




Script – Nifty

Recommendation – Buy

Sentiment	
Entry Above	8776
Stop loss	8550
Target	9213—9248
Add on	8680

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## **The Union Budget 2017-18**

### **Following is a brief highlight of the Union Budget 2017-18**

#### **Demonetisation**

*Demonetisation is expected to have a transient impact on the economy that will lead to higher GDP growth. The effects of demonetisation will not spill over to the next fiscal.*

#### **Agriculture sector**

- A sum of Rs. 10 lakh crore is allocated as credit to farmers, with 60 days interest waiver.*
- NABARD fund will be increased to Rs. 40,000 crore.*
- A dedicated micro irrigation fund will be set up for NABARD with Rs 5,000 crore initial corpus.*
- A model law on contract farming will be prepared and shared with the States.*

#### **Rural population**

- Government targets to bring 1 crore households out of poverty by 2019.*
- MNREGA – Allocation of 48,000 Crores. MGNREGA to double farmer's income.*
- Participation of women in MGNREGA up to 55%. Using space tech to plan MGNREGA works*
- Allocating Rs. 19,000 cr for Pradhan Mantri Gram Sadak Yojana in 2017-18*

#### **For the youth, poor & health care**

- Introduction of a system of measuring annual learning outcomes, innovation fund for secondary education.*
- Skill India mission was launched to maximise potential. 100 India International centres across country.*
- For women and Kids - Rs. 1, 84,632 cr. allocation investment*
- Affordable housing to be given infrastructure status.*
- Surplus liquidity - banks have already started reducing lending rates for housing*
- Structural transformation of regulatory framework for medical education in India*
- Allocation for Scheduled Caste - Rs. 52,393 crore*

#### **Infrastructure; railways**

- Total allocation for Railways — Rs. 1, 31,000 crore*
- No Service charge while booking tickets with IRCTC*
- 3,500 km of railway lines to be commissioned this year up from 2,800 km last year.*
- Railways to partner with logistics players for front end and back end solutions for select commodities.*
- Rs. 64,000 crore allocation for highways.*
- New Metro rail policy to be announced with new modes of financing*

#### **Energy sector**

- A strategic policy for crude reserves will be set up in Phase II in Orissa & Bikaner, Rajasthan.*

### **Financial sector**

- FDI policy reforms - more than 90% of FDI inflows are now automated.
- Foreign Investment Promotion Board to be abolished.
- Pradhan Mantri Mudra Yojana lending target at Rs 2.44 lakh crore for 2017-18
- Govt to introduce two new scheme to promote BHIM App referral bonus for users and cash back for traders.
- Negotiable Instruments Act might be amended.
- For big-time offences - including economic offenders fleeing India, the govt. will introduce a legislative change or new law to confiscate the assets of these people within the country.

### **Fiscal situation**

- Total expenditure - Rs. 21, 47,000 crore
- Abolition on plan, non-plan expenditure, focus on capital expenditure.
- Fiscal Deficit seen at 3.2% (17-18) & 3% (18-19)
- Revenue deficit - 1.9 %
- Pegged fiscal deficit of 2017-18 at 3.2% of GDP and remain committed to achieving 3% in the next year.

### **On funding of political parties**

- Maximum amount of cash donation for political parties will be Rs 2,000 from any one source. Political parties will be entitled to receive donations by cheque or digital mode from donors.
- Amendment is being proposed to RBI Act to enable issuance of electoral bonds. Donor can purchase these bonds from banks or post office via cheque or digital transactions. They can be redeemed only by registered political parties.

### **Tax proposals**

- India's tax to GDP ratio is not favourable.
- GST - No changes in service tax & excise duty as GST draft will be launching soon.
- Net tax revenue of 2013-14 was Rs 11.38 lakh crore.
- Holding period for long term capital gain in Real Estate lowered to 2 years.
- Propose to have carry-forward of MAT for 15 years.
- Corporate tax: In order to make MSME companies more viable,
- Propose to reduce tax for Companies of turnover of up to Rs 50 crore to 25%.
- 96% of companies to get this benefit.
- Propose to reduce basic customs duty for LNG to 2.5% from 5%
- Income Tax Act to be amended. No transaction above Rs 3 lakh to be permitted in cash.
- Limit of cash donation to charitable trust reduced to Rs 2,000 from Rs 10,000.
- Net revenue loss in direct tax could be Rs. 20,000 crore.

### **Personal income tax**

- Existing rate of tax for individuals between Rs. 2.5- Rs 5 lakh reduced to 5% from 10%
- All other categories of tax payers in subsequent brackets will get benefit of Rs 12,500.
- 10% surcharge on individual income above Rs. 50 lakh and up to Rs 1 crore.
- Surcharge on individual income above Rs. 1 crore to remain.

Market participants gave the Union Budget a thumbs-up with bulls partying at the Dalal Street with Nifty hitting 8700 post the budget speech. The 50-share index climbed 155 points i.e. 1.8% to end at 8716, while Sensex is up 486 points i.e. 1.8% to shut shop at 28142. Large cap indices ended yesterday at their highest levels since October 2016.

### Technical View – Nifty



In our last special report of Nifty we recommended buying above 8300. It flared like anything and made a high of 8773.60 up buy 5.50% in a month now it has hurdle at 80% of 8776 (taking retracement level from top of 8994). We have witnessed mind-blowing rally in nifty from 7896 –8773.60.

#### **Now what to expect??**

Nifty has support at 8550 and resistance at 8776. Three consecutive close + weekly close above 8776 will see further upside rally till 123% retracement level which stand somewhere around 9213---9248 mark in days to come else could touch its support level of 8550.00. On daily chart nifty is trading above 21 and 55 days exponential moving average which is at 8479 and 8376 while RSI and MACD too showing strength on daily chart but trade with levels only. Nifty if able to breach 80% retracement level of 8776 then it is likely to touch 120% retracement level. Traders don't go for aggressive or positional selling at all because trend looks positive and we expect rally to remain continue in coming weeks. For positional trade stop loss seeing below 8550.

**Trading Recommendation** - Buy Nifty Future only above 8776 (On closing basis) and add more lot in panic for the initial upside target of 9213---9248 with stop loss below 8550 on closing basis.

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