



BUDGET 2020

General

What the Finance Minister said:-

- This is the Budget to boost citizens incomes and enhance their purchasing power.
- Only through higher growth we can achieve that and have our youth gainfully and meaningfully employed.
- Let our businesses be innovative, healthy and solvent with use of technology.
- For today's youth born at the turn of the century, for every member of Scheduled Castes and Scheduled Tribes who seeks a better life, for every woman wishing to stand up and get counted, for every individual from the minority sections of our society - this Budget aims to have your aspirations and hopes addressed.
- Dynamic economy with a gentle breeze of new technology

General

- This vibrant India shall be a caring society which shall attend to its weak, the old and the vulnerable among its citizens.
- Governance focus : fundamental structural reform and inclusive growth.
- Fundamentals of the economy are strong and that has ensured macroeconomic stability. Inflation has been well contained.
- GST: Historic structural reform : With GST implementation there is 4% saving on monthly spends of households
- In the last two years more than 60 lakh new taxpayers added, a total of about 40 crore returns were filed,
- 800 crore invoices were uploaded, and
- 105 crore e-way bills were generated.

General

- Milestones achieved
 - (a) Welfare schemes with Direct Benefit Transfer (DBT) embedded in them
 - (b) Sanitation and water as provision of basic needs and as a measure of preventive healthcare
 - (c) Healthcare, through Ayushman Bharat
 - (d) Clean energy through Ujjwala and Solar power
 - (e) Financial inclusion, credit support, insurance protection to vulnerable sections and pension scheme
 - (f) Digital penetration with broadband and UPI
 - (f) Affordable Housing for all through PMAY

General

- We have moved on from a growth rate of just over 4% in 1950s to 6% in 1980s and 1990s.
- However, during 2014-19 we clocked growth of 7.4% on average with inflation, averaging around 4.5%.
- It is worthwhile to note that inflation was close to 9% in the last two decades of the last millennium and ranged 10.5% during 2009-14.
- Between 2006-16, India was able to raise 271 million people out of poverty, which we all should be proud of.

General

- We are now the fifth largest economy of the world. India's foreign direct investment got elevated to the level of US\$ 284 billion during 2014-19 from US\$ 190 billion that came in during the years 2009-14.
- The Central Government debt that has been the bane of our economy got reduced, in March 2019, to 48.7% of GDP from a level of 52.2% in March 2014.
- Aim is to leapfrog to the next level of health, prosperity and well-being.
- And to strive to bring 'Ease of living' for every citizen.

General

Important developments/facts were considered while making the budget:

- Proliferation of technologies, specially analytics, machine learning, robotics, bio-informatics and Artificial Intelligence; and
- The number of people in the productive age group i.e. 15-65 years in India, being at its highest.
- Entrepreneurship is maturing

Three Themes

- Aspirational India in which all sections of the society seek better standards of living, with access to health, education and better jobs.
- Economic development for all :
“SabkaSaath, SabkaVikas, SabkaVishwas”.
Growth of both Private Sector and Government Sector Together, they would ensure higher productivity and greater efficiency.
- A Caring Society that is both humane and compassionate.
‘Antyodaya’ is an article of faith.

Initiatives

The digital revolution which has placed India in a unique leadership position globally will see the next wave. We shall aim at:

- To achieve seamless delivery of services through Digital governance
- To improve physical quality of life through National Infrastructure Pipeline
- Risk mitigation through Disaster Resilience
- Social security through Pension and Insurance penetration
- Ease of Living

Aspirational India

PLANS

- (1) Agriculture Irrigation and Rural development
- (2) Wellness, Water and Sanitation and
- (3) Education and Skills

ASPIRATIONAL DISTRICTS

- Aspirational Districts are those districts in India, that are affected by poor socio-economic indicators. These are aspirational in the context, that improvement in these districts can lead to the overall improvement in human development in India. NITI Aayog has identified 115 Districts as Aspirational Districts.

Agriculture, Irrigation and Rural Development

- Committed to the goal of doubling farmers' incomes by 2022.
- KUSUM
- Paramparagat Krishi Vikas Yojana.
- PM Fasal Bima Yojana. 6.11 crores farmers insured
- Focus on cultivation of pulses, expansion of micro-irrigation
- Krishi Sinchai Yojana, expansion of micro-irrigation
- PM-KISAN . Provision of any annual supplement of the income to the farmer
- PMGSY, Connectivity
- Financial inclusion

Agriculture

- Farm markets & livestock markets need to be restructured
- Hand-holding of farm-based activities such as ,apiary, and fisheries
- Integrated solutions covering storage, financing, processing and marketing
- Adopting sustainable cropping patterns and bringing in more technology
- State Government need to implement of model laws issued by the Central government

Model Laws

- a) Model Agricultural Land Leasing Act, 2016
- b) Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017;, and
- c) Model Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018

Water stress

- Comprehensive measures are required for one hundred water stressed districts.
- India's most water-stressed blocks situated in Tamil Nadu (541), followed by Rajasthan (218), Uttar Pradesh (139) and Telangana (137), with several other states reeling under drought-like conditions. While 313 blocks have been termed critical, there are 1,186 blocks which have been over-exploited for water.
- Under the banner of the Jal Shakti Abhiyan water conservation campaign, the focus is on rainwater harvesting and water conservation. Other initiatives include renovation of traditional water bodies and tanks, reuse of water and recharge structures, watershed development and intensive afforestation.

Solar Power

- The PM-KUSUM scheme removed farmers' dependence on diesel and kerosene and linked pump sets to solar energy.
- Expansion of the scheme to provide 20 lakh farmers for setting up stand-alone solar pumps;
- Further another 15 lakh farmers will be helped to solarise their grid-connected pump sets.
- New scheme: to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid

Agriculture Warehouses

- India has an estimated capacity of 162 million MT of agri-warehousing, cold storage, reefer van facilities etc.
- Warehouse Development and Regulatory Authority (WDRA) will create further warehousing facilities. Viability Gap funding will be done by Central Government
- Aim: efficient warehouses in Blocks, Taluk levels FCI and Central Warehousing Corporation shall construct warehouses.
- Warehouses at village level to be managed by SHGs
- Indian Railways will set up a “Kissan Rail” a seamless national cold supply chain for perishables, inclusive of milk, meat and fish
- Krishi Udaan will be launched by the Ministry of Civil Aviation

Horticulture

- Horticulture sector with its current produce of 311million MT exceeds production of food grains.
- For better marketing and export, It is proposed for supporting States which, adopting a cluster basis, will focus on “one product one district”.

Integrated Farming

- Integrated farming systems in rainfed areas shall be expanded. Multi-tier cropping, bee-keeping, solar pumps, solar energy production in non-cropping season will be added.
- Zero-Budget Natural Farming will continue
- The portal on “jaivikkheti” - online national organic products market will also be strengthened.
- Financing on Negotiable Warehousing Receipts (e-NWR) has crossed more than Rs.6000crore. This will be integrated with e-NAM.
- Blue Economy: Our government proposes to put in place a framework for development, management and conservation of marine fishery resources.

Agriculture Financing

- Non-Banking Finance Companies (NBFCs) and cooperatives are active in the agriculture credit space. The NABARD re-finance scheme will be further expanded.
- Agriculture credit target for the year 2020-21 has been set at Rs.15 lakh crore. All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme.

Cattle

- All efforts to eliminate Foot and Mouth disease, brucellosis in cattle and also peste-des-petits ruminants (PPR) in sheep and goat by 2025.
- Coverage of artificial insemination shall be increased from the present 30% to 70%. MNREGS would be dovetailed to develop fodder farms.
- Further facilitate doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025.
- Under Deen Dayal Antyodaya Yojana for alleviation of poverty, 58 lakh SHGs have been mobilised. Efforts will be to further expand on SHGs.

Blue Economy

- Blue Economy: Our government proposes to put in place a framework for development, management and conservation of marine fishery resources.
- By 2022-23, target is to raise fish production to 200 lakh tonnes.
- Growing of algae, sea-weed and cage Culture will also be promoted.
- In fishery extension youth will be involved through 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations.
- Target is to raise fishery exports to Rs. 1 lakh crore by 2024-25.

Agriculture Funding

For the sector comprising of Agriculture and allied activities, Irrigation and Rural Development an allocation of about Rs.2.83 lakh crore has been made for the year 2020-21 .

Its divided, inter-alia;

- a) For Agriculture, Irrigation & allied activities - Rs. 1.60 lakh crore
- b) For Rural development & Panchayati Raj - Rs.1.23 lakh crore

Aspirational India: Health

- Holistic vision of healthcare that translates into wellness of the citizen.
- Mission Indradhanush has been expanded to cover 12 such diseases, including five new vaccines.
- ‘FIT India’ movement is a vital part of fight against Non-communicable diseases coming out of life style issues.
- A very focused safe water (Jal Jeevan Mission) and comprehensive sanitation program (Swacchh Bharat Mission) have been launched to support the health vision. That would reduce the disease burden on the poor.

Health

- Presently, under PM Jan Arogya Yojana (PMJAY) ,there are more than 20,000 empanelled hospitals. We need more in Tier-2 and Tier-3 cities for poorer people under this scheme.
- Viability Gap Funding will be provided for setting up of hospitals in the PPP mode
- First Aspirational Districts will be covered where presently there are no Ayushman empanelled hospitals.
- Machine learning and AI will be used for diagnostic purposes
- “TB Harega Desh Jeetega” campaign has been launched. Commitment is to end Tuberculosis by 2025.

Health

- Jan Aushadhi Kendra Scheme shall be extended to all districts offering 2000 medicines and 300 surgical by 2024.
- ₹ 69,000 Cr provided for health sector. ₹ 6400 Cr for PM Jan Arogya Yojana
- ODF behavior to be sustained.
- There is need to enforce liquid and grey water management besides Solid waste collection, source segregation and processing.

Education and Skills

- By 2030, India is set to have the largest working-age population in the world. Needed Literacy, Jobs and life skills, employability improved.
- The New Education Policy will be announced soon. Funding ₹ 99,300 Cr for education and ₹ 3000 Cr for Skill Development
- Funding through External Commercial Borrowings and FDI
- About 150 higher educational institutions will start apprenticeship embedded degree/diploma courses by March 2021.
- Urban local bodies across the country would provide internship opportunities to fresh engineers for a period up to one year.

Education

- Proposed to start degree level full-fledged online education programme.
- “Study in India” programme, Ind-SAT is proposed to be held in Asian and African countries
- A National Police University and a National Forensic Science University are being proposed in the domain of policing science, forensic science, cyber-forensics etc.
- There is a shortage of qualified medical doctors,
- Large hospitals with sufficient capacity to offer resident doctors DNB/FNB courses
- There exists a huge demand for teachers, nurses, para-medical staff and care-givers abroad. Their skill set would be improved

Economic Development

- Investment Clearance Cell : will provide “end to end” facilitation and support, including pre-investment advisory, information related to land banks and facilitate clearances at Centre and State level.
- It will work through a portal.
- It is proposed to develop five new smart cities in collaboration with States in PPP mode.
- Convergence of economic activities: (1) the upcoming economic corridors; (2) revitalisation of manufacturing activities; and (3) Technology and the demands of aspirational classes.
- ₹ 27,300 Cr has been provided for development and promotion of Industry and Commerce for 2020-2021

Economic Development

- India needs to manufacture Networked products. That will make it a part of global value chains. This in turn gets more investment and generates more employment for our youth.
- Electronics manufacturing industry is very competitive and India has shown its cost advantages. The potential of this industry in job creation is immense.
- A scheme focussed on encouraging manufacture of mobile phones, electronic equipment and semi-conductor packaging is needed
- Another area to pursue is manufacture of medical devices

Economic Development

- India imports significant quantity of technical textiles worth US\$ 16 billion every year. India can become global leader in Technical Textiles
- A **technical textile** is a **textile** product manufactured for non-aesthetic purposes, where function is the primary criterion.
- **Technical textiles** are used in different forms in various industries like construction, transport, agriculture, medical, hygiene, and sporting.
- India should emerge as a global leader in Technical Textile
- National Technical Textiles Mission is proposed with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of ₹ 1480 crore.

Zero Defect-Zero Effect Manufacturing

- Time bound adoption by industry of mandatory technical standards
- Effective enforcements of these standards

NIRVIK Scheme

- The scheme provides for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements.
- It is proposed to digitally refund to exporters, duties and taxes levied at the Central, State and local levels, such as electricity duties and VAT on fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism. This Scheme for Reversion of duties and taxes on exported products will be launched this year.
- Each District should develop as an export hub.

E-Marketplace (GeM)

- GeM is a Unified Procurement System
- For providing a single platform for procurement of goods, services and works.
- It offers a great opportunity for Medium, Small and micro Enterprises (MSMEs).
- 3.24 lakh vendors are already on this platform.

Economic Development- Infrastructure

- ₹ 100 Lakh Cr. Would be invested on infrastructure over next 5 years
- National Infrastructure Pipeline has been launched on 31st December 2019 of ₹ 103 lakh crore.
- It consists of more than 6500 projects across sectors and are classified as per their size and stage of development.
- These new projects will include housing, safe drinking water, access to clean and affordable energy, healthcare for all, world-class educational institutes, modern railway stations, airports, bus terminals, metro and railway transportation, logistics and warehousing, irrigation projects, etc.

Infrastructure Development

- Infrastructure Development and Maintenance will create huge employment opportunity for the youth
- National Skill Development Agency will give special thrust to infrastructure-focused skill development opportunities.
- A National Logistics Policy will be released soon. Inter alia; it will clarify the roles of the Union Government, State Governments and key regulators.
- It will create a single window e-logistics market and focus on generation of employment, skills and making MSMEs competitive.

Highways

- Accelerated development of highways will be undertaken.
- This will include development of 2500 Km access control highways, 9000 Km of economic corridors, 2000 Km of coastal and land port roads and 2000 Km of strategic highways.
- Delhi-Mumbai Expressway will be completed
- Chennai-Bengaluru Expressway would be started

Railways

- Setting up a large solar power capacity alongside the rail tracks
- Four station re-development projects and operation of 150 passenger trains would be done through PPP mode.
- Electrification of 27000 Km of tracks.
- More 'Tejas' type trains will connect iconic tourist destinations.
- High speed train between Mumbai to Ahmedabad would be actively pursued.
- 148 km Bengaluru suburban transport project at a cost of ₹ 18600 Cr would be undertaken

Ports and Inland Waterways

- Our sea-ports need to be more efficient. Technology has to be used to improve performance. A governance framework keeping with global benchmarks needs to be put in place.
- Would consider corporatizing at least one major port and subsequently its listing on the stock exchanges.
- Inland Waterways received a boost in the last five years. The Jal Vikas Marg on National Waterway-1 will be completed. Further, the 890 Km Dhubri-Sadiya connectivity will be done by 2022.
- Developing waterways has its impact on the eco-system on both the banks of the river. The scheme has conceptualised “Arth Ganga”. Plans are afoot to energise economic activity along river banks.

Air Traffic

- Air traffic has been growing rapidly in the country as compared to global average. One hundred more airports would be developed by 2024 to support Udaan scheme.
- It is expected that the air fleet number shall go up from the present 600 to 1200 during this time.
- Total outlay for Transport Infrastructure is kept at Rs. 1.70 Lakh crore for 2020-21

Electricity

- Taking electricity to every household has been a major achievement.
- DISCOMS are still under financial stress.
- Plan is to promote 'smart' metering. The conventional energy meters to be replaced by prepaid smart meters in next three years
- With smart metering consumer will be free to choose the supplier and rate as per their requirement
- Total out lay for power and renewable energy sector is kept at Rs. 22000 Cr

Oil and Gas

- The Open Acreage Licensing Policy (OALP) is a success having awarded 1,37,000 Sq km for exploration to private sector and to the CPSEs.
- City gas distribution rights are also awarded.
- It is proposed to expand the national gas grid from the present 16200 km to 27000 km

New Economy

- The new economy is based on innovations that disrupt established business models. Artificial intelligence, Internet-of-Things (IoT), 3D printing, drones, DNA data storage, quantum computing, etc.,
- It is now a cliché - “data is the new oil” and it is true that Analytics, Fintech and Internet of Things (IOT) are changing the way we deal with our lives.
- Data Centre parks will be created throughout the country.
- all “public institutions” at Gram Panchayat level such as Anganwadis, Health and wellness centres, government schools, PDS outlets, post offices and police stations will be provided with digital connectivity. So, Fibre to the Home (FTTH) connections through Bharatnet will link 100,000 gram panchayats this year.

Intellectual Property

- Centre would be established that would work on the complexity and innovation in the field of Intellectual Property.
- Knowledge Translation Clusters would be set up across different technology sectors including new and emerging areas.
- For designing, fabrication and validation of proof of concept, and further scaling up Technology Clusters, harbouring such test beds and small scale manufacturing facilities would be established.
- Mapping of India's genetic landscape is critical for next generation medicine, agriculture and for bio-diversity management.

Quantum Technology

- Quantum technology is opening up new frontiers in computing, communications, cyber security with wide-spread applications.
- It is expected that lots of commercial applications would emerge from theoretical constructs which are developing in this area.
- It is proposed to provide an outlay of Rs. 8000 crore over a period five years for the National Mission on Quantum Technologies and Applications.

Caring Society

- Focus on Women & Child, Social Welfare; Culture and Tourism and also on Environment and Climate Change.
- Women & Child, & Social Welfare:
 - ❖ “Beti Bachao Beti Padhao” has yielded tremendous results.
 - ❖ Gross enrolment ratio of girls across all levels of education is now higher than boys.
 - ❖ At elementary level it is 94.32 % as against 89.28% for boys.
At Secondary level, it is 81.32 % as compared to 78 %
At higher secondary level girls have achieved a level of 59.70 % as compared to 57.54 % for boys.

Women & Child

- Health of mother and child are closely correlated. Nutrition is the critical component of health. To improve the nutritional status of children (0-6 years), adolescent girls, pregnant women and lactating mothers, Government had launched a scheme of “Poshan Abhiyan” in 2017-18.
- More than six lakh Anganwadi workers are equipped with smart phones to upload the nutritional status of more than 10 crore households.
- Women’s age of marriage was increased from fifteen years to eighteen years in 1978 by amending erstwhile Sharda Act of 1929. Taskforce will look into it further.
- ₹ 35600 crore is provided for nutrition-related programmes for the financial year 2020-21.

Welfare

- ₹ 28,600 crore are provided for programs that are specific to women.
- There shall be NO manual cleaning of sewer systems or septic tanks.
- Suitable technologies for such tasks have been identified and will facilitate adopting of these technologies by local bodies. Financial support will be provided. If need be Legislative and institutional changes will be made for adopting of these technologies.
- For the welfare of SC & OBC ₹ 85,000 Cr is provided for 2020-21
- For welfare of Scheduled Tribes an amount of ₹ 53,700 Cr is provided
- For Senior citizens and Divyang an allocation of ₹ 9500 Cr is provided for 2020-21

Culture & Tourism

- An Indian Institute of Heritage and Conservation would be established. It shall have the status of deemed University.
- Acquisition of knowledge in disciplines such as museology and archaeology are essential for collecting and analysing scientific evidence of such findings and for dissemination through high quality museums.
- Five archaeological sites would be developed as iconic sites with on- site Museums. They are: Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh) Shivsagar (Assam), Dholavira (Gujarat) and Adichanallur (Tamil Nadu).
- There will be re-curation of the Indian Museum in Kolkata, which is the oldest in the country.

Culture

- In the historic Old Mint building Kolkata, a museum on Numismatics and Trade will also be located. Four more museums from across the country shall be taken up for renovation and re-curation so that a world class experience can be offered to visitors.
- Setting up of a Tribal Museum in Ranchi (Jharkhand) will be facilitated
- A maritime museum would be set up at Lothal- the Harrapan age maritime site near Ahmedabad, by Ministry of Shipping.
- ₹ 3,150 Cr is allocated for Ministry of Culture for 2020-21

Tourism

- India has moved up from rank 65 in 2014 to 34 in 2019 in the Travel & Tourism Competitive Index (World Economic Forum).
- Foreign exchange earnings grew 7.4% to Rs.1.88 lakh crores for the period January to November 2019 from ₹ 1.75 lakh crores
- Growth of tourism directly relates to growth and employment.
- For promotion of Tourism an allocation of ₹ 2500 Cr has been done for 2020-21.

Environment & Climate Change

- The Coalition for Disaster Resilient Infrastructure (CDRI) with its Secretariat in Delhi was launched in September 2019.
- This Global Partnership will help in addressing a number of Sustainable Development Goals (SDGs), as also the aims of Sendai framework. It will enhance climate change adaptation with a focus on disaster resilient infrastructure
- India submitted its Nationally Determined Contribution, under the Paris Agreement in 2015 on a “best effort” basis, keeping in mind the development imperative of the country.
- Its implementation effectively begins on 1st January 2021.

Environment

- Thermal power plants that are old and their carbon emission levels are high shall be identified
- Either their emission level will be brought down or they will be shut down
- In large cities having population above one million, clean air is a matter of concern. Efforts will be to ensure cleaner air
- Allocation: ₹ 4,400 Cr for 2020-21

Governance

- Governance - Administration need to be clean, corruption-free, policy driven and good in intent and trusting in faith means trusting every citizen.
- Taxpayer Charter will be brought out
- Major reforms will be brought about in recruitment to Non-Gazetted posts in governments and public sector banks.
- It is proposed to set up a National Recruitment Agency as an independent, professional, specialist organization for conduct of a computer-based online Common Eligibility Test for recruitment to Non-Gazetted posts
- A test centre in every Aspirational Districts would be set up.

Governance

- Contract Act will be strengthened for a stable and predictable business environment
- Data management is key in our increasingly complex economy. It is proposed to have new National Policy on Official Statistics incorporating use of latest technology including Artificial Intelligence.
- The policy will lay down a road-map towards modernized data collection, integrated information portal and timely dissemination of information

G20

- India will host G20 presidency in the year 2022- the year of 75th anniversary of independence of Indian Nation.
- India would be able to drive considerably the global economic and development agenda.

North Eastern Region

- North Eastern region has a very high priority in Government's Developmental agenda.
- Government is ensuring smooth access to financial assistance from multilateral and bilateral funding agencies to help introduce innovative and global best practices.
- Central Government has effectively used an online portal to reduce gestation period of online.
- This has improved the flow of funds to the northeast region.

Union Territories of J&K and Union Territory of Ladakh

- An amount of ₹ 30,757 Cr has been allotted for the year 2020-21 for J&K and ₹ 5958 Cr for Ladakh.

Financial Sector

- A clean, reliable and robust financial sector is critical to the economy.
- To achieve the USD 5 trillion economy, the financial architecture should keep evolving and move from strength to strength.
- Infused about ₹ 3,50,000 crore by way of capital into Public Sector Banks for regulatory and growth purposes.
- Few banks will be encouraged for go for IPO
- the Deposit Insurance and Credit Guarantee Corporation (DICGC) has been permitted to increase Deposit Insurance Coverage for a depositor, which is now `one lakh to `five lakh per depositor.

Financial Sector

- To strengthen the Cooperative Banks, amendments to the Banking Regulation Act are proposed for increasing professionalism, enabling access to capital and improving governance and oversight for sound banking through the RBI.
- The limit for NBFCs to be eligible for debt recovery under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002, is proposed to be reduced from ₹ 500 crore to asset size of ₹ 100 crore or loan size from existing ₹ 1 crore to ₹ 50 lakh.

SARFAESI Act 2002

- The Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 (also known as the **SARFAESI Act**) is an Indian law. It allows banks and other financial institution to auction residential or commercial properties (of Defaulter) to recover loans.
- The Act empowers the Bank: To **issue demand notice** to the defaulting borrower and guarantor, calling upon them to discharge their dues in full within 60 days from the date of the **notice**.

Financial Sector

- It is proposed to sell the balance holding of Government of India IDBI Bank to private, retail and institutional investors through the stock exchange.
- Inter-operability of Pension Fund with auto enrolment will be provided to take care of easy mobility while in jobs.
- Regulating role of PFRDAI requires strengthening. Necessary amendments would be carried out in Pension Fund Regulatory Development Authority of India Act that will also facilitate separation of NPS trust for government employees from PFRDAI.
- This would also enable establishment of a Pension Trust by the employees other than Government.

MSMEs

- MSMEs are vital to keep the wheels of economy moving. They also create job, innovate and are risk takers.
- More than five lakh MSMEs have benefitted from restructuring of debt permitted by RBI in the last year. The restructuring window was to end on March 31, 2020. Government has asked RBI to consider extending this window till March 31, 2021.
- An app-based invoice financing loans product will be launched. This will obviate the problem of delayed payments and consequential cash flows mismatches for the MSMEs.

Factor Regulation Act 2011

- The amendment will enable NBFCs to extend invoice financing to the MSMEs through TReDS, thereby enhancing their economic and financial sustainability.
- Working capital credit remains a major issue for the MSMEs.
- It is proposed to introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs.
- This subordinate debt to be provided by banks would count as quasi-equity and would be fully guaranteed through the Credit Guarantee Trust for Medium and Small Entrepreneurs (CGTMSE). The corpus of the CGTMSE would accordingly be augmented by the government.

MSMEs

- Many mid-size companies are successful domestically but not in export markets.
- For selected sectors such as pharmaceuticals, auto components and others, it is proposed to extend handholding support - for technology upgradations, R&D, business strategy etc. A scheme of ₹ 1000 crore will be anchored by EXIM Bank together with SIDBI.
- Both these institutions would contribute ₹ 50 crore each.
- This ₹ 100 crore would be achieved towards equity and technical assistance.
- Debt funding of ₹ 900 crore from banks would be made available.

Financial Markets

- Flow of fund is required for aspirational growth
 - 1) Certain specified categories of Government securities would be opened fully for non-resident investors, apart from being available to domestic investors as well.
 - 2) The limit for FPI in corporate bonds, currently at 9% of outstanding stock, will be increased to 15% of the outstanding stock of corporate bonds.
 - 3) To improve investors' confidence and to expand the scope of credit default swaps, it is proposed to formulate a legislation, to be placed soon before the House, for laying down a mechanism for netting of financial contracts.

Financial Markets

- The Debt-based Exchange Traded Fund (ETF) recently floated by the government was a big success. Government proposes to expand this by floating a new Debt-ETF consisting primarily of government securities.
- This will give retail investors access to government securities as much as giving an attractive investment for pension funds and long-term investors.
- A Partial Credit Guarantee scheme for the NBFCs. Was launched last year.
- Government will continue the support by guaranteeing securities so floated.

Infrastructure Financing

- National Infrastructure Pipeline projects were announced worth ₹ 103 lakh crore
- ₹ 22,000 Cr has already been provided as support to Infrastructure Pipeline.
- This would cater for equity support to Infrastructure Finance Companies such as IIFCL and a subsidiary of NIIF.
- They would leverage it, as permissible, to create financing pipeline of more than Rs.1,00,000 crore. This would create a major source of long term debt for infrastructure projects and fulfil a long awaited requirement.

Infrastructure Financing

- GIFT IFSC has an approved Free Trade zone for housing vaults. It already has 19 insurance entities, 40 banking entities. It has also provided for setting up of precious metals testing laboratories and refining facilities. With the approval of the regulator, GIFT City would set up an International Bullion exchange(s) in GIFT-IFSC as an additional option for trade by global market participants. This will enable India to enhance its position worldwide, create jobs in India and will lead to better price discovery of gold.
- In recent years there has been a surge in trading volumes of Indian rupee in the offshore financial centres. The Government and RBI has taken various measures to permit Rupee derivatives to be traded in the International Financial Services Centre at GIFT city, Gujarat.

Disinvestment

- Listing of companies on stock exchanges discipline a company and provides access to financial markets and unlocks its value.
- It also gives opportunity for retail investors to participate in the wealth so created.
- The government has proposed to sell a part of its holding in LIC by way of Initial Public Offer (IPO).

Fiscal Management

- XV Finance Commission has given its first report pertaining to Financial Year 2020-21.
- Government in substantial measure, accepted the recommendations of the Commission.
- The commission would submit its final report to the President during the latter part of the year, for five years beginning 2021-22.

Fiscal Management

- It is decided to transfer to the GST Compensation Fund balances due out of collection of the years 2016-17 and 2017-18, in two instalments. Hereinafter, transfers to the fund would be limited only to collection by way of GST compensation cess.
- The procedure adopted is compliant with the FRBM Act. This is also consistent with the practices hitherto followed.
- Servicing of interest and repayment of debts propose to be done out of Consolidated Fund of India.

Financial Projections

- Revised Estimates of Expenditure for the Financial Year 2019-20 are at a level of ₹ 26.99 lakh Crore and the receipts are estimated at ₹ 19.32lakh crore.
- Nominal growth of GDP for the year 2020-21 is estimated to be 10%
- Receipts for the year 2020-21 are estimated at ₹ 22.46 lakh Cr
- Level of expenditure has been kept at ₹ 30.42 lakh crore
- Fiscal deficit is estimated to be 3.8% in RE 2019-20 and 3.5% for BE 2020-21.

Fiscal Deficit

- Section 4 (2) of the FRBM Act provides for a trigger mechanism for a deviation from the estimated fiscal deficit on account of structural reforms in the economy with unanticipated fiscal implications.
- Govt has taken a deviation of 0.5%, consistent with Section 4(3) of FRBM Act, both for RE 2019-20 and BE 2020-21.
- The return path is being laid before the parliament as a part of Medium Term Fiscal Policy cum Strategy Statement. This fiscal path commits to the path of fiscal consolidation without compromising the needs of investment out of public funds.
- The net market borrowings for the year 2019-20 would be ₹ 4.99 lakh crore and for the year 2020-21, it would be ₹ 5.36 lakh crore.

Direct Tax

- In India, corporate tax rates are now amongst the lowest in the world. This will enable companies to expand their businesses and make fresh investments in the coming future.

Taxable Income Slab (₹)	Existing Tax Rate	New Tax Rate
0- 2.5 Lakh	Exempt	Exempt
2.5-5 Lakh	5%	5%
5-7.5 Lakh	20%	10%
7.5-10 Lakh	20%	15%
10-12.5 Lakh	30%	20%
12.5-15 Lakh	30%	25%
Above 15 Lakh	30%	30%

Income Tax Rates

- A new and simplified personal income tax rates will be significantly reduced for the individual taxpayers who forgo certain deductions and exemptions.
- The new tax regime shall be optional for the taxpayers. An individual who is currently availing more deductions & exemption under the Income Tax Act may choose to avail them and continue to pay tax in the old regime.
- The new personal income tax rates will entail estimated revenue forgone of ₹ 40,000 crore per year.
- Initiated measures to prefill the income tax return so that an individual who opts for the new regime would need no assistance from an expert to file his return and pay income tax.

Dividend Distribution Tax

- Currently, companies are required to pay Dividend Distribution Tax (DDT) on the dividend paid to its shareholders at the rate of 15% plus applicable surcharge and cess in addition to the tax payable by the company on its profits.
- Now companies will not be required to pay DDT
- The dividend shall be taxed only in the hands of the recipients at their applicable rate.
- The removal of DDT will lead to estimated annual revenue forgone of ₹ 25,000 Crore.

Concessional tax rate for Electricity generation companies

- In order to give boost to the manufacturing sector, new provisions were introduced in September 2019 offering a concessional corporate tax rate of 15% to the newly incorporated domestic companies in the manufacturing sector which start manufacturing by 31st March, 2023.
- This concession is extended to new domestic companies engaged in the generation of electricity.

Tax concession for foreign investments

- To encourage the investment by the Sovereign Wealth Fund of foreign governments in the priority sectors, 100% exemption is given to their interest, dividend and capital gains income in respect of investment made in infrastructure and other notified sectors before 31st March, 2024 and with a minimum lock-in period of 3 years.
- Many steps have also been taken to make available foreign funds at a lower cost.
 - Concessional withholding rate of 5% for FPIs and Qualified Foreign Investors on bonds issued by Indian companies and government securities

Start-ups

- Start-ups have emerged as engines of growth for our economy.
- During their formative years, Start-ups generally use Employee Stock Option Plan (ESOP) to attract and retain highly talented employees. ESOP is a significant component of compensation for these employees. Currently, ESOPs are taxable as perquisites at the time of exercise. This leads to cash-flow problem for the employees who do not sell the shares immediately and continue to hold the same for the long-term. In order to give a boost to the start-up ecosystem, It is proposed to ease the burden of taxation on the employees by deferring the tax payment by five years or till they leave the company or when they sell their shares, whichever is earliest.

Start-ups

- An eligible Start-up having turnover up to 25 crores is allowed deduction of 100% of its the profits for three consecutive assessment years out of seven years if the total turnover does not exceed 25 crore rupees.
- It is proposed to increase the turnover limit from existing ₹ 25 crore to ₹ 100Cr.

Concessional rate for cooperatives

- They are currently charged at 33% with surcharge and Cess
- Now, it will be 22% tax plus 10% surcharge and 4% Cess with no exemption and deductions
- No Alternate Minimum Tax will not be levied on Co-operatives

MSME

- Now if turn over is more than one crore accounts need to be audited by accountant, turn over threshold is being increased to ₹ 5 Cr.

Affordable Housing

- Housing for all: Exemption was granted additional deduction of up to one lakh fifty thousand for interest paid on loan taken for purchase of an affordable housing loans sanctioned on or before 31st March 2020
- Now it is extended upto 31.3.2021
- A tax holiday is provided on the profits earned by developers of affordable housing project approved by 31st March, 2020. In order to promote the affordable housing projects, It is decided to extend the date of approval of affordable housing projects for availing this tax holiday by one more year.

Concession to real estate transactions

- Currently, while taxing income from capital gains, business profits and other sources in respect of transactions in real estate, if the consideration value is less than circle rate by more than 5 percent, the difference is counted as income both in the hands of the purchaser and seller.
- In order to minimize hardship in real estate transaction and provide relief to the sector, It is proposed to increase the limit of 5% to 10%.

Charity Institutions

- Income from Charity Institutions is fully exempted from taxation
- Donation made to these institutions is also allowed as deduction in computing the taxable income of the donor.
- It is proposed to pre-fill the information of donee in taxpayer's return on the basis of information of donations furnished by the donee.
- All charity institutions will be registered and (URN) Unique Registration Number will be allotted to them

‘Vivad SE Vishwas’ Scheme

- Aim: reduce litigation
- In the last budget, Sabka Vishwas Scheme was brought in to reduce litigation in indirect taxes. It resulted in settling over 1,89,000 cases. Currently, there are 4,83,000 direct tax cases pending in various appellate forums i.e. Commissioner (Appeals), ITAT, High Court and Supreme Court.
- Under the proposed ‘Vivad Se Vishwas’ scheme, a taxpayer would be required to pay only the amount of the disputed taxes and will get complete waiver of interest and penalty provided he pays by 31st March, 2020. Those who avail this scheme after 31st March, 2020 will have to pay some additional amount. The scheme will remain open till 30th June, 2020.

Instant PAN through Aadhaar

- Aadhaar and PAN are interchangeable now
- PAN shall be instantly allotted online on the basis of Aadhaar without any requirement for filling up of detailed application form.

Indirect Tax

- Reforms in GST continuing
- Refund process has been simplified and has been made fully automated with no human interface.
- Electronic invoice is another innovation wherein critical information shall be captured electronically in a centralized system. It will be implemented in a phased manner starting from this month itself on optional basis. It will facilitate compliance and return filing.
- Dynamic QR-code is proposed for consumer invoices. GST parameters will be captured when payment for purchases is made through the QR-code. Dynamic QR-code is proposed for consumer invoices. GST parameters will be captured when payment for purchases is made through the QR-code.

GST

- Deep data analytics and AI tools are being used for crackdown on GST input tax credit, refund, and other frauds and to identify all those who are trying to game the system.

Invert Duty Structure

- **Inverted duty structure** refers to taxation of inputs at higher rates than finished products that results in build-up of credits and cascading costs.
- Industry has been demanding that government should remove the anomalies with regard to taxation of raw material and other inputs, the sources said.
- Ex. Import of tyres : import duty 10%
Import of Rubber: import duty 20%
Even though there is value addition

International Trade

- A number of measures have been taken for ease of doing business both imports and exports.
- India's rank on this parameter improved from 146 to 80 in 2018 and further to 68 in 2019.
- Measures have also been taken for providing a level playing field to our domestic manufacturers, particularly the MSME sector and for securing borders.
- It has been observed that imports under Free Trade Agreements (FTAs) are on the rise. Undue claims of FTA benefits have posed threat to domestic industry. Such imports require stringent checks.

Trade

- Provisions relating to safeguard duties which are applied when surge in imports causes serious injury to domestic industry.
- Amended provisions shall enable regulating such surge in imports in a systematic way.
- The provisions for checking dumping of goods and imports of subsidized goods are also being strengthened for ensuring a level playing field for domestic industry.
- Special attention has been taken to put measured restraint on import of those items which are being produced by our MSMEs with better quality.
- Keeping in view the need of this sector, customs duty is being raised on items like footwear and furniture.

Make in India

- Policy of Make in India has started giving dividends. India is now making world class goods and exporting such products.
- We have made considerable progress in medical equipment too. Till few years back we were largely dependent on imports for medical equipment. Now, not only we are manufacturing medical equipment but also exporting them in large quantities.
- Proposal to impose a nominal health cess, by way of a duty of customs, on the imports of medical equipment keeping in view that these goods are now being made significantly in India.
- The proceed from this cess shall be used for creating infrastructure for health services in the aspirational districts.

Textile Industry

- Chemicals are crucial feed stocks for downstream users. PTA, for example, is a critical input for textile fibres and yarns.
- PTA= Purified terephthalic acid. It is used in manufacture of polyester
- Reliance is among world's largest producers of the chemical
- Its easy availability at competitive prices is desirable to unlock immense potential in textile sector which is a significant employment generator.
- Therefore, in the larger public interest, anti-dumping duty on PTA is being abolished.

Cigarettes

- It was proposed to raise excise duty, by way of National Calamity Contingent Duty on Cigarettes and other tobacco products.
- However, no change is being made in the duty rates of bidis.

Thank You