



UNION BUDGET 2023-24

GREETINGS OF THE DAY!!



LAST WEEK, THE MARKET SAW A BIG FALL, WITH HEAVY SELLING PRESSURE FELT ACROSS ALL SECTORS. DESPITE THE ANNOUNCEMENT OF U.S. GDP DATA THAT WAS BETTER THAN ANTICIPATED, THE MARKET WAS UNABLE TO GAIN ANY SUSTAINED UPWARD MOMENTUM. SENTIMENT WAS ALSO AFFECTED BY THE HINDENBURG REPORT ON THE ADANI ORGANISATION.

THE BENCHMARK INDEX DECREASED BY ABOUT 2.5 PERCENT, AND THE BANKING INDEX FELL BY MORE THAN 5 PERCENT. THE VOLATILITY INDEX ALSO EXPERIENCED A DRAMATIC 25% SPIKE FROM THE PRIOR WEEK. THE UNION BUDGET, WHICH IS SCHEDULED TO BE RELEASED ON WEDNESDAY, IS THE FOCUS OF THE MARKET THIS WEEK.

THE FORECASTS FOR THIS YEAR'S BUDGET 2023-24 ARE LISTED BELOW.

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1. Expectation

Keep headline Consumer Price Index (CPI) inflation within the RBI's target inflation rate range for the remainder of the year. The government and RBI must make concerted efforts to control inflation. The RBI has tightened monetary policy but will need to adjust the base rate hikes to keep inflation under control without hampering growth. In addition, the government will have to adjust the trade tax so that its own revenue is not affected too much.

2. Expectation

Focus on sustained demand growth, which will require efforts to create jobs and increase income opportunities. India is a domestic demand-driven economy and the recovery in consumer spending has so far been unsustainable. The proposed move would put more coins in consumers' wallets.

Picture.

3. Expectations

Prepare for a global downturn and focus on areas that could make India an attractive investment destination. The Manufacturing Linked Incentive (PLI) program and infrastructure plan have been successful, and with the National Logistics Policy, production costs will be significantly reduced. Government needs to focus on quick completion of projects and effective implementation of initiatives. Another expectation would be to raise capital for investments through asset monetization.



DIRECT TAX

- CLARIFICATION FOR WITHHOLDING TAX AT SOURCE UNDER SECTION 194-O OF THE INCOME TAX ACT 1961 (ACT)
- DETAILS OF THE APPLICABILITY AND ENFORCEMENT OF SECTION 194R OF THE LAW
- EQUILIBRIUM TAX (EQL) AND SUBSTANTIAL ECONOMIC PRESENCE (SEP)
- EXEMPTION FROM TAX DECLARATION FOR NON-RESIDENT INDIVIDUALS WHEN TAX HAS BEEN FULLY DEDUCTED AS PRESCRIBED BY LAW
- TWILIGHT CLAUSE EXTENSION FOR SECTION 194LC AND SECTION 194LD

INDIRECT TAXES

- EXPAND THE MANUFACTURING ASSOCIATES INCENTIVE (PLI) PROGRAM OR INTRODUCE PHASED MANUFACTURING PLANS (PMPS) FOR NEW PRODUCTS
- SIMPLIFY PRICING STRUCTURE
- AMNESTY REGIME FOR CUSTOMS AND OTHER CUSTOMS ASPIRATIONS

PERSONAL TAX

- AMENDMENT OF TAX RATES
- INCREASE THE CEILING OF VARIOUS DEDUCTIONS
- EXEMPTION FROM TAXED PENSION CONTRIBUTIONS

Sectors will be in focus

- Food and Agribusiness
- Infrastructure
- Energy, resources and industrials
- Educations
- Financial Services
- Technology, media and telecommunications