



BUDGETARY ECONOMY HIGHLIGHTS

FISCAL DEFICIT

Fiscal deficit for FY13 seen at 5.2% of GDP, while for FY14 the same has been forecasted at 4.8% of GDP. Finance Minister (FM) also expressed that currently Economy is running with huge fiscal deficit, So India had no choice but to rationalise expenditure.

CURRENT ACCOUNT DEFICIT

The one of the most concerning factor of the Indian Economy is current account deficit, as per FM to fund this deficit India will need more than \$75 billion this year and next year.

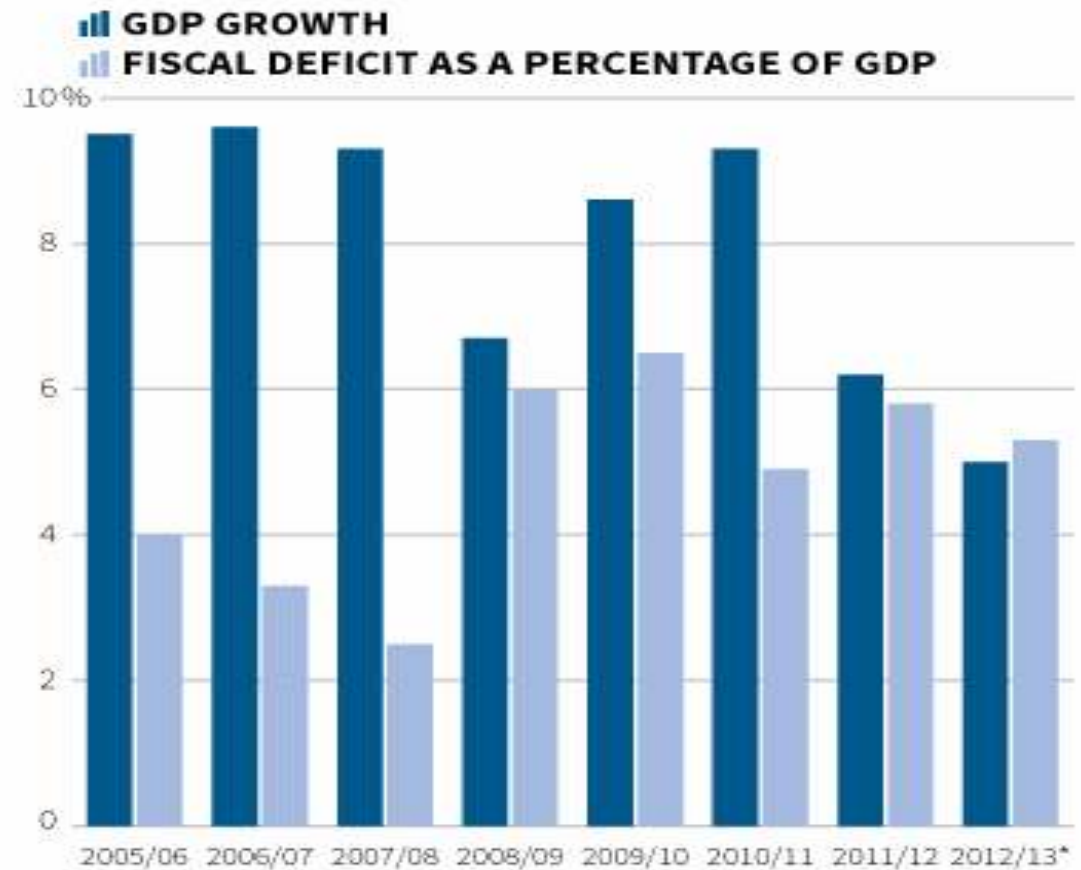
SPENDING

Govt has seen Total Budget expenditure at 16.65 trillion rupees in 2013/14, out of which 5.55 trillion rupees would for plan expenditure and 12 trillion rupees has been estimated for Non-plan expenditure in the same year. Govt has also revised estimate for total expenditure is 14.3 trillion rupees in 2012/13, which is 96 pct of budget estimate, apart from this Govt has also allocated 100 billion rupees towards spending on food subsidies in 2013/14.

GROWTH & INFLATION

FM stated that, India faces challenge of getting back to its potential growth rate of 8%, India must decisively embrace growth as highest goal with apprehension of food inflation, which will be controlled by taking effective steps to augment supply side.

Indian Economy, Growth & Deficit



Source: Reuters India

SECTORAL IMPACT OF BUDGET 2013

POWER

Proposals & Schemes

- ✎ Proposal of zero customs duty for electrical plants and machinery
- ✎ To equalise duties on steam and bituminous coal to 2% customs duty and 2% countervailing duty
- ✎ To reintroduce generation based incentive for wind power projects. Rs 800 crore provided for the purpose to Ministry of New & Renewable Energy.
- ✎ 80 IA benefit for power plants extended.

Impact

- ✎ **Non-conventional source of power like wind based power generation to get a boost.**
- ✎ **Continuation of deduction u/s 80IA likely to help the sector.**

BANKING

Proposals & Schemes

- ✎ Public Sector Banks to get Rs 14000 crore capital support in FY14 and Rs 12517, crore in FY2012-13.
- ✎ All Women's Bank to be set up via public sector with an initial capital of Rs 1000 crore.
- ✎ 4% farm loan scheme extended to private sector banks.

Impact

- ✎ **Capital infusion to help maintain bank's minimum tier - I capital of 8% under Basel III. In turn, lenders can expand their loans maintaining the growth in the balance sheet.**
- ✎ **This move is expected to empower women and is seen as a move to foster entrepreneurship among women.**

CAPITAL & DEBT MARKET






Proposals & Schemes

- ✎ Plans to issue inflation-indexed bonds. Capital allowance of 15% to companies on investments of more than Rs 1 bln.
- ✎ FIs can use investments in corporate, government bonds as collateral to meet margin requirements. FIs can hedge forex exposure through exchange-traded derivatives.
- ✎ Insurance, provident funds can trade directly in debt segments of stock exchanges.
- ✎ Investor with less than 10 pct stake in a company will be regarded as FII, more than 10 pct stake as FDI.
- ✎ The stock exchange regulator will simplify know-your-customer norms for foreign portfolio investors.
- ✎ STT on equity futures from 0.017% to 0.01%. STT on mutual fund redemption of ETF scheme has been reduced to Re 1 from Rs 250 per lakh, and on mutual fund non-redemption of ETF scheme the STT has reduced to Re 1 from Rs 100 per lakh.
- ✎ CTT of Rs 10 per lakh has been introduced in the Budget for FY 2014 on non-agri commodities.






Impact

- ✎ ***Can give a boost to FII investments, simplification of KYC a big positive.***
- ✎ ***STT reduction will increase volumes in Exchange Traded Fund schemes, equity futures and will reduce overall cost.***
- ✎ ***Will have an adverse impact on the trade of commodity.***

REAL ESTATE

Proposals & Schemes	Impact
<ul style="list-style-type: none">  TDS of 1% on property deals above Rs 50 lakh.  Additional tax deduction limit by Rs 1 lakh for the first time home buyers up to Rs 25 lakh during the period April 1, 2013 to March 31, 2014.  Excise duty on marble slabs increased. 	<ul style="list-style-type: none">  <i>May curb black money generation in property deals but will adversely impact the demand.</i>  <i>Likely to promote home ownership and give a fillip to low cost housing and a number of industries including steel, cement, brick, wood, and glass etc.</i>

INFRASTRUCTURE

Proposals & Schemes	Impact
<ul style="list-style-type: none">  Proposal to set up Road Regulatory Authority.  Infrastructure Debt Funds will be encouraged.  To build roads in North Eastern states and connect them to Myanmar with assistance from WB & ADB. 	<ul style="list-style-type: none">  <i>Road construction companies to gain</i>  <i>Will help boost the economy</i>

SHIPPING

Proposals & Schemes

- ✍ To add 2 new ports in WB, AP; to add 100 mn tonne capacity.
- ✍ No duty on import of ships, vessels. Proposal for full exemption of counter vailing duty (CVD) on imported ships and vessels.

Impact

- ✍ *Full CVD exemption on imported ships will help the industry because most Indian shipping companies purchase their vessels manufactured outside the country.*

ELECTRIC & ELECTRONICS

Proposals & Schemes

- ✍ Electronics chip maker plants to get incentives, zero customs duty for electronic chips.
- ✍ Higher customs duty on set top boxes.

Impact

- ✍ *Zero custom duty a negative news for semiconductor industry.*
- ✍ *Will boost manufacturing of high tech electronic products in India.*

FMCG

Proposals & Schemes

- ✍ Excise duty raised by 18% for cigarettes. Similar increase on cigars, cheroots and cigarillos.
- ✍ Reduced Countervailing duty on dehulled Oat grains.

Impact

- ✍ ***Mixed for the industry, increase in excise duty will impact all cigarette companies.***

INFORMATION & TECHNOLOGY

Proposals & Schemes

- ✍ Allocation of Rs 532 crore for IT Modernisation project of Post offices which are gearing up to offer core banking services.

Impact

- ✍ ***An added opportunity for the IT industry at home.***

GEMS & JEWELLARY

Proposals & Schemes

- ✍ Imposition of 4% excise duty on silver manufactured from smelting zinc or lead.
- ✍ Baggage rules for bringing the duty-free jewellery limit increased to Rs 50,000 in the case of a male passenger and Rs 100,000 in the case of a female passenger.
- ✍ Reduction in import duty on pre-forms of precious and semi-precious stones from 10% to 2%.

Impact

- ✍ *Reduction in import duty on pre-forms of precious and semi-precious stones from 10% to 2%.*
- ✍ *Positive for industry, will help the diamond and coloured gemstone industry and will give boost to the exports of precious and semi-precious stones from India.*

OIL & GAS

Proposals & Schemes

- ✍ Proposal to move to revenue-sharing from profit-sharing policy in oil and gas sector.
- ✍ A policy to encourage exploration and production of shale gas will be announced. Natural gas pricing policy will be reviewed and stalled NELP blocks will be cleared.

Impact

- ✍ *Negatively impact the industry and increase in risk profile for exploration and production companies.*

AUTOMOBILE

Proposals & Schemes

- ✎ Increase of duty on imported luxury goods such as high end motor vehicles, motorcycles, yachts and similar vessels from 75% to 100%.
- ✎ Increase in the excise duty on SUVs from 27% to 30%. However, the increase will not apply to SUVs registered as taxis.
- ✎ Extension of concession period now available for specified parts of electric and hybrid vehicles up to 31.3.2015.
- ✎ Increase to Rs 14,873 crore in 2013-14 from Rs.7,383 crore in the current year proposed in the allocation for the JNNURM programme.

Impact

- ✎ ***Negative for the car makers as SUV manufacturers will be impacted. This will also increase the unqualitative competition in SUV's and other vehicles.***
- ✎ ***This will encourage manufacturing and selling of environment-friendly vehicles.***
- ✎ ***This will encourage manufacturing and selling of environment-friendly vehicles.***



CEMENT

Proposals & Schemes

- ✍ No any direct announcements for the sector
- ✍ A person taking a loan for his first home from a bank or a housing finance corporation upto Rs 25,00,000 during the period 1.4.2013 to 31.3.2014 will be entitled to an additional deduction of interest of upto Rs 100,000.
- ✍ 3000 kms of road projects in Gujarat, MP, Maharashtra, Rajasthan and Uttar Pradesh will be awarded in the first six months of 2013-14.

Impact

- ✍ ***Demand for Cement will increase.***

TELECOM -EQUIPMENT

Proposals & Schemes

- ✍ Hike in the duty on mobile phones costing more than Rs 2000 from 1% to 6%.

Impact

- ✍ ***Move is likely to marginally impact the smart phone demand.***

EDUCATION

Proposals & Schemes

- ✍ Education remained the highest priority in FY13-14 budget as FM proposed to allocate Rs 65,867 crore to the Ministry of Human Resource Development, which is an increase of 17 percent over the RE of the previous year.
- ✍ Proposal to provide Rs 27,258 crore for Sarva Shiksha Abhiyan in 2013-14.
- ✍ A grant of Rs 100 crore each to Aligarh Muslim University, Banaras Hindu University, Tata Institute of Social Sciences and Indian National Trust for Art and Cultural Heritage. and Uttar Pradesh will be awarded in the first six months of 2013-14.

Impact

- ✍ *With the help of higher allocation of fund educational infrastructure can improve.*

MEDIA & ENTERTAINMENT

Proposals & Schemes

- ✍ Proposal to expand private FM radio services to 294 more cities. About 839 new FM radio channels will be auctioned in 2013-14 and, after the auction, all cities having a population of more than 100,000 will be covered by private FM radio services.
- ✍ Import duty on Set Top Boxes increased from 5 to 10 percent.
- ✍ Exemption of Service Tax on copyright on cinematography limited to films exhibited in cinema halls.

Impact

- ✍ ***This is positive for media companies as expansion of FM radio services in smaller areas provide huge opportunities.***
- ✍ ***This will encourage domestic production.***



TEXTILE

Proposals & Schemes

- ✍ Technology Upgradation Fund Scheme (TUFS) to continue in the 12th Plan with an investment target of Rs 1,51,000 crore.
- ✍ To set up textile parks under the Scheme for Integrated Textile Parks (SITP).
- ✍ Working capital and term loans at a concessional interest of 6 per cent to handloom sector.
- ✍ Excise Duty on ready-made garments exempted.

Impact

- ✍ ***Mostly positive for the sector.***
- ✍ ***With TUFS extension more focus will be on modernisation of the powerloom sector.***



FERTILIZER

Proposals & Schemes

- ✍ No any direct announcements.
- ✍ Rs. 200 crore pilot scheme announced for introducing micro-nutrients new crop varieties.
- ✍ Credit Guarantee Fund for Small Farmers' Agri Business Corporation with an initial corpus of Rs 100 crore.

Impact

- ✍ ***Positive for the industry as it will increase the demand of the ferlizers.***

AGRICULTURE

Proposals & Schemes

- ✍ To allocate Rs 80194 crore for rural development in 2013-14.
- ✍ Plan to allocate Rs 27,049 crore for agriculture in 2013-14.

Impact

- ✍ ***Hike in budgetary allocation to boost agriculture and allied industries.***



NAME	DESIGNATION	E-MAIL
<i>Varun Gupta</i>	Head - Research	varungupta@moneysukh.com
<i>Pashupati Nath Jha</i>	Research Analyst	pashupatinathjha@moneysukh.com
<i>Vikram Singh</i>	Research Analyst	vikram_research@moneysukh.com



This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Mansukh Securities and Finance Ltd (hereinafter referred as MSFL) is not soliciting any action based on it. This report is not for public distribution and has been furnished to you solely for your information and should not be reproduced or redistributed to any person in any form.

The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete. MSFL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MSFL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

MSFL and/or its affiliates and/or employees may have interests/positions, financial or otherwise in the securities mentioned in this report. This information is subject to change without any prior notice. MSFL reserves the right to make modifications and alterations to this statement as may be required from time to time. Nevertheless, MSFL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.