



Presents

Union Budget

Analysis

FY 2025-26

Sabka **Saath**
Sabka **Vikas**
Sabka **Vishwas**
Sabka **Prayas**

75
Azadi Ka
Amrit Mahotsav



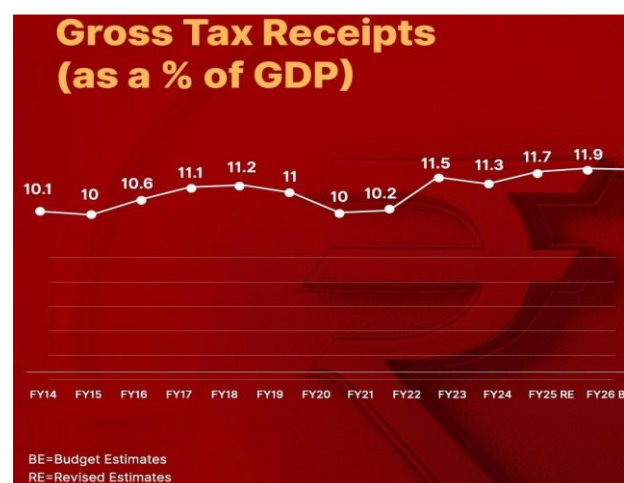
Confluence of the **3Cs** : Consumption, Capex & Commitment to Fiscal Prudence

Budget: Key takeaways

- ✓ FY26 Union Budget: Good for the bond market and consumption.
- ✓ Focus on gradual consolidation and providing a boost to consumption.
- ✓ Govt. budgeted GFD / GDP at 4.4%, led by a 10.8% increase in gross tax revenues, a 6.7% increase in revenue expenditure & 10% increase in capex.
- ✓ Govt. left corporate tax rates unchanged but raised the exemption & upper limit of various tax slabs for Individual Income Tax.
- ✓ Nominal GDP growth is estimated at 10.1%.

Challenges

- **Achievement of disinvestment target:** Target is set at INR470bn,
- **Execution is the key:** From here on execution of the growth agenda and fiscal consolidation would be the key,
- **Earnings delivery from corporate India** is key for equity markets,



- The Gross tax receipts (as a % of GDP) increased from 11.3% in FY23 to 11.7% in FY24.
- This is expected to increase further to 11.9% in FY25BE and to 12% in FY26RE.

Modest Growth in Capex

- Budgeted 10% growth in capital expenditure for FY26BE to Rs11.2 lakh cr.
- Total PSU capex including IBER at Rs15.5 lakh Cr to grow at 10.8% in FY26BE.
- No major increase in capex for major sectors.
- Road Railways flattish; 13%/ 19% yoy increase for Defense /Housing.
- Bulk of increase is for innovation schemes & allocation to loans for capex to states.
- Government may miss its capex targets again in FY26.
- May struggle to spend in new schemes for Science & technology & Economic affairs.



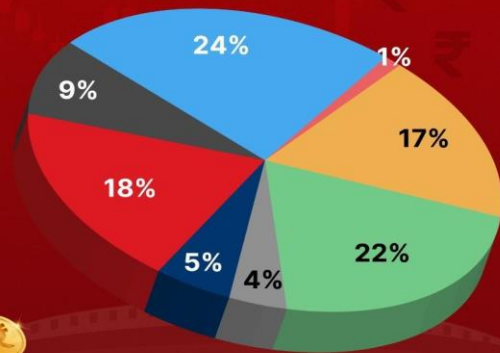
Budget: Revenue Side

- ❑ **Total** revenue receipts to grow 11.1% yoy.
- ❑ **Direct tax** revenue growth at 12.6% (10.4% for corporate tax & 14.3% for income tax) seems achievable.
- ❑ **Indirect tax** growth of 8.3% over FY25RE: CGST/ Custom/ Excise duty growth of 11.3% / 2.1% / 3.9%.
- ❑ **Net tax rev.** pegged at Rs28.4 lakh cr (+11%).
- ❑ **STT** at Rs78k Cr for FY26 depends on market conditions.

Budget: Expenditure Side

- ❑ Tight leash on capex & revenue exp, govt.
- ❑ Total Exp. to grow 7.4% yoy for FY26BE
- ❑ Revenue exp. to grow muted 6.7% yoy to Rs39.4 lakh cr, only few welfare schemes witnessing a decent rise in allocation.
- ❑ Changes to personal income tax rates/slab: Govt. foregone Rs1 lakh cr of tax revenues.
- ❑ Nuanced impact on consumption; market reaction

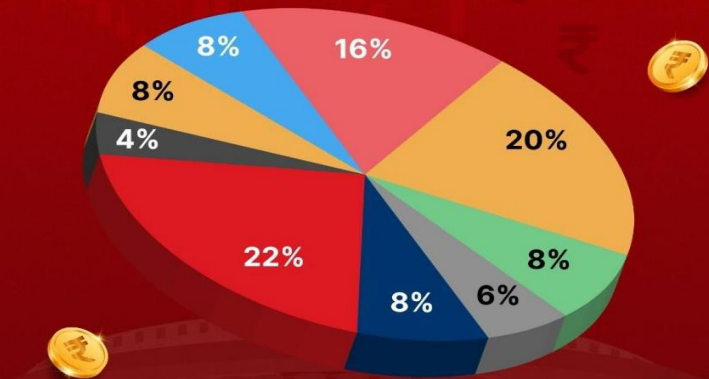
And Here's Where Revenue Comes From...



Borrowings & Other Liabilities	Customs
Non-Debt Capital Receipts	Union Excise Duties
Corporation-Tax	Goods and Service Tax
Income-Tax	Non-Tax Revenue



% Allocations
See Where Every Rupee Goes To...



Centrally Sponsored Scheme	Finance Commission & Other Transfers
Central Sector Scheme	States' share of taxes & duties
Interest Payments	Pensions
Defence	Other Expenditure
Subsidies	

Budget: Deficit

- ❑ FY26BE central deficit at 4.4% v/s 4.8% in FY25RE & 5.6% in FY24.
- ❑ 11.1% receipt & 7.4% exp. growth, leading to fiscal deficit of Rs15.7 lakh cr.
- ❑ We find fiscal deficit target realistic with moderate 10.1% nominal GDP growth.

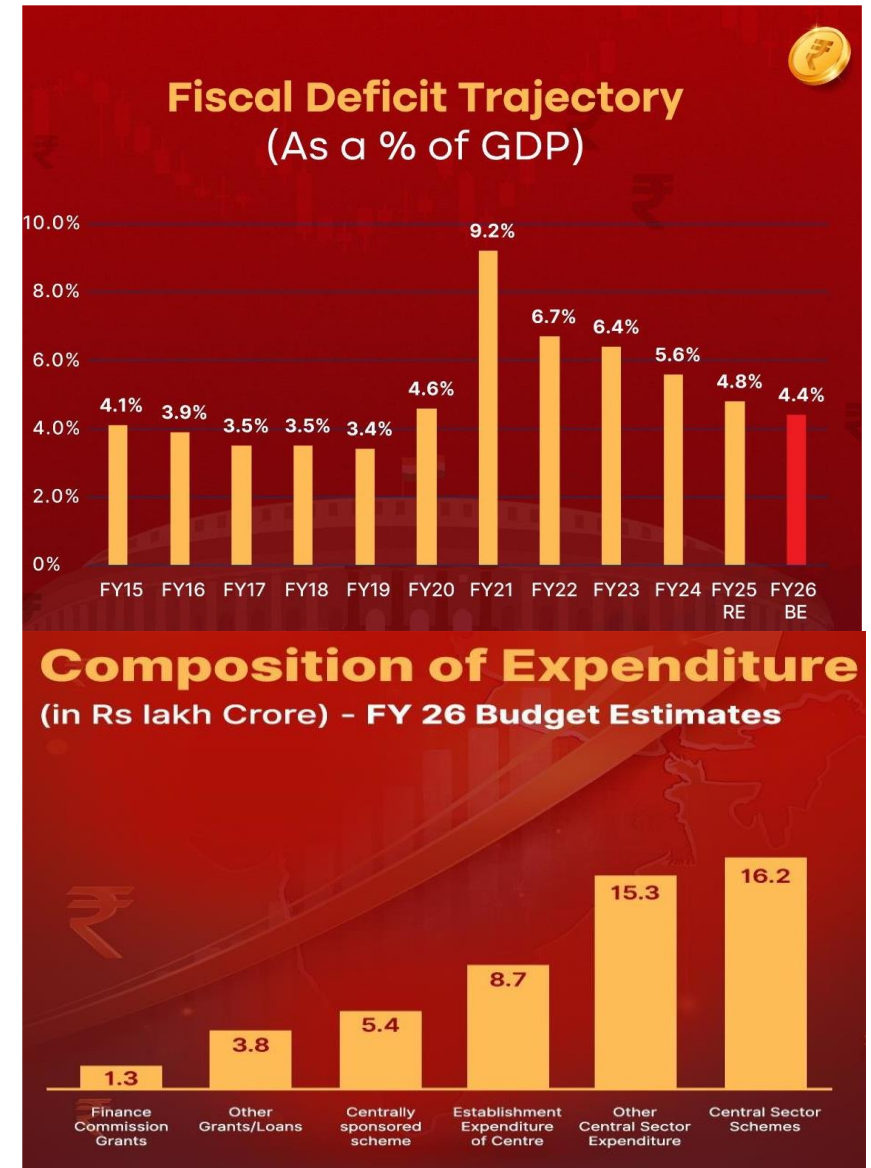
	2023	2024	2025BE	2025RE	2026BE	Change (%)			
						2023/ 2022	2024/ 2023	2025RE/ 2024	2026BE/ 2025RE
Deficit									
Primary deficit (PD)	8,092	5,908	4,504	4,316	2,926	4	(27)	(27)	(32)
Revenue deficit (RD)	10,699	7,652	5,802	6,101	5,238	4	(28)	(20)	(14)
Gross fiscal deficit (GFD)	17,378	16,546	16,133	15,695	15,689	10	(5)	(5)	(0)
Gross market borrowing (dated securities)	14,210	15,014	14,010	14,005	14,820	47	6	(7)	6
Net market borrowing (dated securities)	11,083	11,778	11,632	11,627	11,538	57	6	(1)	(1)
Short-term borrowing (T-bills/WMA)	1,148	532	(500)	(1,200)	0				
Nominal GDP	269,496	295,357	326,369	324,114	356,979	14.2	9.6	9.7	10.1
PD/GDP (%)	3.0	2.0	1.4	1.3	0.8				
RD/GDP (%)	4.0	2.6	1.8	1.9	1.5				
GFD/GDP (%)	6.4	5.6	4.9	4.8	4.4				

Subsidy as % of GDP at 1.2% of GDP in FY26BE

Subsidy break up (FY24-26E), INR Bn

(INR Bn)	FY24	FY25BE	FY25RE	FY26BE
Food Subsidy	2123	2053	1974	2034
Fertilizer Subsidy	1889	1640	1713	1679
Petroleum Subsidy	122	119	147	121
Total Subsidy*	4405	4284	4279	4262
Subsidy as % of GDP	1.5%	1.3%	1.3%	1.2%

- Subsidy for FY25RE unchanged as compared to the FY25BE
- Subsidy in FY26BE is at 1.2% of GDP on the back of lower fertiliser subsidies



Direct Taxation

- ❑ Introduction of simplified new Income Tax bill by FM.
- ❑ Increased the upper limit for various tax slabs for personal income tax.
- ❑ Made several procedural changes to further simplify filing and improve compliance.
- ❑ Income from ULIPs with annual premiums exceeding ₹2.5 lakh will be taxed as capital gains or income from other sources.
- ❑ Rationalization of Tax Deduction at Source (TDS) by reducing the number of rates and thresholds above which TDS is deducted
- ❑ Tax deduction limit for senior citizens doubled from INR 50,000 to INR 100,000.
- ❑ The annual limit of INR 240,000 for TDS on rent increased to INR 600,000

Indirect Taxation

- ❑ 36 new life-saving drugs have been added to the list of medicines exempted from basic customs duty (BCD).
- ❑ The duty on cobalt powder, lithium-ion battery waste, lead, zinc, and 12 other critical minerals from 5% to Nil.
- ❑ Customs duty on solar modules has been reduced from 40% to 20%, making solar installations more affordable, while on Solar cells has been reduced from 25% to 20% to encourage domestic solar manufacturing.
- ❑ Goods used in building launch vehicles and satellite launching facilities are now fully duty-exempt.

New Regime 2024-25					New Regime 2025-26					Tax savings in New regime
Taxable Income Slab		Rate	Tax	Cumulative tax liability	Taxable Income Slab		Rate	Tax	Cumulative tax liability	
-	300,000	-	-	-	-	400,000	-	-	-	
300,001	700,000	5%	20,000	20,000	400,001	800,000	5%	20,000	20,000	
700,001	1,000,000	10%	30,000	50,000	800,001	1,200,000	10%	40,000	60,000	
1,000,001	1,200,000	15%	30,000	80,000	1,200,001	1,600,000	15%	60,000	120,000	
1,200,001	1,500,000	20%	60,000	140,000	1,600,001	2,000,000	20%	80,000	200,000	
> 15,00,000		30%	270,000		2,000,001	2,400,000	25%	100,000	299,999	
					> 24,00,000		30%			
410,000					300,000					110,000
Old Regime Taxable Income Slab									Rate	
-									0%	
250,001									5%	
500,001									20%	
> 10,00,000									30%	

- No change in tax slabs under old regime.
- Rebate limit under new regime has increased to INR 1.2 mn from INR 0.7mn. Thus, no income tax upto INR 1.2mn
- In new regime, overall savings likely to be INR 110,000.*

Equities: Outlook & Valuation

- ❑ FPIs have sold US\$30 bn in secondary market since October 2024.
- ❑ “**America First**” policies of the new US administration creating more uncertainty.
- ❑ Risk Reward quiet poor despite recent correction.
- ❑ Valuations are high across the board except for financials.
- ❑ Large-cap. stocks may hold up better in the next few months.
- ❑ FPIs are unlikely to look at India favorably in a hurry.
- ❑ Overall, **we expect Nifty EPS of 1184 in FY26E and Rs1355 in FY27E.**



Sector	Nature of Impact
BFSI	Positive
Agriculture	Positive
Auto	Positive
Real Estate	Positive
Capital goods	Neutral
Cement and building material	Positive
Consumer	Positive
Oil & Gas	Negative
Power	Positive
Metals & Mining	Positive

Sector	Budget Proposal	Nature of Impact	Comments
Agriculture	Total fertilizer subsidy allocated is INR 1680 bn (INR 1190 bn for urea + INR 490 bn for complex fertilizers) for FY26BE ie increased by 2% vs INR 1640 bn FY2BE and lower by 2% vs INR 1713 bn in FY25 RE (INR 1190 bn for urea + INR 490 bn for complex fertilizers).	Neutral	Subsidy for Fertilizer companies has been marginally reduced in FY26BE vs FY25RE
	Pradhan Mantri Kisan Samman Nidhi Yojna or PM KISAN (Prime Minister's Farmer Honour Fund Programme) allocation is flat in FY25BE at INR 600bn vs FY24RE	Neutral	Not much incremental cash flow for farmers
	Allocation towards Pradhan Mantri Krishi Sinchai Yojna (Prime Minister's Agricultural Irrigation Scheme) has increased to INR 83 bn in FY26BE up 22% vs INR 66 bn in FY25RE.	Positive	Increase spending on irrigation to boost crop yields
	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) allocation is flat at INR 860 bn in FY25BE vs FY24RE	Neutral	No major change in rural income opportunities
	The loan limit under the Modified Interest Subvention Scheme will be enhanced from INR 3,00,000 to INR 5,00,000 for loans taken through the *Kisan Credit Cards.	Positive	Increase liquidity for farmers to purchase seeds, fertilizers and pesticides



Sector	Budget Proposal	Nature of Impact	Comments
Auto	Lower personal income tax rates/higher exemption limit	Positive	Higher disposable income to aid demand for entry level 2W and 4W.
	EV Ecosystem i) EV batteries: Scrap of lithium-ion battery and other critical minerals to be exempted from basic customs duty. 35 additional goods for EV battery manufacturing to be added to list of exempted customs duty. ii) EV parts: Govt to establish a national manufacturing mission to enhance domestic value addition and build an ecosystem for EV batteries, motors and controllers. iii) PM edrive scheme allocation at INR 40 bn vs. INR 39 bn last year (including FAME 2). iv) PM ebus scheme allocation at INR 5.1 bn vs. INR 0.2 bn last year. v) PLI incentives for Auto/component at INR 28.2 bn vs. INR 3.5 bn last year. vi) PLI incentives for ACC batteries at INR 1.6 bn vs. INR 0.2 bn last year.	Positive	Positive for Auto OEMs, and ancillaries with exposure to EV batteries, motors and controllers.
	Customs duty cut for high end Motorcycle and Passenger Vehicle in CKD/SBU, etc.	Negative	Negative for local OEMs operating only in premium motorcycle and passenger vehicle segment.
	Spending in Roads segment flat at INR 2.7 tn,	Negative	Muted Infrastructure spending can impact recovery/growth of CV space.

Sector	Budget Proposal	Nature of Impact	Comments
Capital goods	FY26 Overall outlay at INR 11.2 tn unchanged form FY25BE but up 11% from FY25RE	Negative	Slowdown in pace of capex outlay increase. Increase in outlay over FY25RE to be beneficial for roads, railways and water management companies
	Defence capital acquisition outlay of INR 1924 bn. Up 13% over FY25RE and 5.5% over FY25BE	Neutral	Defence capital acquisition budget, has increased by a moderate 9.4% and has remained unchanged from interim budget
	INR 2520 bn has been assigned towards railways. No increase over FY25BE and FY25RE	Negative	Focus towards enhancement and modernization of railways to continue. However there is no increase in outlay
	Allocation towards renewable energy generation has increased. INR 242bn has been allocated towards solar energy schemes	Positive	Increase in allocation for solar, wind, and bio energy programs. Increase in outlay for PM Surya Ghar Muft Bijli Yojana (Prime ministers scheme for Provisions of Free electricity to Households In India) to maintain continued focus on increasing share of renewable energy
	Reduction in BCD for key input parts required for electronics manufacturing	Positive	Positive for EMS companies as reduction of duty will help in gaining cost competence
	Development of 100GW of nuclear energy by 2047	Positive	Focus on nuclear energy to enhance energy security of the country. Energy Mission for R&D of Small module reactors (SMR) to be set up of INR200 Bn outlay. At least 5 indigenously developed SMRs will be operationalized by 2033



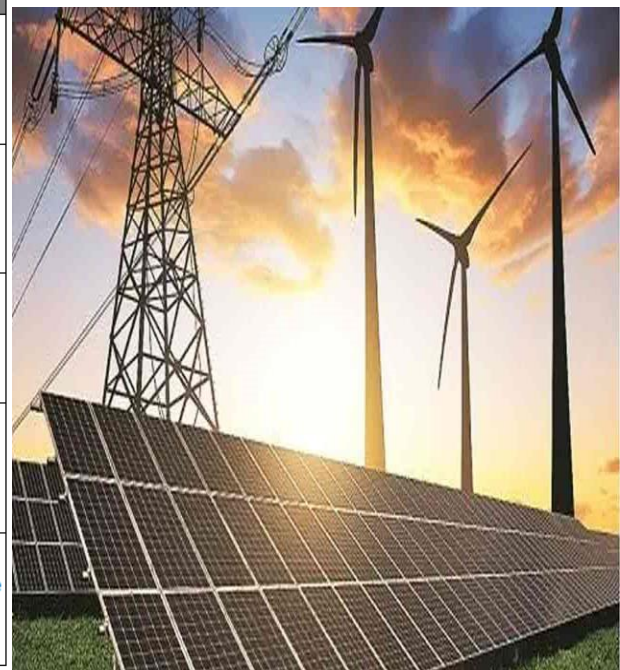
Sector	Budget proposal	Nature of impact	Comments
Cement and building material	Aggregate allocation for PMAY - Prime Minister's Affordable Housing Programme (Urban+ Rural) at INR 781 bn has increased 64% vs FY25RE	Positive	Marginally positive for Cement sector as increased allocation for housing.
	Allocation to PMGSY ((Prime Minister's Rural Road Development Scheme) for INR 190bn has increased 31%	Positive	
	Allocation to Jal Jeevan (JJM - National Rural Drinking Water Mission) up 195% to INR 670bn	Positive	

Sector	Budget Proposal	Nature of Impact	Comments
Consumer	Reduction in tax rates in the new tax regime leading to an increase in disposable income by INR 30,000 to 1,10,000	Positive	Positive for staples and low ticket discretionary consumption like QSR's, retailing (footwear, durables, apparels, grocery), liquor, consumer-tech, etc.
	Significant increase in agriculture spends and higher farm credit limits	Positive	Uplift rural income and positive for consumer companies having higher exposure to rural economy
	No change in taxes for cigarettes	Positive	Helps increase in the pace of formalization by gaining market share from illicit cigarette industry.
Oil & Gas	Petroleum subsidy allocation of INR 121 bn for FY26E	Negative	Subsidy allocation is mainly towards providing LPG connections to poor households and LPG DBT. No one-time grant in FY25EBE for LPG under-recoveries for the OMCs.
	No change in excise duty for petrol, diesel	Positive	No change vs fears of hike in excise duty



Sector	Budget Proposal	Nature of Impact	Comments
Real Estate	Allocations increased under PMAY (Prime Minister's Affordable Housing Programme) scheme for FY26BE raised to INR 781 bn vs INR 476 bn in RE 2024-25	Positive	Positive for affordable housing projects
	Second ownership home to be considered as SOP	Positive	Removal of tax burden on second home ownership can help improve investment / second home demand.
Metals & Mining	A policy for recovery of critical minerals from tailings will be brought out	Positive	A new domain for mining companies
	Import duty slashed to Nil vs 5% earlier on Lead, Zinc, Cobalt and Lithium Ion Battery	Positive	To benefit metal recyclers

Sector	Budget Proposals	Nature of Impact	Comments
Power	Increase in PM Surya Ghar Muft Bijli Yojana (Prime Minister's scheme for Provisions of Free electricity to Households In India) allocation to INR 200 bn vs INR 110 bn in Revised estimates in last year	Positive	To increase solar cell/modules manufacturing companies
	Import duty on solar cells increased to 27.5% vs 25% earlier, benefitting domestic solar cell manufacturers	Positive	To increase solar cell manufacturing companies
	Nuclear Energy Mission for Developed India: Development of 100 GW by 2047	Positive	Open a new growth area of power company
	A Nuclear Energy Mission for research & development of Small Modular Reactors (SMR) with an outlay of INR 200 bn will be set up. At least 5 indigenously developed SMRs will be operationalized by 2033.	Positive	Open a new growth area of power company
	Increase in Reform Linked Distribution Scheme allocation to INR 160.21 bn vs INR 126.65 bn in Revised estimates last year	Positive	Improvement in discoms' financial health to benefit the entire value chain of power sector



Sector	Budget Proposal	Nature of Impact	Comments
Infrastructure	Capital expenditure in Budget up 10% to INR 11.2 Tn	Positive	Commitment towards higher capital spending is key positive.
	Financial assistance to States for Capital Expenditure	Positive	The outlay for this scheme is kept at INR 1.5 tn to assist the states in catalysing overall investments in the economy.
	Fresh allocation of INR 1 tn to Urban Challenge Fund	Positive	Positive for EPC companies focused on Urban Infra
Aviation	Modified *UDAN scheme will be launched to enhance regional connectivity	Positive	Positive for domestic passenger demand



MOST WANTED STOCKS

Given the turmoil in the market, stocks favoured by mutual funds can be safer bets. We look at the seven stocks that funds bought consistently over the past year. **P2**

Sector	Stock	Sector	Stock
Auto	M&M	FMCG	Pidilite, Dabur, Tata Cons, Sapphire
BFSI	HDFC Bank, Bajaj Fin, Home First	Capital Goods	Kalpataru Projects
Tourism	IHCL, Indigo	IT	Infosys, Coforge
Healthcare	Apollo Hospitals	Metals	Gravita India
Oil & Gas	RIL & ONGC	Cons Durables	Eureka Forbes
Real Estate	DLF, Lodha	Power	Acme Solar

Company Name	Share Price
Bharat Rasayan Ltd	10061
Axtel Industries Ltd	460
VRL Logistic	528
Akums Drugs and Pharmaceuticals	560
Data pattern India	1924
Vasa Denticity Ltd	624
Cigniti Technologies Ltd	1536
Rategain Travel Technologies	683
Tips Industries	681
Shyam Metalics	781



SHORT TERM MONEY PARKING	ARBITRAGE FUND	LARGE CAP FUND	MISLENIOUS FUND & SECTORIAL
Nippon India Ultra-Short Duration Fund	Baroda BNP Paribas Arbitrage Fund	WhiteOak Capital Large Cap Fund	Kotak India EQ Contra Fund
ABSL Savings Fund	Invesco India Arbitrage Fund	Bandhan Large Cap Fund	Kotak Quant Fund
LOW DURATION FUND	Tata Arbitrage Fund	FLEXI CAP FUND	Nippon India Quant Fund
JM Low Duration Fund	Bandhan Arbitrage Fund	JM Flexicap Fund	ICICI Prudential India Equity FOF
Kotak Low Duration Fund	HYBRID-CONSERVATIVE	Invesco India Flexi Cap	PGIM India Emerging Markets Equity Fund
Mahindra Low Duration Fund	Kotak Debt Hybrid Fund	Bank of India Flexi Cap Fund	UTI Dividend Yield Fund
SHORT TERM FUND	HSBC Conservative Hybrid Fund	LARGE & MIDCAP FUND	Aditya Birla Sun Life Dividend Yield Fund
UTI Short Duration Fund	HYBRID- BALANCED (INCLUDING FOF)	Bandhan Core Equity Fund	Bandhan Financial Services Fund
ABSL Short Term Fund	Quant Dynamic Asset Allocation Fund	HSBC Large and Mid Cap Fund	Tata Banking and Financial Services Fund
MEDIUM TERM FUND	ICICI Prudential Asset Allocator Fund	FOCUSED EQUITY FUND	ICICI Prudential Energy Opportunities Fund
Kotak Medium Term Fund	Franklin India Dynamic Asset Allocation Fund	Bandhan Focused Equity Fund	UTI Healthcare Fund
AXIS Strategic Bond Fund	Motilal Oswal Asset Allocation Passive FoF	Mahindra Manulife Focused Fund	ICICI Prudential MNC Fund
MEDIUM-LONG TERM FUND	Nippon India Asset Allocator FoF	HSBC Focused Fund	ICICI Prudential Rural Opportunities Fund
UTI Medium-Long Duration Fund	Axis Balanced Advantage	MULTICAP FUND	Axis Innovation Fund
Kotak Bond Fund	WhiteOak Capital Balanced Advantage Fund	Kotak multicap Fund	ICICI Prudential Commodities Fund
LONG DURATION FUND	Nippon India Multi Asset Allocation Fund	Mahindra Manulife Multi Cap Fund	HDFC Technology Fund
Nippon India Nivesh Lakshya Fund	Kotak Multi Asset Allocator FoF	Bandhan Multi Cap Fund	Franklin India Technology Fund
ICICI Prudential Long Term Bond Fund	Tata Multi Asset Opportunities Fund	VALUE FUND	Canara Robeco Infrastructure
Axis Long Duration Fund	HYBRID -AGGRESSIVE	AXIS Value Fund	Bandhan Infrastructure Fund
CORPORATE BOND FUND	JM Aggressive Hybrid Fund	JM Value Fund	Kotak Infrastructure and Economic Reform Fund
Nippon India Corporate Bond Fund	Quant Absolute Fund	Bandhan Business Cycle Fund	Tata India Consumer Fund
Axis Corporate Bond Fund	Bandhan Hybrid Equity Fund	HSBC Business Cycles Fund	Mahindra Manulife Consumption Fund
HDFC Corporate Bond Fund	Mahindra Manulife Aggressive Hybrid Fund	MIDCAP FUND	Bank of India Manufacturing & Infrastructure
Tata Corporate Bond Fund	RETIREMENT SOLUTION	Motilal Oswal Midcap Fund	Quant ESG Equity Fund
DSP Banking & PSU Debt Fund	ICICI Prudential Retirement Fund	JM Midcap Fund	TAX SAVING SCHEME (80C)
CREDIT RISK FUND	Tata Retirement Savings Fund	Mahindra Manulife Mid Cap Fund	JM ELSS Tax Saver Fund
Axis Credit Risk Fund	Axis Retirement Fund	Tata Midcap Growth	HSBC ELSS Tax Saver Fund
Baroda BNP Paribas Credit Risk Fund	SBI Retirement Benefit Fund	SMALL-CAP FUND	Bandhan ELSS Tax Saver Fund
GILT MUTUAL FUND	CHILD MUTUAL FUND	Bandhan Small Cap Fund	Kotak TAX Saver Fund
Bandhan Gout. Sec. Investment	TATA Young Citizens Fund	Tata Small Cap Fund	ONLY FOR PRIVATE CIRCULATION
DSP Gilt Plan	AXIS Children's Gift Fund	Mahindra Manulife Small Cap Fund	Contact your Investment Advisor before Investment.



একমাত্র সঠিক সম্পদে বরাদ্দকরণ + সঠিক পোর্টফোলিও-তে বিনিয়োগ এবং সময় উপযোগী পোর্টফোলিও রি-ব্যালেন্সিং-এর মাধ্যমেই আর্থিক উন্নতি সম্ভব।
অতীত থেকে বর্তমান, বহু বিনিয়োগকারী না বুঝেই ডিরেক্ট শেয়ার বা মিউচুয়াল ফান্ড-এ বিনিয়োগ করে আর্থিক ক্ষতির সম্মুখীন হয়েছেন।
এই ভুল না করে, আপনি আজই আমাদের এক্সপার্ট-দের সাহায্য নিন।

- * **Share & Commodity Trading ('0' Intraday and F&O Rs.20 per Trade),**
- * **Mutual Fund & SIP, * Portfolio Management Service (P M S) & A I F,**
- * **Demat Account, * Initial Public Offer, * National Pension System (NPS)**
- * **Savings, Recurring / Fixed Deposit & MIS, * RBI Small Savings Bond,**
- * **Corporate / Govt. / NCD & TAX FREE Bond, * GOLD Bond,* Real Estate,**
- * **Home / Property / Car / Share / Mutual Fund / Insurance / Gold Loan,**
- * **Life / General / Medical Insurance, * Legal Services & Advisory, * PAN etc.**

ডাইরেক্ট শেয়ার ও মিউচুয়াল ফান্ড থেকেও বেশি আয় পেতে আজই আমাদের সঙ্গে যোগাযোগ করুন

Assured
Regular
Income



Systematic
Withdrawal
Plan



STOCK MARKET-PMS-AM



INSURANCE PROTECT



Trusted Financial & Legal Management House of India



S.P.MALLICK ROAD, SINGUR, HOOGHLY, WB-712409



Office Desk: 033- 4814 7570
Dealing Desk: KS 022- 6800 0100
Mobile: 847 9917 164 / 847 9917 165
Dealing Desk: RS +91 806 8694 346
Email: appointment@mfeasy.in
Email: support@mfeasy.in

WWW.MFEASY.IN

Mutual Fund Investments are subject to market risk, please read all scheme related documents carefully before investments.