

Strategy

India

April 18, 2024

Manifesto analysis: Some similarities, some differences

The BJP manifesto for the 2024 general elections emphasizes (1) continuation of existing policies, (2) India as a global manufacturing hub and (3) adequate social support for the needy. Meanwhile, the Congress manifesto envisages (1) the creation of jobs through a new economic policy and government-led employment, (2) a legal guarantee for MSPs and (3) cash transfers to the needy, education loan waiver and an increase in reservations.

A tale of two manifestos

The election manifestos of the BJP and Congress showcase the visions of the incumbent and the challenger, with the BJP manifesto expectedly stressing its achievements in its past two terms over 2014-24 and the Congress manifesto expectedly highlighting the deficits of the past 10 years and its own achievements in its two terms over 2004-14. Exhibit 1 shows the key focus areas of BJP and Congress over the next five years.

BJP manifesto—Modi ki Guarantee

BJP manifesto highlights its (1) economic achievements in terms of growth and solid progress in infrastructure development and manufacturing and (2) social accomplishments under the different social welfare programs implemented by it in the past 10 years. The BJP manifesto commits to continuing with existing economic policies (Make in India, PLI) and social welfare schemes (including free ration for 800 mn people). It specifically stresses on its ambition to establish India as a global manufacturing hub across sectors in order to create jobs. Exhibit 2 shows the word cloud of the BJP manifesto.

Congress manifesto—Nyay Patra

Congress manifesto focuses on (1) a new economic policy (Nav Sankalp Economic Policy) to create jobs and reforms of industrial and labor laws to achieve its vision of full employment and greater productivity, (2) job creation through the facilitation of the private sector and reservation in the government sector—50% reservation of central government jobs for women, one-third reservation for women in state assemblies and Lok Sabha, constitutional amendment to raise the 50% cap on reservations for SC, ST and OBC and (3) larger role of the government in economic and social areas—higher wages under NREGA at Rs400/day, launch of a Mahalakshmi Scheme to provide Rs0.1 mn per year to every poor Indian family as an unconditional cash transfer among others. Exhibit 3 shows the word cloud of the Congress manifesto.

A fun observation

The BJP manifesto makes no mention of the Congress in its 76 pages (English version), while the Congress manifesto has 38/55 references to BJP/NDA in its 48 pages (English version), which possibly highlights the different mindset and position of the two parties—one of an incumbent and the other of a challenger.

Key estimates summary

	2024E	2025E	2026E
Nifty estimates			
Earnings growth (%)	19.9	9.6	12.4
Nifty EPS (Rs)	989	1,087	1,227
Nifty P/E (X)	22.4	20.4	18.1
Macro data			
Real GDP (%)	7.6	6.6	6.5
Avg CPI inflation (%)	5.4	4.5	4.2

Source: CEIC, Kotak Institutional Equities estimates

Quick Numbers

BJP/NDA has 288/341 seats while the Congress has 42 seats in the Lok Sabha currently

Indian market (Nifty-50 Index) is trading at 22.4X FY2024E 'EPS' and 20.4X FY2025E 'EPS'

We expect net profits of the Nifty-50 Index to grow 19.9% in FY2024E and 9.6% in FY2025E

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Different visions of the two main parties contesting in the 2024 general elections

Exhibit 1: Key focus areas of BJP and Congress

Agenda	BJP	Congress
Agriculture	Continue to provide financial assistance of Rs6,000 per annum	Legal guarantee to MSP announced by the government every year, as recommended by the Swaminathan Commission
	Continue to increase MSPs periodically	To double the value of the output in dairying and poultry in five years
	Make Bharat a Global Millet Hub	To double the funding for R&D in agriculture in five years
	Provide access to robust agri infrastructure	To fill 3 mn vacancies at various levels in the central government
Employment	Efforts to make Bharat the global hub for High-Value Services by establishing more Global Capability Centers (GCCs), Global Tech Centers (GTCs) and Global Engineering Centers (GECs)	One year apprenticeship to every diploma holder/college graduate below the age of 25
	Employment opportunities in manufacturing, infrastructure, tourism sectors	One-time student education loan waiver including unpaid interest
		Job creation to the priority under the Nav Sankalp Economic Policy
		Employment-linked incentive (ELI) scheme for companies
Women empowerment	Integrate women self help groups in the services sector like IT, healthcare, education, retail and tourism with an aim to increase their income	To launch a Mahalakshmi scheme to provide Rs0.1 mn per year to every poor Indian family as an unconditional cash transfer
	Empower 30 mn rural women to become Lakhpati Didis	One-third reservation for women in state assemblies and Lok Sabha
	Development of infrastructure such as working women's hostels, creches	50% reservation of central government jobs for women
Poor and economically weaker sections	Continue to provide free ration for the next five years	To conduct a nation-wide Socio-Economic and Caste Census to enumerate the castes and sub-castes and their socio-economic conditions
	Continue to provide free health treatment	To pass a constitutional amendment to raise the 50% cap on reservations for SC, ST and OBC
	Free electricity to poor households	10% reservation in jobs and educational institutions for Economically Weaker Sections (EWS)
	To expand the PM Awas Yojana to ensure every garib parivar has access to quality housing	To double the scholarship for SC, ST and OBC students especially for higher education
		Reservation in private educational institutions for SC, ST and OBC
Senior citizens	Expand the Ayushman Bharat Yojana to cover Senior Citizens and provide them access to free and quality healthcare.	Increase in central government's contribution to pensions for senior citizens, widows and persons with disabilities to Rs1,000 pm from Rs200-500 pm
	Facilitating knowledge sharing by senior citizens	Restore travel concessions in public transport (rail and road) for senior citizens
	Ensuring senior citizen-friendly public infrastructure	
Healthcare services	Comprehensive healthcare and services in tribal areas	Double the hardship allowance of doctors serving in rural areas, and provide suitable residence facilities
	continue to provide free health treatment up to Rs0.5 mn under Ayushman Bharat	Contribution of the central government to the pay of frontline health workers to be doubled
	To expand the Jan Aushadhi Kendra network	Establishment of one government medical college-cum-hospital in each district
	To strengthen Ayushman Arogya Mandirs	Cashless insurance up to Rs2.5 mn
GST/welfare schemes	Simplify the GST portal to increase accessibility to users, especially MSMEs and small traders	To replace current GST with GST 2.0. The new GST regime will be based on the universally accepted principle that GST shall be a single, moderate rate (with a few exceptions)
	To invest Rs240 bn through PM JANMAN to bring the socio-economic status of the Particularly Vulnerable Tribal Group on par with society	Increase wage under MGNREGA to Rs400/day
	Doubling the MUDRA loan limit to Rs2 mn	
	Set up an Anusandhan Fund with an investment of Rs1 tn to provide loans to promote scientific research.	

Source: Manifestos, Kotak Institutional Equities

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ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

REDUCE. We expect this stock to deliver -5+5% returns over the next 12 months.

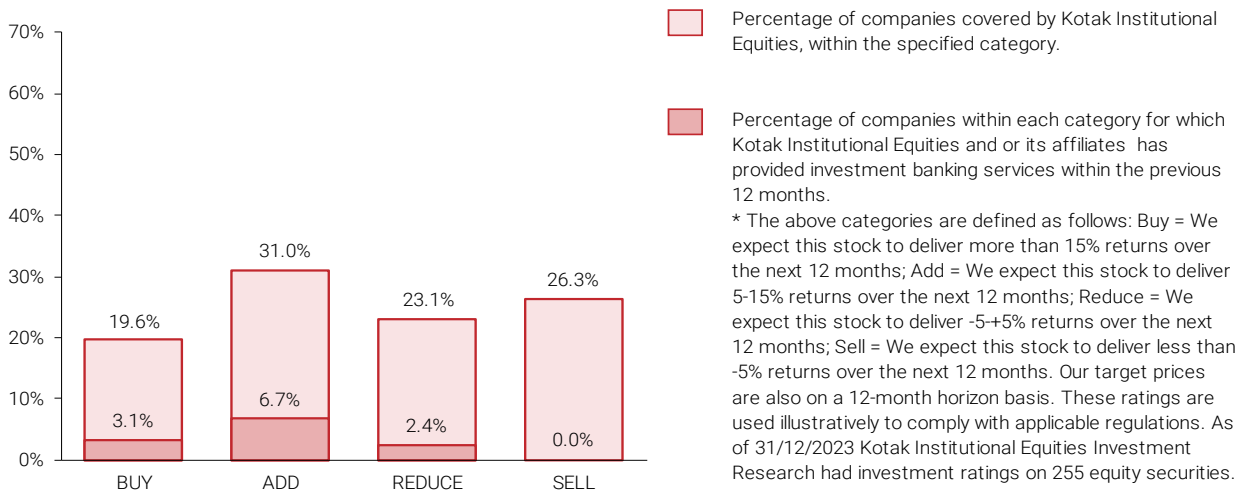
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