



CURRENT ECONOMIC SCENARIO AND THE CHALLENGES AHEAD

First budget plan of this NDA government to lay down a broad policy display of the direction in which we wish to move ahead this country. Steps announced are only the commencement of the journey towards a constant growth of 7-8 per cent or above within the next 3-4 years along with macro-economic stabilization. Emergent aspirations of people will be reflected in the development strategy of the Government led by the Prime minister Shri Narendra Modi and its mandate of "Sab ka Saath Sab ka Vikas". Need to stimulate growth in manufacturing and infrastructure sectors.

Significant vote for change represents the aspiration of the people to grow, free themselves from the curse of poverty and use the opportunity provided by the society. Country in no mood to suffer unemployment, derisory basic amenities, lack of infrastructure and apathetic governance.

Challenging situation due to Sub five per cent growth and double digit inflation. Continued slow-down in many emerging economies a threat to sustained global recovery. Recovery seen with the growth rate of world economy projected at 3.6 per cent in 2014 in comparison with 2013.

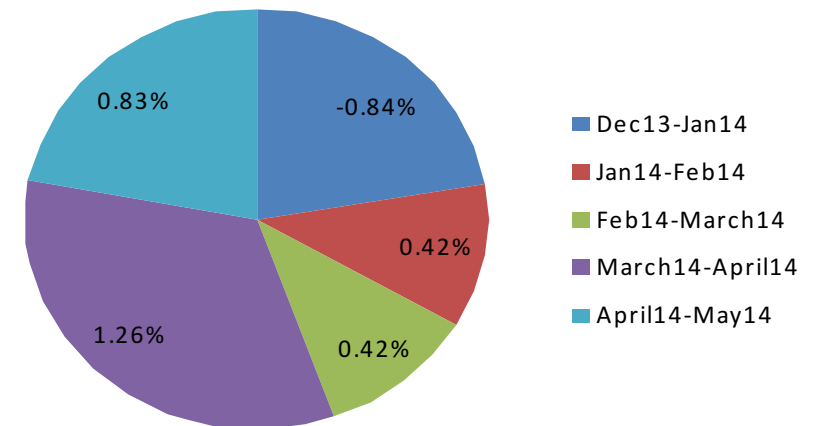
Administrative Initiatives

- ✎ A stable and expected taxation regime which will be investor friendly and stimulate growth.
- ✎ Legislative and administrative changes to sort out pending tax demands of more than 4 lakh crore under dispute and litigation.
- ✎ Procedures for strengthening the Authority for Advance Rulings.
- ✎ Income-tax Settlement Commission scope to be enlarged.
- ✎ National Academy for Customs & Excise at Hindupur in Andhra Pradesh.
- ✎ The subsidy regime to be made more targeted for full protection to the marginalized, poor and SC/ST.
- ✎ New Urea Policy would be formulated.
- ✎ Introduction of GST to be given push.



Deficit and Inflation

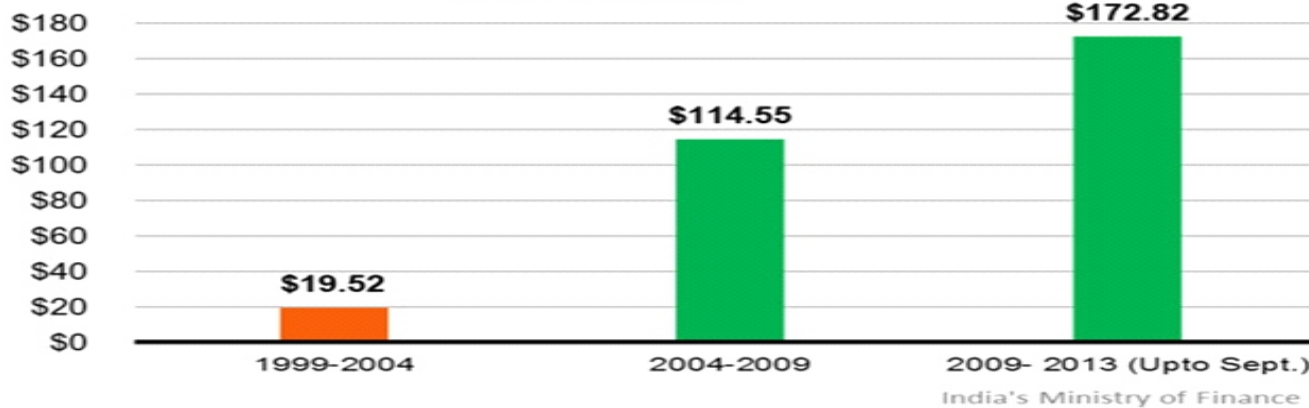
- ✎ Decline in fiscal deficit from 5.7% in 2011-12 to 4.5% in 2013-14 mainly achieved by reduction in expenditure rather than by way of realization of higher revenue. 4.1 per cent fiscal deficit a daunting task in the backdrop of two years of low GDP growth, static industrial growth, moderate increase in indirect taxes, subsidy burden and not so encouraging tax buoyancy.



Foreign Direct Investment (FDI)

- ✎ Government to promote FDI selectively in sectors.
- ✎ The composite cap of foreign investment to be raised to 49 per cent with full Indian management and control through the FIPB route.
- ✎ Requirement of the built up area and capital conditions for FDI to be reduced from 50,000 square metres to 20,000 square metres and from USD 10 million to USD 5 million respectively for development of smart cities

FDI in India
In billion dollars



Bank Capitalization.

- ✎ Requirement to infuse Rs .2,40,000 crore as equity by 2018 in our banks to be in line with Basel-III norms
- ✎ Capital of banks to be raised by increasing the shareholding of the people in a phased manner.

PSU Capital Expenditure

- ✎ PSUs will invest through capital investment a total sum of Rs 2,47,941 crores in the current financial year.

Real Estate

- ✎ Incentives for Real Estate Investment Trusts (REITS). Complete pass through for the purpose of taxation.
- ✎ A modified REITS type structure for infrastructure projects as the Infrastructure Investment Trusts (INVITS).
- ✎ These two instruments to attract long term finance from foreign and domestic sources including the NRIs .

Irrigation.

Finance minister Arun Jaitley allocated over Rs 1,700 crore for new measures to boost agriculture activities during 2014-15. While Rs 1,000 crore will be spent on creating infrastructure for the rural irrigation scheme (Pradhan Mantri Krishi Sinchayee Yojana) to provide assured water to farmers, the remaining amount will go towards providing 'Soil Health Card' to all farmers and setting up various research institutions and 'Agri-Tech Infrastructure Fund'.

Rural Development

- Rs 500 crore for "Deen Dayal Upadhyaya Gram Jyoti Yojana" for feeder separation to increase power supply to the rural areas.
- Rs 14,389 crore provided for Pradhan Mantri Gram Sadak Yojna (PMGSY).
- Allocation for National Housing Bank increased to 8000 crore rupees to support rural housing.
- Shyama Prasad Mukherji Rurban Mission for integrated project based infrastructure in the rural areas.

Scheduled Caste/Scheduled Tribe

- Rs 50,548 crore is proposed under the SC Plan and Rs 32,387 crore under TSP.
- For the welfare of the tribals "Van Bandhu Kalyan Yojna" launched with an initial allotment of Rs 100 crore.

Senior Citizen & Differently Abled Persons

- Notified a least amount pension of Rs 1000 per month to all subscriber members of EP Scheme.
- Initial provision of Rs 250 crore.
- To print currency notes with Braille like signs for visibly challenged persons.



INDUSTRY

- ✎ Central Government Departments and Ministries to incorporate their services with the e- Biz -a single window IT platform- for services on main concern by 31 December this year.
- ✎ Rs 100 crore provided for National Industrial Corridor Authority.
- ✎ Amritsar Kolkata Industrial master plan to be finished .

Textiles

- ✎ Rs50 crore provided to carry forward the rich tradition of handlooms of Varanasi. Sum of Rs 500 crore for developing a Textile mega-cluster .
- ✎ Rs 50 crore is provided to start a Pashmina Promotion Programme (P-3) and development of other crafts of Jammu & Kashmir

INFRASTRUCTURE

- ✎ An institution to make available support to mainstreaming PPPs called 4PIndia to be set up with a corpus of Rs500 crores.

Roads sector

- ✎ Rs 37,880 crores in NHAI and State Roads is projected which includes Rs 3000 crores for the North East.
- ✎ Target of NH construction of 8500 km will be achieved in current financial year.



Information Technology

✎ Pan India programme “Digital India” to with an expend of Rs 500 crore to be launched. Programme for promote “Good Governance” to be launched .A amount of Rs100 crore provided.

Information and Broadcasting

✎ Rs 100 crore diversified for 600 new and existing Community Radio Stations. Film & Television Institute, Pune and Satyajit Ray Film & Television Institute, Kolkata

AGRICULTURE

- ✎ Government to establish two more Agricultural Research Institute of excellence in Assam and Jharkhand with an initial sum of Rs 100 crore.
- ✎ An amount of Rs 100 crores set aside for “Agri-tech Infrastructure Fund”. Rs 200 crore provided to open Agriculture Universities in Andhra Pradesh and Rajasthan and Horticulture Universities in Telangana and Haryana.
- ✎ A scheme to provide every farmer a soil health card in a Mission mode will be launched.
- ✎ Rs 100 crore has been provided for this purpose and additional Rs 56 crores to set up 100 Mobile Soil Testing Laboratories across the country.

Food Security

- ✎ Restructuring FCI, reducing transportation and distribution losses and efficacy of PDS to be taken up on main concern.



Energy

- Rs 100 crore is allocated for a new scheme “Ultra-Modern Super Critical Coal Based Thermal Power Technology.”
- An project to downsize coal linkages to optimize transport of coal and reduce cost of power is underway.

New & Renewable Energy

- Rs 500 crores provided for Ultra Mega Solar Power Projects .
- A Green Energy Corridor Project is being gone a start to facilitate evacuation of renewable energy across the country.

Petroleum & Natural Gas

- Production and exploitation of Coal Bed Methane reserves will be accelerated.
- Proposal to develop pipelines using suitable PPP models.

Mining

- MMDR Act, 1957 to be introduced to support investment in mining sector

FINANCIAL SECTOR

Capital markets

- Introduction of uniform KYC norms and inter-usability of the KYC records across the entire financial sector.

BANKING SECTOR

- Banks to be permitted to raise long term funds for lending to infrastructure sector with minimum regulatory pre-emption such as CRR, SLR and Priority Sector Lending (PSL).
- RBI to create a framework for licensing small banks and other differentiate banks.
- 6 new Debt Recovery Tribunals to be set up.
- For venture capital in the MSME sector, a Rs 10,000 crore fund to participating private funds to be established.

Insurance Sector

- In the PPF Scheme, annual ceiling will be improved to Rs 1.5 lakh p.a. from Rs 1 lakh .

NAME	DESIGNATION	E-MAIL
<i>Varun Gupta</i>	Head - Research	varungupta@moneysukh.com
<i>Mandeep Singh</i>	Research Trainee	mandeep.s@moneysukh.com



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