

Key highlights

Housing

- Announces 3cr additional houses under the PM Awas Yojana in rural and urban areas as communicated in interim budget.
- Allocates INR54,500cr/~INR30,000cr to PMAY rural/urban. Allocation for PMAY (U) has increased by INR4,000cr from interim budget due to reintroduction of CLSS scheme.
- Allots INR3,000cr/INR1,000cr under the credit linked subsidy scheme (CLSS) to the economically weaker section and lower income group/middle income group.
- To invest INR10lk cr to address the housing needs of 1cr urban poor and middle-class families under PMAY Urban 2.0. This will include central assistance of INR2.2lk cr over the next five years. A provision for interest subsidy to facilitate loans at affordable rates has also been envisaged.

Key beneficiaries: Companies like Home First Finance Company India, Can Fin Homes, and Repco Home Finance that target the affordable and mid-ticket housing segment.

MSME

- Announces a mechanism for facilitating bank credit to MSMEs facing stress. While being in the special mention account (SMA) stage, MSMEs need credit to continue their business and avoid turning an NPA. Credit availability will be supported via a guarantee from a government promoted fund.

- To bolster the start-up ecosystem, the limit under Mudra loans has been enhanced to INR20lk from INR10lk lakh for those entrepreneurs who have availed and successfully repaid previous loans.
- For facilitating term loans to MSMEs for the purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme will be introduced. The scheme will operate by pooling credit risks of such MSMEs. A separately constituted self-financing guarantee fund will provide, to each applicant, guaranteed cover up to INR100cr. The borrower will have to provide an upfront guarantee fee and an annual guarantee fee on the reducing loan balance.
- Public sector banks will build their in-house capability to assess MSMEs for credit instead of relying on external assessment. They will take a lead in developing a new credit assessment model based on the scoring of digital footprints of MSMEs in the economy. This is a significant improvement over the traditional assessment of credit eligibility based only on asset or turnover criteria. That will also cover MSMEs without a formal accounting system.
- More than 100 branches of India Post Payment Bank will be set up in the northeast to expand banking services.

Key beneficiaries include companies like Five-Star Business Finance, Ugro Capital, and MSME focussed banks that target MSME segment.

Gold

- Basic customs duty on the gold and silver/platinum has been cut to 6%/6.4% to enhance domestic value addition in gold and precious metal jewellery.

Key beneficiaries: Jewellery retailers and Sky Gold.

- Reduction in custom duty on gold from 10% to 6% would lead to reduction in domestic gold prices. Therefore, Companies which are engaged in Gold Financing witnessed negative reaction because lower price of Gold will lead to lower disbursement.

Consumption

- Announces road connectivity projects worth INR26,000cr in Bihar, including the Patna-Purnia Expressway; Buxar-Bhagalpur Expressway; Bodh Gaya, Rajgir, Vaishali and Darbhanga spurs; and a two-lane bridge over the Ganges at Buxar.
- To set up a 2,400mw power plant in Pirpainti, Bihar at a cost of INR21,400cr.

Key beneficiaries. Greater infrastructure spends will have a ripple effect on consumption in Bihar and benefit companies like Aditya Vision and V2 Retail.

Textile

- Raises allocation for the textile sector by 27.6% to INR4,393cr.
- Budget allocation for PM Mega Integrated Textile Region and Apparel (PM-MITRA) scheme has been raised to INR300cr from INR52.3cr.

Key beneficiaries: We remain bullish on our coverage stocks — Indo Count Industries, Gokaldas Exports, and KPR Mill. We also like Pearl Global Industries in the textile sector.

Defence

The major announcements in Budget 2024 for the defence sector are:

- Complete exemption of customs duties on 25 critical minerals such as lithium, copper, cobalt and rare earth elements that are used in defence production and reduction in BCD on two of them
- Complete exemption from custom duty on technical documentation and spare parts for construction of warships.
- Complete exemption from custom duty on components, and consumables for construction of vessels.

Key beneficiaries: Shipbuilders such as Mazagaon Dock Shipbuilders, Garden Reach Shipbuilders & Engineers, and Seamec.

Renewables

There has been a significant uptick in the adoption of solar panels for energy generation. To further promote the domestic solar industry, the government has:

- Removed customs duty on the capital goods used in the manufacture of solar cells and panels from 7.5% earlier.
- Customs duty exemption provided to solar glass/tinned copper interconnect manufacturers (to now carry a duty of 10%/5% from October 1) has been revoked given the abundant supply.
- The rooftop solar scheme, which promised 300 units of free energy to almost 1cr households, has seen more than 1.28cr registrations and 14lk applications.

Key beneficiaries: Solar equipment manufacturers such as Waaree Renewable Technologies and Alpex Solar.

Water supply and sanitation

- To promote bankable water supply, sewage treatment, and solid waste management projects and services for 100 large cities in partnership with state governments and multilateral development banks.

Key beneficiaries: Water management and treatment companies like EMS and VA Tech Wabag.

Agriculture:

- Outlines agriculture as the top priority sector in Budget 2024.
- Allocation raised to INR1.52lk cr from INR1.41lk cr.
- Key focus will be on R&D to enhance crop productivity, release of high-yielding and climate-resilient crops, natural farming, and digital public infrastructure.
- Aims to achieve self-sufficiency in pulses and oilseeds production.

Key beneficiaries: Bio-fertiliser and seeds manufacturers; Meghmani Organics, Chambal Fertilisers & Chemicals, Kaveri Seed Company, and Nath Bio-Genes (India).

Marine industry

- **Reduces basic customs duty to 5% from 10%** on certain broodstock, polychaete worms, shrimp, and fish feeds.
- Exempts customs duty on various inputs for shrimp breeding and fish feed.

Key beneficiaries: Avanti Feeds and Godrej Agrovet.

Healthcare

- To provide relief to cancer patients, import duty on four drugs — **Trastuzumab-Deruxtecan, Osimertinib, and Durvalumab** — have been removed.

Impact: This may intensify competition in the local market and be negative for local biosimilar players like Biocon, Eris Lifesciences, and RPG Life Sciences

- Synchronises basic customs duty on x-ray tubes and flat panel detectors for use in medical x-ray machines under the phased manufacturing programme with domestic capacity addition.

Key beneficiaries: Will benefit diagnostic players engaged in the radiology business. Positive for Krsnaa Diagnostics, Vijaya Diagnostic Centre, and Dr. Lal PathLabs.

Chemicals and petrochemicals

- To support existing and capacities in the pipeline, basic customs duty on **ammonium nitrate** has been raised to **10% from 7.5%**. In FY24, India faced dumping of cheap fertiliser-grade ammonium nitrate in large quantities from Russia. A higher duty will boost the competitiveness of domestic fertiliser players.

Key beneficiaries: Deepak Fertilizers and Petrochemicals Corporation, Chambal Fertilisers and Chemicals, Solar Industries India, and Khaitan Chemicals & Fertilizers.

- Import duty on laboratory chemicals (under HS code-9802) has been raised to **150% from 10%**. This is set to increase the R&D cost for pharma and chemical players. Key laboratory chemicals include ethanol, benzene, pyridine, methanol, and hydroxide. However, domestic manufacturers will face lower competition from imports.

Key beneficiaries: Jubilant Ingrevia, Aarti Industries, and India Glycols.

Real estate

- Tax rate on long-term capital gains revised to 12.5% for all financial and non-financial assets from 10%.

- Removes indexation benefit on the cost of acquisition and cost of improvement for calculating capital gains.
- Encourages states to lower stamp duties.

Impact: Investor demand, which is near historical lows, may be hit. Major demand is being driven by end-users at present.

Tourism

- The focus on spiritual and cultural tourism continues with the development of the Vishnupad and Mahabodhi temple corridors modelled on the Kashi Vishwanath temple corridor.
- Comprehensive development for Rajgir, which holds religious significance to the Hindus, Buddhists, and Jains
- Development of Nalanda as a tourist centre

Impact: While no player is directly impacted, pan India online travel service companies should benefit.