

# Budget 2020

## Key highlights

- ❖ New Income Tax slabs, rates and exemptions.
- ❖ Bank depositor's insurance cover increased from 1L to 5L. Also, mergers of PSBs would reduce losses.
- ❖ The current 15% Dividend Distribution Tax (DDT) is proposed to be abolished. Dividend, shall, now be taxable in the hands of recipient.
- ❖ LIC to come out with an IPO as government disinvestment programme and government to offload entire stake in IDBI.
- ❖ Tax holiday for affordable housing extended by a year.
- ❖ Excise duty increased on Cigarettes and Tobacco products for national calamity contingent fund.
- ❖ Concessional withholding rate of 5% on interest payment to non-resident Indians has been extended to up to June 30<sup>th</sup> 2022
- ❖ Concessional tax rate of 15% has been extended to power generation companies.
- ❖ 100% Tax concession planned for Foreign Sovereign Wealth funds on investments in infra projects.
- ❖ For modernization of defence forces, all time high fund allocated worth 110 L Crores.
- ❖ 9000 km of economic corridor, 2500 km of excess control highways, Delhi-Mumbai express highway in 3 years.
- ❖ FY21 Fiscal Deficit target pegged to 3.5%
- ❖ Major emphasis given on study in digital data, artificial intelligence and newer technologies.
- ❖ More focus given to export oriented industries like aquaculture and fisheries.
- ❖ Government has proposed easing on taxation for start-ups and major sops given MSMEs.
- ❖ Major thrust given to increase the size of the Indian Bond Market.
- ❖ To encourage foreign tourism in India, 5 places have been market an infrastructure would be made world class in those places.
- ❖ 5 cities to have museums of world repute starting with Kolkata.
- ❖ 5 cities are also added in the smart city plan.
- ❖ Deemed universities would be opened to train Indian diaspora travelling abroad for working as nurses in world hospitals and other such services for enhancing knowledge on that local language along with qualifications.
- ❖ For foreign students, to study in India Centres in Asia and Africa would be opened to get INDSAT certifications.

In our view, it looks like a balanced budget, where, for the middle class there are tax sops, remuneration increased for farmers and creation of new jobs was the theme.

## Stocks to be picked

- ❖ **HCL Technologies**- Due to high exposure in Artificial Intelligence and data engineers.
- ❖ **ITC Limited**- In spite of raise in excise duty, it allows ITC to increase the price of cigarettes where its profit goes up.
- ❖ **Fortis Healthcare**- Because of the government's decision for increase in hospitals in tier 2 and tier 3 cities, we feel the management would get aggressive for the same.

- ❖ **Rashtriya Chemicals & Fertilizers** - Natural Fertilizers would be back in demand as sops are given to them. Apart from this, it has a very huge land bank in Chembur.
- ❖ **Zeal Aqua Ltd.** - As this company comes into priority sector of the government in two ways, one as MSME and the other as Aquaculture exporter.

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