base and a sharper fall of 7.7% in 2020). **Still the budget is delivered in a feel good factor environment albeit a crises period.**

The Budget is modest pro-market and Pro-growth and looked for supply side revival than the demand side revival as is done in USA, Germany and other G-20 countries.

Covid 19 Pandemic, necessarily the Government focused on Health & Well being, and with a great wisdom did not try to impose new taxes and duties, the stimulus package is almost 16% of the GDP taking RBI into Consideration. However, New custom duty code will come in place from 01/10/2021 which may have a major impact relating duty exemption structure.. Government in many areas allowed extension of incentives or exemption by 1 year to take care of lost time due to CoVID-19.

Agriculture : Ongoing Farmer Protests prompted Government to showcase their commitment throughout the budget. There has been special allocation of funds for Wheat, Bajra etc procurement under MSP, budget for more APMCs etc. At least in a democracy this is a direct benefit of protesting farmers as of now. Otherwise, majority of the Government Schemes are rural and semi urban focused which is the New Welfarism of the Modi Government which worked well for Indian mass.

SIX pillars Growth introduced : Health & Well-being, Inclusive Development Human Capital, Innovation and R&D, Physical & Financial capital and infrastructure, Minimum government, maximum governance.

It is to be seen whether this brings focus to implementation. Like past Budgets, this budget Also added and extended too many projects with non significant allocations. Al though the Government is trying to rationalize many central Government projects for better impact which is a good sign.

It is only mentioned after last year small allocation, National research foundation will get 50k cr but the plan, program and focus not clear. We are almost 5 years behind China in this respect.

100 **sainik** schools will be opened which shows that citizens are not enrolling in Army so this is a special goal. This would bring regimented discipline to a great extent socially.

Although the Government did not do direct money transfer but

Infrastructure is the key cornerstone for this Budget-

By next year 8500km of ROAD project will be completed and significant allocation for road transport (under **Bharatmala** highways in Tamilnadu, Kerala, West Bengal and Assam will be the focus areas – all non-BJP states going for election) Railway will get record 1.1 lacs cr, Public buses will get 18k cr City gas distribution in new 100 disticts will be included. Like always significant spending on **Railway Capital Budget**, **Rural infra fund** will get 40k cr; 5 major fishing hubs would be developed in the country, Special Focus on **Water Infrastructure and distribution** network.

If fund are mobilized properly and spend, this will surely create lot of multiplier effect as is required after pandemic, there will be employment growth to be seen.

For the Industry

7 Mega Investment Textile parks in 3 year. so internationally we shall be fighting with Bangladesh, Vietnam, Thailand and Indonesia), it's a tough call but need to see its contribution.

Vehicles to be scrapped in 20 years (personal) and 15 years Commercial but that is also voluntary – **so not much of an effect for Automobile Industry.**

- ❖ Rationalised single Securities Markets Code by 2022
 - ❖ World class fintech hub at GIFT IFSC
- ❖ Permanent institutional framework for Corporate bond market
- ❖ SEBI as regulator and greater role for WDR for development of commodity market ecosystem
 - ❖ Investor charter as a right across all financial products
- ❖ Amending the Insurance Act, 1938 to increase the FDI limit with safeguards
- ❖ Asset Reconstruction Company Limited and Asset Management Company to resolve stressed assets problem of PSBs.

Digital Focus

Support to Digital Infrastructure, Tax Audit Relief for up to Rs 10 crore with 95% digital transaction (difficult to implement and not much of incentives)

New Welfarism continued

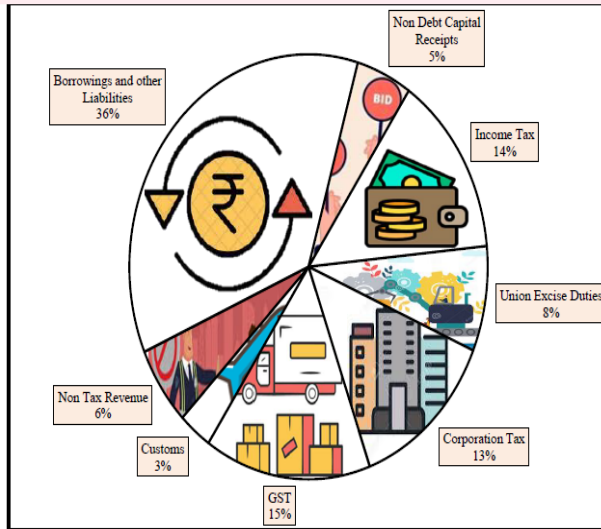
Sacha Bharat strengthened, One Nation One Ration Card(Migrant Labourer), new Swastha Bharat, Atma Nirbhar Bharat etc, - lets hope all achieve the purpose.

Where will the money come from ?

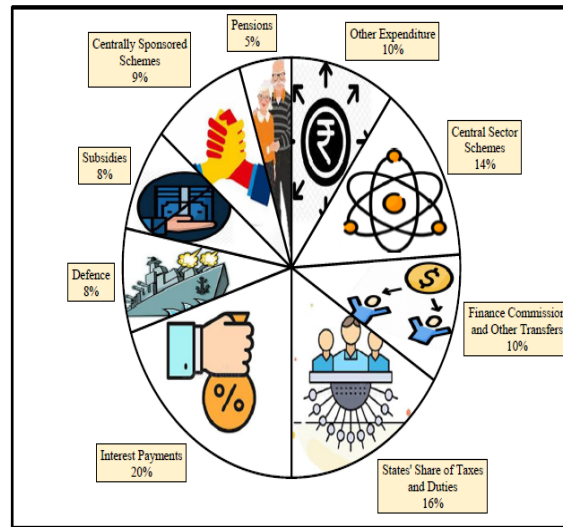
Mainly, PSUs divestment will take in FY 21-22 INCLUDING 2 public banks & 1 General insurance company, LIC IPO, FDI in insurance- increase to 74% from 49%, Development financial Institute(**old wine in a new bottle**); Railway will sale dead assets, PSUs warehousing assets will be sold (**huge retail estate Development possibility**), GAIL IOC HPCL Will sale pipeline assets, **Customs duty Rationalization of Exemption (This is a big event to be watched in October 21)**

Finally, Government will borrow 12 lacs cr for FY 2022 (But still within the accepted level)

Rupee comes in



Rupee goes out



At least the Budget accepted that Fiscal deficit will be 9.5% in the current fiscal year and will come down to 6.8% in 2021-22. However, the most important factor for the economy is to spend the money as proposed in the project and That will be only possible if the big bang privatization and monetization of the assets can be completed as proposed.

-----ADVERTORIAL-----



CLICK

<https://digitiancapital.com/SurrogateInvestor/Login.aspx>

Be a millionaire Start Surrogate Investment ?

World First digital surrogate investor platform is now ready and for the first 6 months registration is **FREE**

Surrogate Investment refers to getting the benefits of Investment in stock like a professional without the pain of tracking the stock, studying the market trend and the time it takes to do the same. **REAL TIME**

Why it is a success:

- **Skin in the game:** the fund managers picked up these shares and invested in themselves basis proprietary Research
- **Time to market :** They are keeping daily watch on the stock/market behaviour and that of the global trend
- **Regular Profit booking :** They make profit and you make too in the short run

- **Professional Expertise & Performance Track:** Fund managers are super Qualified Professional Experts with their Return CAGR varies between 35%- 48% over last 10 years

What you have to do ?

- Have your trading account for full control of your money
- Act fast when Buy and Sell advice is given and make Huge Profit
- Only pay Back if you made money

Success returns :

Surrogate Investors are making 100%+ to 450% annualised return from each trade