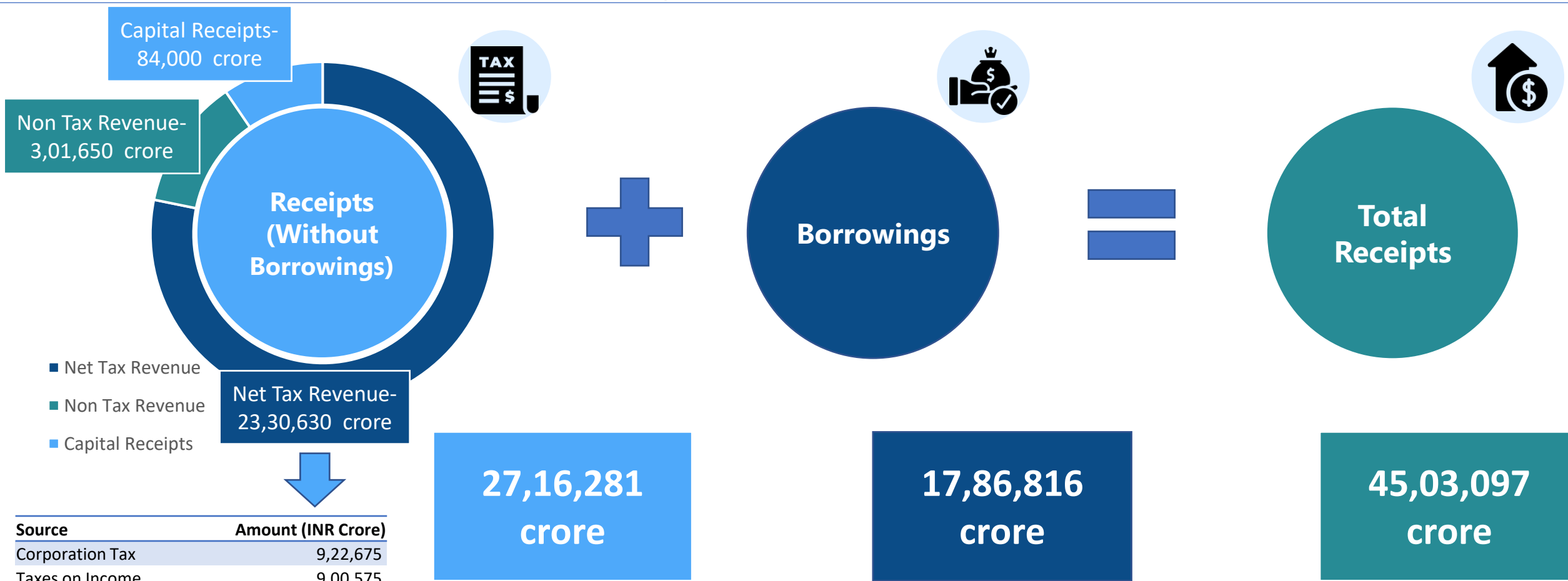




BUDGET FY2024 EXPECTATIONS

CNI RESEARCH
January 25/01/24

Revenue Breakup Analysis (All Figures in INR)



- Net Tax Revenue
- Non Tax Revenue
- Capital Receipts

Net Tax Revenue-
23,30,630 crore

27,16,281
crore

17,86,816
crore

45,03,097
crore

Source	Amount (INR Crore)
Corporation Tax	9,22,675
Taxes on Income	9,00,575
Goods and Services Tax	9,56,600
Customs	2,33,100
Union Excise Duties	3,39,000
Service Tax	5,00
Union Tax	8,408
Centre's Gross Tax Revenue	33,60,858
Devolution to States	10,21,448
Net Tax Revenue	23,30,631

Fiscal Numbers Comparison: Estimates v/s Actuals

Fiscal numbers show strong positive in first-half

Head	Total BE23-24	Actual half-yearly	Actual half-yearly (% of BE23-24)	Impact
Receipts	27.16 lakh crore	13.97 lakh crore	53%	Positive
Taxation	23.30 lakh crore	11.60 lakh crore	49.8%	Positive
Expenses	45.03 lakh crore	21.19 lakh crore	47.1%	Positive
Fiscal Deficit	17.86 lakh crore	7.02 lakh crore	39.3%	Positive

The Big 3 Numbers

Head	GST	Direct Taxes	Fiscal Deficit
BE23-24	15.37 lakh crore	18.24 lakh crore	17.86 lakh crore
CNI Expectations	20.08 lakh crore	22.90 lakh crore	14.86 lakh crore

% Beat

30%

25%

16%

Key Highlights

Fiscal Deficit Under Control

Fiscal deficit is targeted at 5.9% of GDP in 2023-24. The government aims to steadily reduce fiscal deficit to 4.5% of GDP by 2025-26. ***The chances of fiscal deficit below 5.7% in FY 2023-34 is very bright.***

Growth Revival

Nominal GDP is expected to grow at 11.8% (i.e. real growth plus inflation) in 2023-24.

Budgetary Expansion

Robust tax revenues have changed the financial position of India. The government on record said that it has a cash surplus of Rs. 3.4 lakh Crores. We expect expansion of the budget by 10% to 50 lakh crores.

Efforts are being made to bring tourism in the GDP, which may help government to raise GDP to 8% in the coming years.

Budget Trends

Economy- Continuing positives on multiple fronts

Possible full convertibility

If this happens, ROAD to USD 1 trillion foreign exchange reserves will be clear.

Gradual Tax Slab Increase

To make life easy, tax slabs will be raised considering that individuals are taxed higher than Corporate India. Secondly, there is realization that lower the rate of taxes, higher will be the revenue.

Widening Tax Net

Though the tax base is 8.7 crores, the Demat account holders are above 13.5 crores and no. of investors (as per BSE Website) is 16 crores. This will rise to 25 crores soon that is 18% of the population which will become market balancers.

Continued Digitisation Focus

Rapid digitization has brought the parallel economy to a standstill. With increase in % of online transactions, GST cannot be evaded

Equities- Upward fillip

- FY25 earnings growth is expected to be over 30%.
- Nifty is trading at a PE of 19(One year forward)
- Nifty 33 years average PE is 25.
- In our view, budget shall take Nifty towards 23000 to 24000 before elections.
- With expected rise in the number of investors to 25 crores, small caps and mid caps will have special attractions.
- FPI, AUM is close to \$750 bn whereas DII are also at \$700 bn hence threat of market distortion is very low.
- PSU of \$700 bn is the largest stakeholder. PSU theme will continue.
- LIC alone holds \$566 bn share in AUM.

Key Themes - Government Spending Focus

