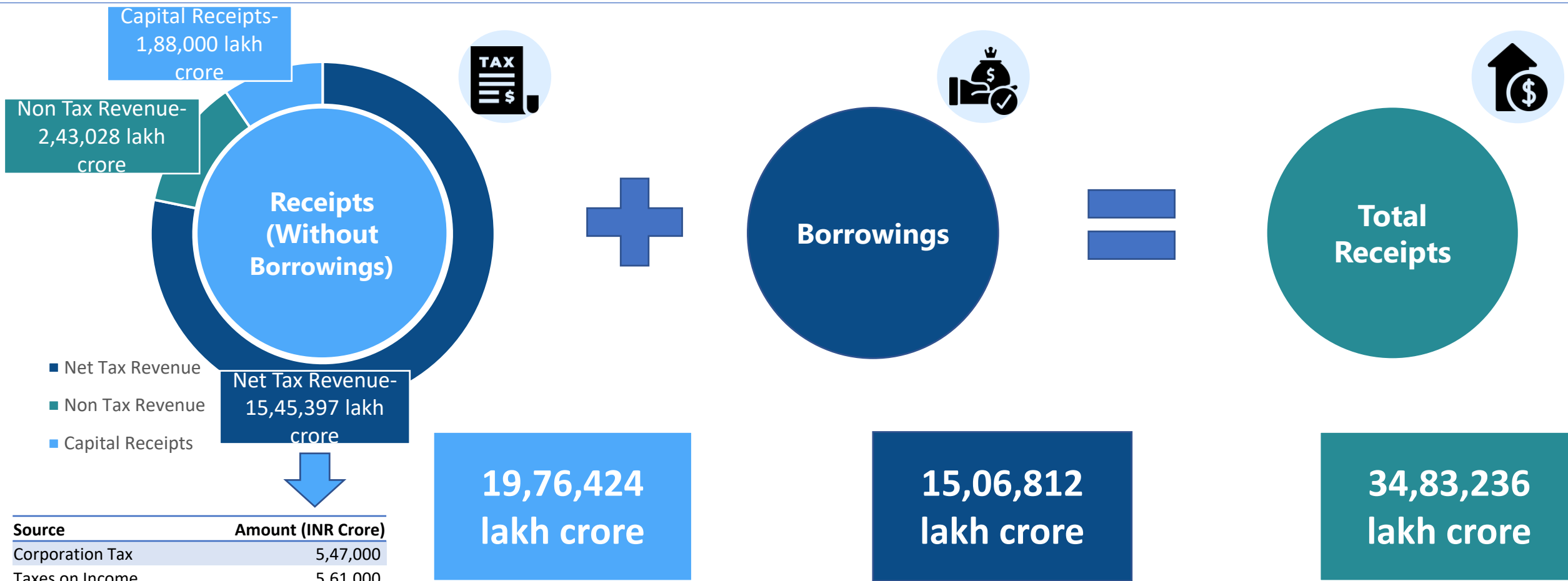




BUDGET FY2023 EXPECTATIONS

CNI RESEARCH
December 2021

Revenue Breakup Analysis



- Net Tax Revenue
- Non Tax Revenue
- Capital Receipts

Net Tax Revenue-
15,45,397 lakh
crore

19,76,424
lakh crore

15,06,812
lakh crore

34,83,236
lakh crore

Source	Amount (INR Crore)
Corporation Tax	5,47,000
Taxes on Income	5,61,000
Goods and Services Tax	6,30,000
Customs	1,36,000
Union Excise Duties	3,35,000
Service Tax	1,000
Centre's Gross Tax Revenue	22,17,059
Devolution to States	6,65,563
Net Tax Revenue	15,45,397

Fiscal Numbers Comparison: Estimates v/s Actuals

Fiscal numbers show strong positive in first-half

Head	Total BE21-22	Actual half-yearly	Actual half-yearly (% of BE21-22)	Impact
Receipts	19.76 lakh crore	10.99 lakh crore	56%	Positive
Taxation	15.45 lakh crore	9.2 lakh crore	60%	Positive
Expenses	34.83 lakh crore	16.26 lakh crore	47%	Positive
Fiscal Deficit	15.06 lakh crore	5.26 lakh crore	35%	Positive

The Big 3 Numbers

Head	GST	Direct Taxes	Fiscal Deficit
BE21-22	6.3 lakh crore	11.08 lakh crore	15.06 lakh crore
CNI Expectations	14.7 lakh crore	14 lakh crore	10 lakh crore

% Beat

233%

126%

66%

Key Highlights

Fiscal Deficit Under Control

Fiscal deficit is targeted at 6.8% of GDP in 2021-22. The government aims to steadily reduce fiscal deficit to 4.5% of GDP by 2025-26. ***The chances of fiscal deficit below 6% in 2021-22 are bright.***

Growth Revival

Nominal GDP is expected to grow at of 14.4% (i.e. real growth plus inflation) in 2021-22.

Budgetary Expansion

5G auction could be surprise means of revenue. Further, we believe the Fin-min will go ahead with further expansion of Budget size to INR 40 -45 lakh crore, which means another drive of spending and consequential growth.

Budget Trends

Economy- Continuing positives on multiple fronts

Possible full convertibility

If this happens, ROAD to USD 1 trillion foreign exchange reserves will be clear.

Gradual Tax Slab Increase

To make life easy, tax slabs will be raised considering that individuals are taxed higher than Corporate India. Secondly, there is realization that lower the rate of taxes, higher will be the revenue.

Widening Tax Net

When tax assessees were at a record 7 crore, d-mat holders were at 4 crore. D-mat holder count is at 9 crore now and set to cross 20 crore in the coming time which shall also provide impetus to the tax assessee count eventually crossing 20 crore. Another reason to expect sharp rise in tax revenues.

Continued Digitisation Focus

Rapid digitization has brought the parallel economy to a standstill. With increase in % of online transactions, GST cannot be evaded

Equities- Upward fillip

- FY22 earnings growth is expected to be over 40%.
- Nifty is trading at a PE of 18x 2022. Thus, we see no room for further downside.
- In our view, budget shall take Nifty towards 21,000 in 2022. We therefore believe that any dip below 17000 is a great opportunity to accumulate quality stocks.
- Small caps and mid-caps which trade below or around PE of 10 will see massive re-rating and expansion of PE, hence, can give up to 100% upside.
- DIIs have AUM of around 37 lakh crore, which will help absorb FPI selling pressure.

Key Themes - Government Spending Focus

