

PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA

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KEY HIGHLIGHTS OF UNION BUDGET 2020-21

New Delhi, 1<sup>st</sup> February 2020

Presenting the first Union Budget of the third decade of 21<sup>st</sup> century, Finance Minister Smt. Nirmala Sitharaman, today unveiled a series of far-reaching reforms, aimed at energizing the Indian economy through a combination of short-term, medium-term, and long-term measures.

The Key Highlights of Union Budget 2020-21 are as follows:

**Three prominent themes of the Budget**

- *Aspirational India* - better standards of living with access to health, education and better jobs for all sections of the society
- *Economic Development for all* - “Sabka Saath , Sabka Vikas , Sabka Vishwas”.
- *Caring Society* - both humane and compassionate; Antyodaya as an article of faith.
- Three broad themes are held together by:
  - Corruption free, policy-driven *Good Governance*.
  - Clean and sound *financial sector*.
- *Ease of Living* underlined by the three themes of Union Budget 2020-21.

**Three components of Aspirational India**

- Agriculture, Irrigation, and Rural Development
- Wellness, Water, and Sanitation
- Education and Skills

**Sixteen Action Points for Agriculture, Irrigation and Rural Development**

- Rs. 2.83 lakh crore to be allocated for the following 16 Action Points:
  - Rs. 1.60 lakh crore for Agriculture, Irrigation & allied activities.
  - Rs. 1.23 lakh crore for Rural development & Panchayati Raj.
- Agriculture credit:
  - Rs. 15 lakh crore target set for the year 2020-21.
  - PM-KISAN beneficiaries to be covered under the KCC scheme.
  - NABARD Re-finance Scheme to be further expanded.
- Comprehensive measures for 100 water-stressed districts proposed.

- **Blue Economy:**
  - Rs. 1 lakh crore fisheries' exports to be achieved by 2024-25.
  - 200 lakh tonnes fish production targeted by 2022-23.
  - 3477 *Sagar Mitras* and 500 Fish Farmer Producer Organisations to involve youth in fisheries extension.
  - Growing of algae, sea-weed and cage culture to be promoted.
  - Framework for development, management and conservation of marine fishery resources.
- **Kisan Rail** to be setup by Indian Railways through PPP:
  - To build a seamless national cold supply chain for perishables (milk, meat, fish, etc.
  - Express and Freight trains to have refrigerated coaches.
- **Krishi Udaan** to be launched by the Ministry of Civil Aviation:
  - Both international and national routes to be covered.
  - North-East and tribal districts to realize Improved value of agri-products.
- **One-Product One-District** for better marketing and export in the Horticulture sector.
- Balanced use of all kinds of fertilizers - traditional organic and innovative fertilizers.
- Measures for organic, natural, and integrated farming:
  - **Jaivik Kheti** Portal – online national organic products market to be strengthened.
  - **Zero-Budget Natural Farming** (mentioned in July 2019 Budget) to be included.
  - **Integrated Farming Systems** in rain-fed areas to be expanded.
  - Multi-tier cropping, bee-keeping, solar pumps, solar energy production in non-cropping season to be added.
- **PM-KUSUM** to be expanded:
  - 20 lakh farmers to be provided for setting up stand-alone solar pumps.
  - Another 15 lakh farmers to be helped to solarise their grid-connected pump sets.
  - Scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid.
- **Village Storage Scheme:**
  - To be run by the SHGs to provide farmers a good holding capacity and reduce their logistics cost.
  - Women, SHGs to regain their position as **Dhaanya Lakshmi**.
- NABARD to map and geo-tag agri-warehouses, cold storages, reefer van facilities, etc.
- Warehousing in line with Warehouse Development and Regulatory Authority (WDRA) norms:
  - Viability Gap Funding for setting up such efficient warehouses at the block/taluk level.
  - Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) to undertake such warehouse building.
- Financing on Negotiable Warehousing Receipts (e-NWR) to be integrated with e-NAM.

- State governments who undertake implementation of model laws (issued by the Central government) to be encouraged.
- Livestock:
  - Doubling of milk processing capacity to 108 million MT from 53.5 million MT by 2025.
  - Artificial insemination to be increased to 70% from the present 30%.
  - MNREGS to be dovetailed to develop fodder farms.
  - Foot and Mouth Disease, Brucellosis in cattle and Peste Des Petits ruminants (PPR) in sheep and goat to be eliminated by 2025.
- **Deen Dayal Antyodaya Yojana** – 0.5 crore households mobilized with 58 lakh SHGs for poverty alleviation.

### Wellness, Water and Sanitation

- Rs. 69,000 crore allocated for overall Healthcare sector.
- Rs. 6400 crore (out of Rs. 69,000 crore) for **PM Jan Arogya Yojana** (PMJAY):
  - More than 20,000 hospitals already empanelled under PM Jan Arogya Yojana (PMJAY).
  - Viability Gap Funding window proposed for setting up hospitals in the PPP mode.
  - Aspirational Districts with no Ayushman empanelled hospitals to be covered in the first phase.
  - Targeting diseases with an appropriately designed preventive regime using Machine Learning and AI.
- **Jan Aushadhi Kendra Scheme** to offer 2000 medicines and 300 surgicals in all districts by 2024.
- **TB Harega Desh Jeetega** campaign launched - commitment to end Tuberculosis by 2025.
- Rs. 3.60 lakh crore approved for **Jal Jeevan Mission**:
  - Rs. 11,500 crore for the year 2020-21.
  - Augmenting local water sources, recharging existing sources, and promoting water harvesting and de-salination.
  - Cities with million-plus population to be encouraged to achieve the objective during the current year itself.
- Rs.12, 300 crore allocation for **Swachh Bharat Mission** in 2020-21:
  - Commitment to **ODF-Plus** in order to sustain ODF behaviour.
  - Emphasis on liquid and grey water management.
  - Focus also on Solid-waste collection, source segregation, and processing.

### Education and Skills

- Rs. 99,300 crore for education sector and Rs. 3000 crore for skill development in 2020-21.

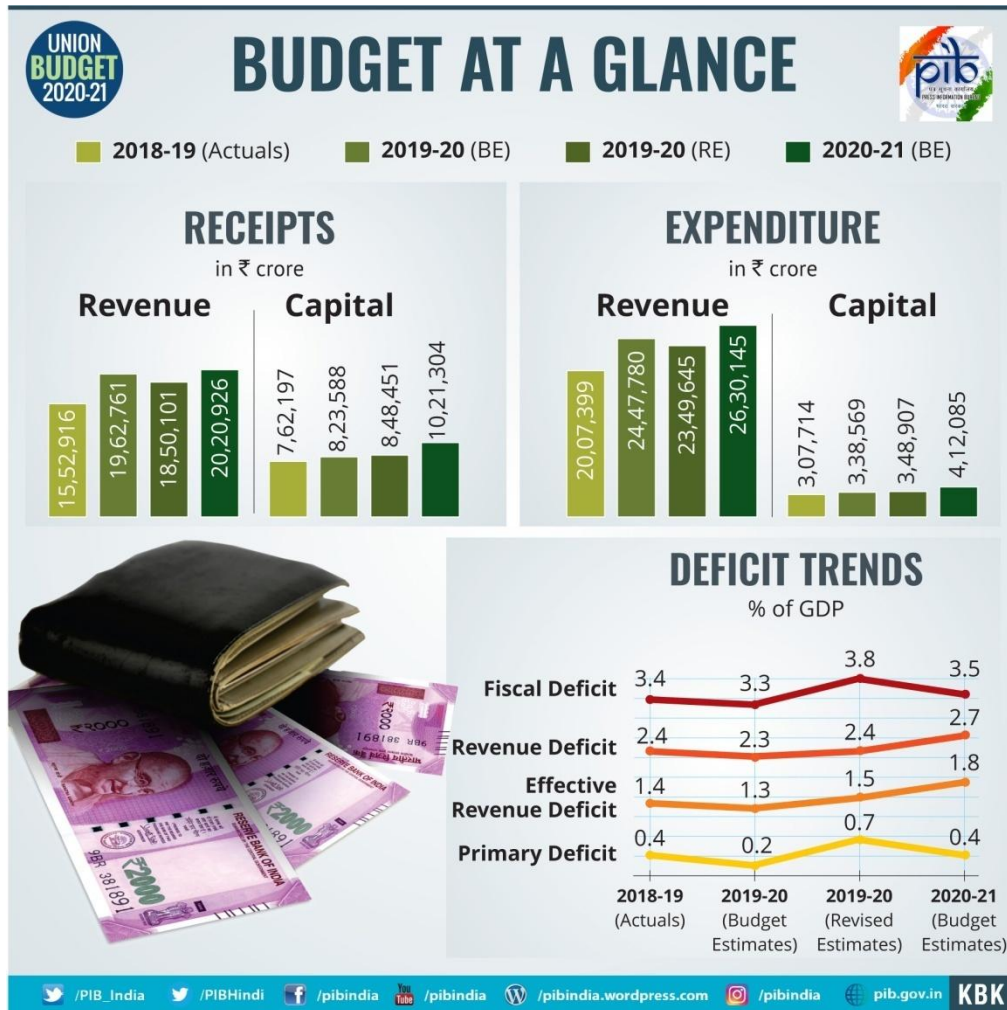
- New Education Policy to be announced soon.
- **National Police University** and **National Forensic Science University** proposed for policing science, forensic science, and cyber-forensics.
- Degree level full-fledged online education program by Top-100 institutions in the National Institutional Ranking Framework.
- Up to 1-year internship to fresh engineers to be provided by Urban Local Bodies.
- Budget proposes to attach a medical college to an existing district hospital in PPP mode.
- Special bridge courses to be designed by the Ministries of Health, and Skill Development:
  - To fulfill the demand for teachers, nurses, para-medical staff and care-givers abroad.
  - To bring in equivalence in the skill sets of the workforce and employers' standards.
- 150 higher educational institutions to start apprenticeship embedded degree/diploma courses by March 2021.
- External Commercial Borrowings and FDI to be enabled for education sector.
- Ind-SAT proposed for Asian and African countries as a part of **Study in India** program.

## **Economic Development**

### **Industry, Commerce and Investment**

- Rs. 27,300 crore allocated for 2020-21 for development and promotion of Industry and Commerce.
- **Investment Clearance Cell** proposed to be set up:
  - To provide “end to end” facilitation and support.
  - To work through a portal.
- Five new smart cities proposed to be developed.
- Scheme to encourage manufacture of mobile phones, electronic equipment and semiconductor packaging proposed.
- **National Technical Textiles Mission** to be set up:
  - With four-year implementation period from 2020-21 to 2023-24.
  - At an estimated outlay of Rs 1480 crore.
  - To position India as a global leader in Technical Textiles.
- New scheme **NIRVIK** to be launched to achieve higher export credit disbursement, which provides for:
  - Higher insurance coverage
  - Reduction in premium for small exporters
  - Simplified procedure for claim settlements.
- Turnover of Government e-Marketplace (GeM) proposed to be taken to Rs 3 lakh crore.
- Scheme for Revision of duties and taxes on exported products to be launched.

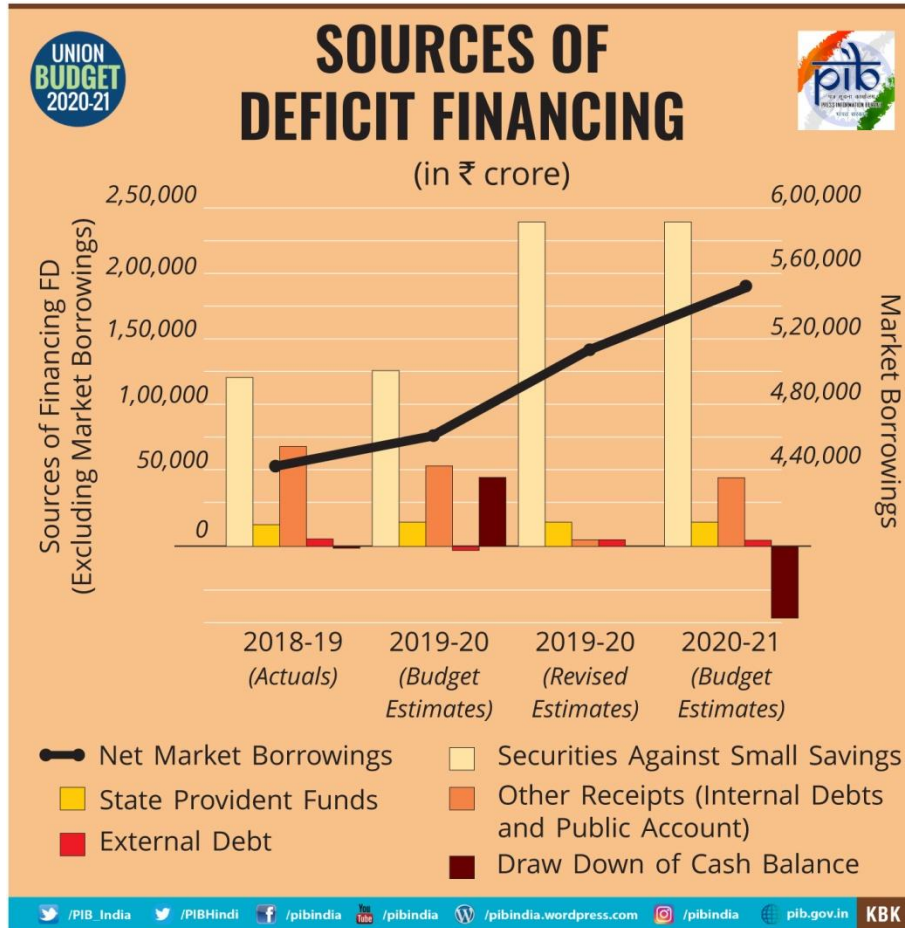
- Exporters to be digitally refunded duties and taxes levied at the Central, State and local levels, which are otherwise not exempted or refunded.
- All Ministries to issue quality standard orders as per PM’s vision of “Zero Defect-Zero Effect” manufacturing.



## Infrastructure

- Rs.100 lakh crore to be invested on infrastructure over the next 5 years.
- National Infrastructure Pipeline:
  - Rs. 103 lakh crore worth projects; launched on 31st December 2019.
  - More than 6500 projects across sectors, to be classified as per their size and stage of development.
- A National Logistics Policy to be released soon:
  - To clarify roles of the Union Government, State Governments and key regulators.
  - A single window e-logistics market to be created

- Focus to be on generation of employment, skills and making MSMEs competitive.
- National Skill Development Agency to give special thrust to infrastructure-focused skill development opportunities.
- Project preparation facility for infrastructure projects proposed.
  - To actively involve young engineers, management graduates and economists from Universities.
- Infrastructure agencies of the government to involve youth-power in start-ups.
- Rs.1.7 lakh crore proposed for transport infrastructure in 2020-21.



### Highways:

- Accelerated development of highways to be undertaken, including:
  - 2500 Km access control highways.
  - 9000 Km of economic corridors.
  - 2000 Km of coastal and land port roads.
  - 2000 Km of strategic highways.
- Delhi-Mumbai Expressway and two other packages to be completed by 2023.
- Chennai-Bengaluru Expressway to be started.
- Proposed to monetise at least 12 lots of highway bundles of over 6000 Km before 2024.

## **Indian Railways:**

- Five measures:
  - Large solar power capacity to be set up alongside rail tracks, on land owned by railways.
  - Four station re-development projects and operation of 150 passenger trains through PPP.
  - More Tejas type trains to connect iconic tourist destinations.
  - High speed train between Mumbai and Ahmedabad to be actively pursued.
  - 148 km long Bengaluru Suburban transport project at a cost of Rs 18600 crore, to have fares on metro model. Central Government to provide 20% of equity and facilitate external assistance up to 60% of the project cost.
- Indian Railways' achievements:
  - 550 Wi-fi facilities commissioned in as many stations.
  - Zero unmanned crossings.
  - 27000 Km of tracks to be electrified.

## **Ports & Water-ways:**

- Corporatizing at least one major port and its listing on stock exchanges to be considered.
- Governance framework keeping with global benchmarks needed for more efficient sea-ports.
- Economic activity along river banks to be energised as per Prime Minister's *Arth Ganga* concept.

## **Airports:**

- 100 more airports to be developed by 2024 to support Udaan scheme.
- Air fleet number expected to go up from present 600 to 1200 during this time.

## **Electricity:**

- "Smart" metering to be promoted.
- More measures to reform DISCOMs to be taken.

## **Power:**

- Rs.22, 000 crore proposed for power and renewable energy sector in 2020-21.
- Expansion of national gas grid from the present 16200 km to 27000 km proposed.
- Further reforms to facilitate transparent price discovery and ease of transactions.

## **New Economy**

- To take advantage of new technologies:
  - Policy to enable private sector to build Data Centre parks throughout the country to be brought out soon.

- Fibre to the Home (FTTH) connections through Bharatnet to link 100,000 gram panchayats this year.
- Rs.6000 crore proposed for Bharatnet programme in 2020-21.
- Measures proposed to benefit Start-ups:
  - A digital platform to be promoted to facilitate seamless application and capture of IPRs.
  - Knowledge Translation Clusters to 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 test beds and small scale manufacturing facilities to be established.
  - Mapping of India's genetic landscape- Two new national level Science Schemes to be initiated to create a comprehensive database.
  - Early life funding proposed, including a seed fund to support ideation and development of early stage Start-ups.
- Rs.8000 crore proposed over five years for National Mission on Quantum Technologies and Applications.

### **Caring Society**

- Focus on:
  - Women & child,
  - Social Welfare;
  - Culture and Tourism
- Allocation of Rs. 35,600 crore for nutrition-related programmes proposed for the FY2020-21.
- Rs.28, 600 crore proposed for women specific programs.
- Issue about age of a girl entering motherhood - proposed to appoint a task force to present its recommendations in six months' time.
- Financial support for wider acceptance of technologies, identified by Ministry of Housing and Urban Affairs to ensure no manual cleaning of sewer systems or septic tanks, to be provided.
- Rs. 85, 000 crore proposed for 2020-21 for welfare of Scheduled Castes and Other Backward Classes.
- Rs. 53, 700 crore provided to further development and welfare of Scheduled Tribes.
- Enhanced allocation of Rs. 9,500 crore provided for 2020-21 for senior citizens and Divyang.

### **Culture & Tourism**

- Allocation of Rs. 2500 crore for 2020-21 for tourism promotion.
- Rs.3150 crore proposed for Ministry of Culture for 2020-21.
- An Indian Institute of Heritage and Conservation under Ministry of Culture proposed; with the status of a deemed University.



- 5 archaeological sites to be developed as iconic sites with on-site Museums:
  - Rakhigarhi (Haryana)
  - Hastinapur (Uttar Pradesh)
  - Shivsagar (Assam)
  - Dholavira (Gujarat)
  - Adichanallur (Tamil Nadu)
- Re-curation of the Indian Museum in Kolkata, announced by Prime Minister in January 2020.
- Museum on Numismatics and Trade to be located in the historic Old Mint building in Kolkata.
- 4 more museums from across the country to be taken up for renovation and re-curation.
- Support for setting up of a Tribal Museum in Ranchi (Jharkhand).
- Maritime museum to be set up at Lothal- the Harrapan age maritime site near Ahmedabad, by Ministry of Shipping.
- State governments expected to develop a roadmap for certain identified destinations and formulate financial plans during 2021 against which specified grants to be made available to the States in 2020-21.

### **Environment & Climate Change**

- Allocation for this purpose to be Rs.4400 crore for 2020-21.
- Proposed to advise the utilities to close the running old thermal power plants with carbon emission above the pre-set norms.
- States that are formulating and implementing plans for ensuring cleaner air in cities above one million to be encouraged.
- PM launched Coalition for Disaster Resilient Infrastructure (CDRI) with Secretariat in Delhi. Second such international initiative after International Solar Alliance.

### **Governance**

- Clean, corruption-free, policy driven, good in intent and most importantly trusting in faith.
- **Taxpayer Charter** to be enshrined in the Statute will bring fairness and efficiency in tax administration.
- Companies Act to be amended to build into statutes, criminal liability for certain acts that are civil in nature.
  - Other laws with such provisions are to be corrected after examination.
- Major reforms in recruitment to Non-Gazetted posts in Government and Public sector banks:
  - An independent, professional and specialist **National Recruitment Agency (NRA)** for conducting a computer-based online Common Eligibility Test for recruitment.
  - A test-centre in every district, particularly in the Aspirational Districts.

- A robust mechanism to be evolved for appointment including direct recruitment to various Tribunals and specialised bodies to attract best talents and professional experts.
- Contract Act to be strengthened.
- New *National Policy on Official Statistics* to:
  - Promote use of latest technologies including AI.
  - Lay down a road-map towards modernised data collection, integrated information portal and timely dissemination of information.
- A sum of Rs. 100 crore allocated to begin the preparations for G20 presidency to be hosted in India in the year 2022.
- Development of North East region:
  - Improved flow of funds using online portal by the Government.
  - Greater access to financial assistance of Multilateral and Bilateral funding agencies.
- Development of Union Territories of J&K and Ladakh:
  - An amount of Rs. 30,757 crore provided for the financial year 2020-21.
  - The Union Territory of Ladakh has been provided with Rs. 5,958.

## **Financial Sector**

- Reforms accomplished in PSBs :
  - 10 banks consolidated into 4.
  - Rs. 3,50,000 crore capital infused.
- Governance reforms to be carried out to bring in transparency and greater professionalism in PSBs.
- Few PSBs to be encouraged to approach the capital market to raise additional capital
- Deposit Insurance and Credit Guarantee Corporation (DICGC) permitted to increase Deposit Insurance Coverage to Rs. 5 lakh from Rs.1 lakh per depositor.
- Scheduled Commercial Bank's health under monitoring through a robust mechanism, keeping depositors' money safe.
- Cooperative Banks to be strengthen by amending Banking Regulation Act for:
  - Increasing professionalism.
  - Enabling access to capital.
  - Improving governance and oversight for sound banking through the RBI.
- NBFCs eligibility limit for debt recovery reduced from:
  - Rs. 500 crore to Rs 100 crore asset size.
  - Rs 1 crore to Rs 50 lakh loan size.
- Private capital in Banking system:
  - Government to sell its balance holding in IDBI Bank to private, retail and institutional investors through the stock exchange.
- Easier mobility in jobs:

- Auto-enrolment in Universal Pension coverage.
- Inter-operability mechanism to safeguard the accumulated corpus.
- Pension Fund Regulatory Development Authority of India Act to be amended to:
  - Strengthen regulating role of PFRDAI.
  - Facilitate separation of NPS trust for government employees from PFRDAI.
  - Enable establishment of a Pension Trust by the employees other than Government.
- Factor Regulation Act 2011 to be amended to:
  - Enable NBFCs to extend invoice financing to the MSMEs through TReDS
- New scheme to provide subordinate debt for entrepreneurs of MSMEs by the banks
  - Would be counted as quasi-equity.
  - 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.
- Window for MSME's debt restructuring by RBI to be extended by one year till March 31, 2021.
  - More than five lakh MSMEs have already been benefitted.
- An app-based invoice financing loans product for MSMEs to be launched.
  - To prevent the problem of delayed payments and consequential cash flows mismatches.
- Export promotion of MSMEs:
  - For selected sector such as pharmaceuticals, auto components and others.
  - An Rs 1000 crore scheme anchored by EXIM Bank together with SIDBI.
  - Hand holding support for technology upgradations, R&D, business strategy etc.

## **Financial Market**

- Deepening Bond Market.
  - Certain specified categories of Government securities to be opened fully for non - resident investors also.
  - FPI limit in corporate bonds increased to 15% from 9% of its outstanding stock.
- New legislation to be formulated for laying down a mechanism for netting of financial contracts.
  - Scope of credit default swaps to expand.
- Debt Based Exchange Traded Fund expanded by a new Debt-ETF consisting primarily of Government Securities.
  - To give attractive access to retail investors, pension funds and long-term investors.
- A Partial Credit Guarantee scheme for the NBFCs formulated post the Union budget 2019-20 to address their liquidity constraints.
  - New mechanism to be devised to further this.

- Government support to securities so floated.

### **Infrastructure Financing**

- Rs.103 lakh crore National Infrastructure Pipeline projects earlier announced.
- Rs 22,000 crore to cater to the equity support to Infrastructure Finance Companies such as IIFCL and a subsidiary of NIIF.
- IFSC, GIFT city: full of potential to become a centre of international finance as well as a centre for high end data processing:
  - An International Bullion exchange(s) to be set up as an additional option for trade by global market participants with the approval of regulator.

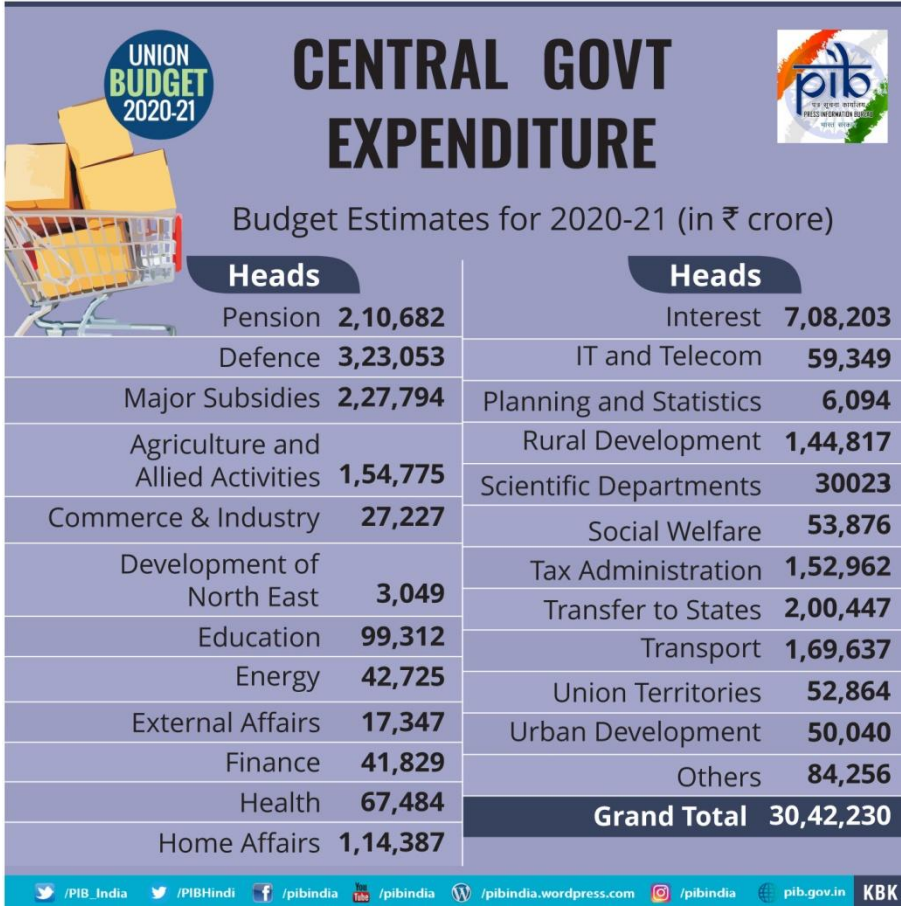
### **Disinvestment**

- Government to sell a part of its holding in LIC by way of Initial Public Offer (IPO).

### **Fiscal Management**

- XV Finance Commission (FC):
  - XV Finance Commission has given its first report for FY2020-21
  - Recommendations accepted in substantial measure
  - Its final report for five years beginning 2021-22 to be submitted during the latter part of the year.
- GST Compensation Fund:
  - Balances due out of collection of the years 2016-17 and 2017-18 to be transferred to the Fund, in two instalments.
  - Hereinafter, transfers to the fund to be limited only to collection by way of GST compensation cess.
- Overhaul of Centrally Sponsored Schemes and Central Sector Schemes necessary:
  - To align them with emerging social and economic needs of tomorrow
  - **To ensure that scarce public resources are spent optimally**
- On the recent debate over transparency and credibility of projected fiscal numbers, it is assured that procedure adopted is compliant with the FRBM Act.
- For the FY 2019-20:
  - Revised Estimates of Expenditure: at Rs.26.99 lakh crore
  - Revised Estimates of Receipts: estimated at Rs.19.32 lakh crore.
- For year 2020-21:
  - Nominal growth of GDP estimated at 10%.
  - Receipts: estimated at Rs.22.46 lakh cr
  - Expenditure: at Rs.30.42 lakh cr.
- Significant tax reforms for boosting investments recently undertaken. However, expected tax buoyancy expected to take time.
- **Fiscal deficit of 3.8% estimated in RE 2019-20 and 3.5% for BE 2020-21.** It comprises two ingredients;

- 3.3% for year 2019-20 and 3% for the 2020-21 budget estimate.
- Deviation of 0.5%, consistent with Section 4(3) of FRBM Act, both for RE 2019-20 and BE 2020-21. (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.)
- Return path, committing to fiscal consolidation without compromising needs of investment out of public funds, is laid in Medium Term Fiscal Policy cum Strategy Statement.
- Market borrowings: Net market borrowings: Rs.4.99 lakh crore for 2019-20 and Rs.5.36 lakh crore for 2020-21.
- A good part of the borrowings for the financial year 2020-21 to go towards Capital expenditure that has been scaled up by more than 21%.



## CENTRAL GOVT EXPENDITURE

Budget Estimates for 2020-21 (in ₹ crore)

Heads	Heads
Pension <b>2,10,682</b>	Interest <b>7,08,203</b>
Defence <b>3,23,053</b>	IT and Telecom <b>59,349</b>
Major Subsidies <b>2,27,794</b>	Planning and Statistics <b>6,094</b>
Agriculture and Allied Activities <b>1,54,775</b>	Rural Development <b>1,44,817</b>
Commerce & Industry <b>27,227</b>	Scientific Departments <b>30023</b>
Development of North East <b>3,049</b>	Social Welfare <b>53,876</b>
Education <b>99,312</b>	Tax Administration <b>1,52,962</b>
Energy <b>42,725</b>	Transfer to States <b>2,00,447</b>
External Affairs <b>17,347</b>	Transport <b>1,69,637</b>
Finance <b>41,829</b>	Union Territories <b>52,864</b>
Health <b>67,484</b>	Urban Development <b>50,040</b>
Home Affairs <b>1,14,387</b>	Others <b>84,256</b>
	<b>Grand Total 30,42,230</b>

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## Direct Tax

**Direct Tax Proposals** - To stimulate growth, simplify tax structure, bring ease of compliance, and reduce litigations.

- **Personal Income Tax:**

- *Significant relief to middle class taxpayers.*
- New and simplified personal income tax regime proposed:

<b>Taxable Income Slab (Rs.)</b>	<b>Existing tax rates</b>	<b>New tax rates</b>
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%

- **Around 70 of the existing exemptions and deductions (more than 100) to be removed** in the new simplified regime.
- Remaining exemptions and deductions to be reviewed and rationalised in coming years.
- New tax regime to be optional - an individual may continue to pay tax as per the old regime and avail deductions and exemptions.
- Measures to pre-fill the income tax return initiated so that an individual who opts for the new regime gets pre-filled income tax returns and would need no assistance from an expert to pay income tax.
- New regime to entail estimated revenue forgone of Rs. 40,000 crore per year.
- **Corporate Tax:**
  - Tax rate of 15% extended to new electricity generation companies.
  - Indian corporate tax rates now amongst the lowest in the world.
- **Dividend Distribution Tax (DDT):**
  - **DDT removed making India a more attractive investment destination.**
  - Deduction to be allowed for dividend received by holding company from its subsidiary.
  - Rs. 25,000 crore estimated annual revenue forgone.
- **Start-ups:**
  - Start-ups with turnover up to Rs. 100 crore to enjoy 100% deduction for 3 consecutive assessment years out of 10 years.
  - Tax payment on ESOPs deferred.
- **MSMEs to boost less-cash economy:**

- Turnover threshold for audit increased to Rs. 5 crore from Rs. 1 crore for businesses carrying out less than 5% business transactions in cash.
- **Cooperatives:**
  - Parity brought between cooperatives and corporate sector.
  - Option to cooperative societies to be taxed at 22% + 10% surcharge and 4% cess with no exemption/deductions.
  - Cooperative societies exempted from Alternate Minimum Tax (AMT) just like Companies are exempted from the Minimum Alternate Tax (MAT).
- **Tax concession for foreign investments:**
  - 100% tax exemption to the interest, dividend and capital gains income on investment made in infrastructure and priority sectors before 31<sup>st</sup> March, 2024 with a minimum lock-in period of 3 years by the Sovereign Wealth Fund of foreign governments.
- **Affordable housing:**
  - Additional deduction up to Rs. 1.5 lakhs for interest paid on loans taken for an affordable house extended till 31<sup>st</sup> March, 2021.
  - Date of approval of affordable housing projects for availing tax holiday on profits earned by developers extended till 31<sup>st</sup> March, 2021.

### **Tax Facilitation Measures**

- **Instant PAN** to be allotted online through Aadhaar.
- **‘Vivad Se Vishwas’** scheme, with a deadline of 30<sup>th</sup> June, 2020, to reduce litigations in direct taxes:
  - Waiver of interest and penalty - only disputed taxes to be paid for payments till 31<sup>st</sup> March, 2020.
  - Additional amount to be paid if availed after 31<sup>st</sup> March, 2020.
  - Benefits to taxpayers in whose cases appeals are pending at any level.
- **Faceless appeals** to be enabled by amending the Income Tax Act.
- **For charity institutions:**
  - Pre-filing in return through information of donations furnished by the donee.
  - Process of registration to be made completely electronic.
  - Unique registration number (URN) to be issued to all new and existing charity institutions.
  - Provisional registration to be allowed for new charity institutions for three years.
  - CBDT to adopt a Taxpayers’ Charter.
- **Losses of merged banks:**
  - Amendments proposed to the Income-tax Act to ensure that entities benefit from unabsorbed losses and depreciation of the amalgamating entities.
  -

## Indirect Tax

- **GST:**
  - Cash reward system envisaged to incentivise customers to seek invoice.
  - **Simplified return with features like SMS based filing for nil return and improved input tax credit flow to be implemented from 1st April, 2020 as a pilot run.**
  - Dynamic QR-code capturing GST parameters proposed for consumer invoices.
  - Electronic invoice to capture critical information in a centralized system to be implemented in a phased manner.
  - Aadhaar based verification of taxpayers being introduced to weed out dummy or non-existent units.
  - GST rate structure being deliberated to address inverted duty structure.
- **Customs Duties:**
  - Customs duty raised on footwear to 35% from 25% and on furniture goods to 25% from 20%.
  - Basic customs duty on imports of news print and light-weight coated paper reduced from 10% to 5%.
  - Customs duty rates revised on electric vehicles and parts of mobiles.
  - 5% health cess to be imposed on the imports of medical devices, except those exempt from BCD.
  - Lower customs duty on certain inputs and raw materials like fuse, chemicals, and plastics.
  - Higher customs duty on certain goods like auto-parts, chemicals, etc. which are also being made domestically.
- **Trade Policy Measures**
  - Customs Act being amended to enable proper checks of imports under FTAs.
  - Rules of Origin requirements to be reviewed for certain sensitive items.
  - Provisions relating to safeguard duties to be strengthened to enable regulating such surge in imports in a systematic way.
  - Provisions for checking dumping of goods and imports of subsidized goods being strengthened.
  - Suggestions for reviews of exemptions from customs duty to be crowd-sourced.
- **Excise duty proposed to be raised on Cigarettes and other tobacco products, no change made in the duty rates of *bidis*.**
- Anti-dumping duty on PTA abolished to benefit the textile sector.

## **Unprecedented Milestones and Achievements of Indian Economy**

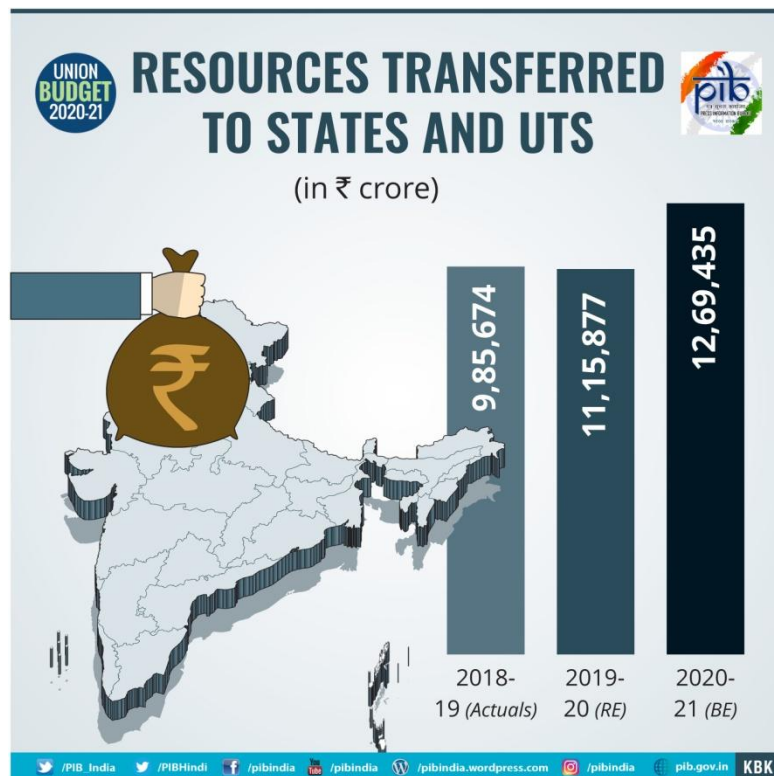
- India now the fifth largest economy of the world.



- 7.4% average growth clocked during 2014-19 with inflation averaging around 4.5%.
- 271 million people raised out of poverty during 2006-16.
- India's Foreign Direct Investment elevated to US\$ 284 billion during 2014-19 from US\$ 190 billion during 2009-14.
- Central Government debt reduced to 48.7% of GDP (March 2019) from 52.2% (March 2014).
- Two cross-cutting developments:
  - Proliferation of technologies (Analytics, Machine Learning, robotics, Bio-informatics and Artificial Intelligence).
  - Highest ever number of people in the productive age group (15-65 years) in India.
- GST removed many bottlenecks in the system.

### Future Aim for sustaining India's unique global leadership, driven by Digital Revolution

- Seamless delivery of services through *Digital Governance*.
- Improvement in physical quality of life through *National Infrastructure Pipeline*.
- Risk mitigation through *Disaster Resilience*.
- *Social security* through Pension and Insurance penetration.



UNION  
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2020-21

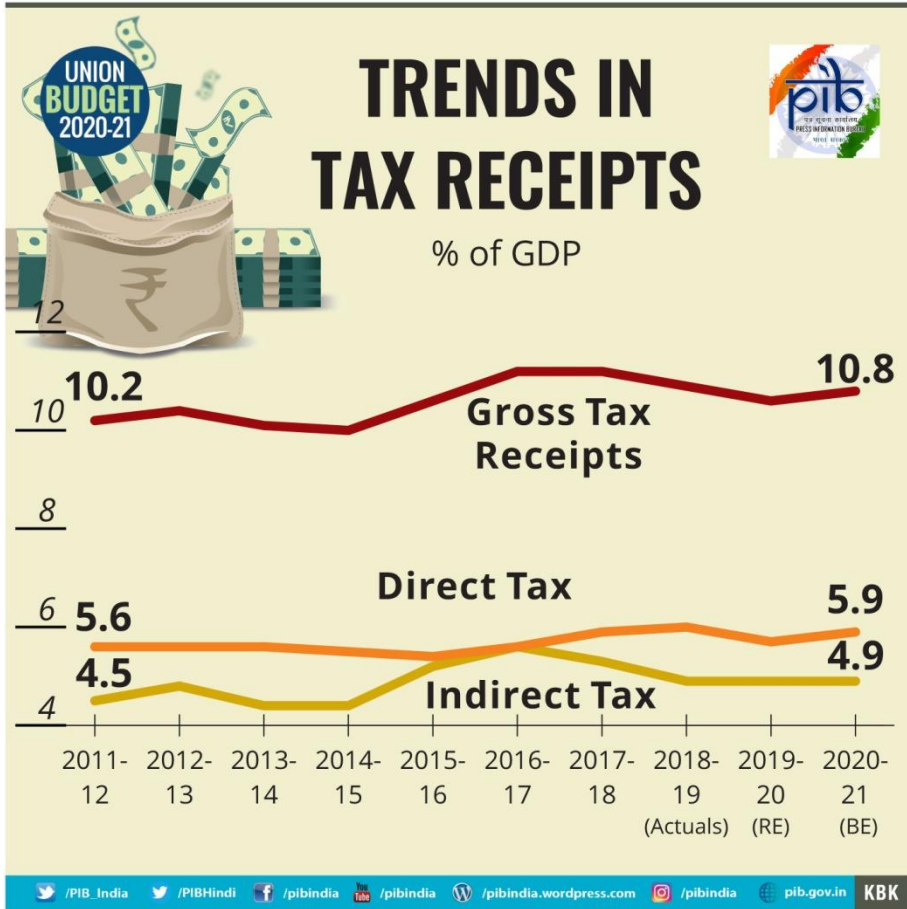


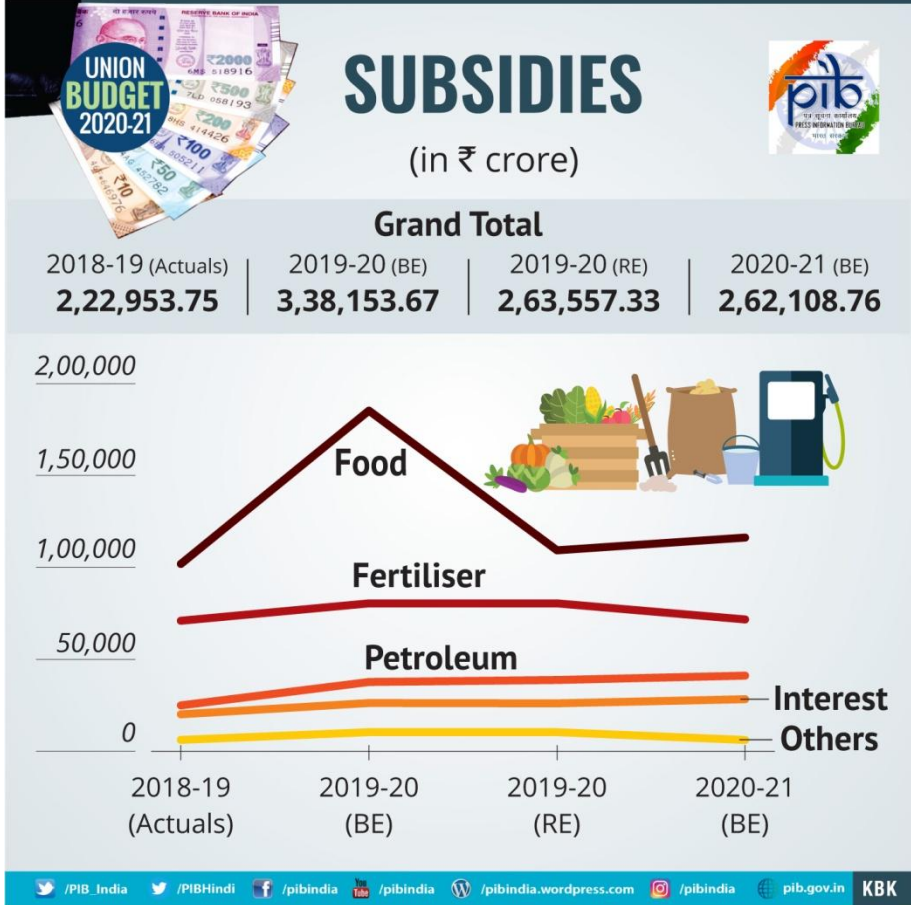
## KEY NUMBERS

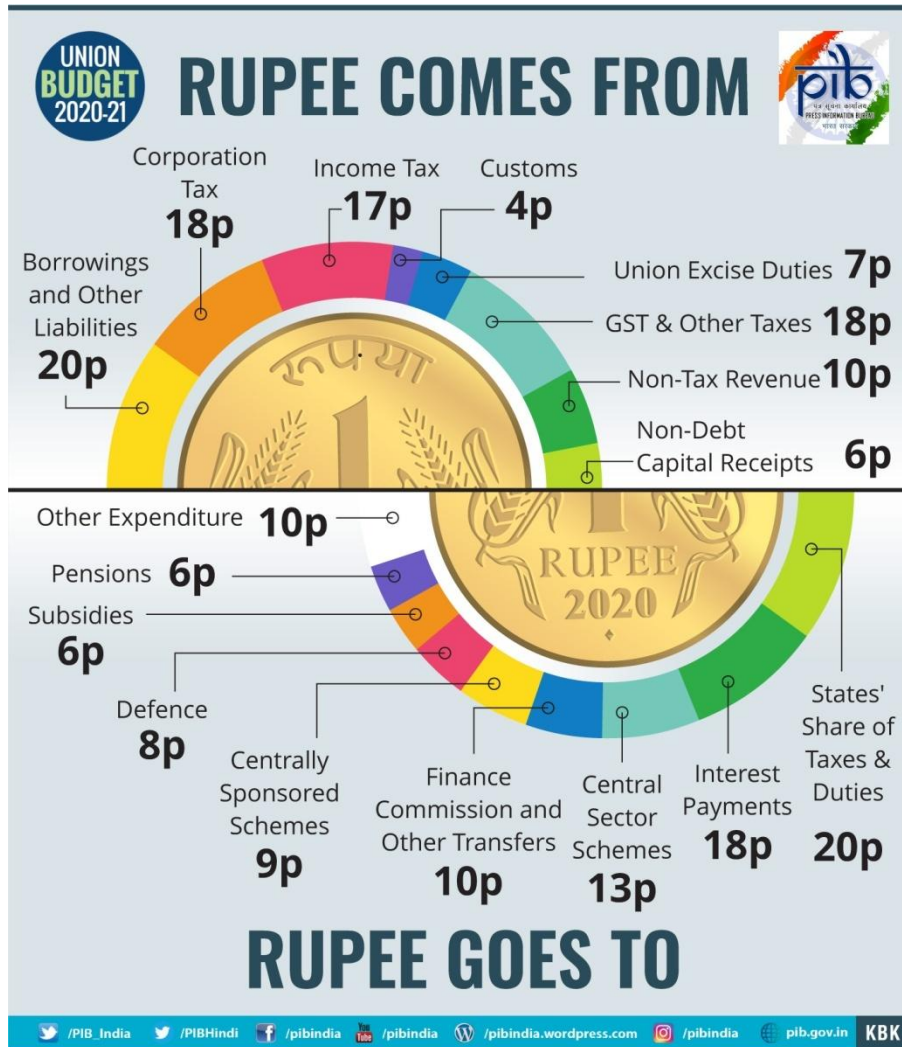
(in ₹ crore)



	2018-19 (Actuals)	2019-20 (Budget Estimates)	2019-20 (Revised Estimates)	2020-21 (Budget Estimates)
<b>Revenue Receipts</b>	15,52,916	19,62,761	18,50,101	<b>20,20,926</b>
<b>Capital Receipts</b>	7,62,197	8,23,588	8,48,451	<b>10,21,304</b>
<b>Total Receipts</b>	23,15,113	27,86,349	26,98,552	<b>30,42,230</b>
<b>Total Expenditure</b>	23,15,113	27,86,349	26,98,552	<b>30,42,230</b>
<b>Revenue Deficit</b>	4,54,483	4,85,019	4,99,544	<b>6,09,219</b>
<b>Effective Revenue Deficit</b>	2,62,702	2,77,686	3,07,807	<b>4,02,719</b>
<b>Fiscal Deficit</b>	6,49,418	7,03,760	7,66,846	<b>7,96,337</b>
<b>Primary Deficit</b>	66,770	43,289	1,41,741	<b>88,134</b>







RM/SC/AS/KA/PJ/SG

**UNION BUDGET 2020- 21**

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**Summary of Union Budget 2020-21**

New Delhi, 1<sup>st</sup> February, 2020

**PART-A**

**Presenting the first Union Budget of the third decade of the 21<sup>st</sup> century, Finance Minister Smt. Nirmala Sitharaman, today unveiled a series of far-reaching reforms, aimed at energizing the Indian economy through a combination of short-term, medium-term, and long term measures.**

**The Union Budget has been structured on the overall theme of “Ease of Living.”** This has been achieved by farmer friendly initiatives such as Agriculture credit target of Rs 15 lakh crore for 2020-21; schemes of “Kisan Rail” and “Krishi Udaan” for a seamless national cold supply chain for perishables; and expansion of PM-KUSUM to provide 20 lakh farmers for setting up stand-alone solar pumps.

In the health sector, the Budget proposes more than 20,000 empanelled hospitals under PM Jan Arogya Yojana for poor people; and expansion of Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024.

Infrastructure receives a boost, with 100 more airports by 2024 to support Udaan scheme; and operation of 150 passenger trains to be done through PPP mode.

Starting apprenticeship embedded courses through 150 higher educational institutions by March 2021 and a proposal to establish Indian Institute of Heritage and Conservation are some of the other major highlights.

The Finance Minister said that the Union Budget Aims:

- 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.**

The budget is woven around three prominent 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, indicated in the Prime Minister’s exhortation of “SabkaSaath, SabkaVikas, SabkaVishwas”.
- **Caring Society** that is both humane and compassionate, where Antyodaya is an article of faith.

The three broad themes are held together by

- Corruption free - policy-driven good governance
- Clean and sound financial sector.

The three components of Aspirational India are- a) Agriculture, Irrigation and Rural Development , b) Wellness, Water and Sanitation and c) Education and Skills

## **Agriculture, Irrigation and Rural Development**

The Finance Minister said that more than Rs 2.83 lakh crore would be spent on Agriculture, Rural Development, Irrigation and allied activities as farmers and rural poor continue to remain the key focus of the Government. Reiterating the commitment of doubling farmers' income by 2022, She said, Government has already provided resilience for 6.11 crore farmers insured under PM Fasal Bima Yojana. Agriculture credit target for the year 2020-21 has be set at Rs 15 lakh crore. All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme. Moreover, comprehensive measures for one hundred water stressed districts, proposal to expand PM-KUSUM to provide 20 lakh farmers for setting up stand-alone solar pumps and for another 15 lakh farmers to solarise their grid-connected pump sets, setting up of efficient warehouses at the block/taluk level and in Horticulture sector with focus on "one product one district" for better marketing and export are some of the steps in that direction. Foot and Mouth disease, brucellosis in cattle and also peste des petits ruminants(PPR) in sheep and goat to be eliminatated by 2025, Coverage of artificial insemination to be increased from the present 30% to 70%, MNREGS to be dovetailed to develop fodder farms, doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025 to be facilitated. Similarly on the Blue Economy, raising of fish production to 200 lakh tonnes is proposed by 2022-23. Youth to be involved in fishery extension through 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations. Fishery exports hoped to be raised to Rs 1 lakh crore by 2024-25. DeenDayalAntyodayaYojana- for alleviation of poverty, half a crore households are mobilized with 58 lakh SHGs and it will be further expanded.

## **Wellness, Water and Sanitation**

Dwelling on the Wellness, Water and Sanitation theme, Smt Sitharaman said Rs 69,000 crore is being provided for Health care including Rs 6400 crores for Prime Minister Jan ArogyaYojana (PMJAY). She said, under PM Jan ArogyaYojana (PMJAY), there are more than 20,000 empanelled hospitals more in Tier-2 and Tier-3 cities for poorer people. Setting up hospitals in the PPP mode mainly in Aspirational Districts, using machine learning and AI, in the Ayushman Bharat scheme, "TB Harega Desh Jeetega" campaign to end Tuberculosis by 2025, expansion of Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024 are some of the other wellness measures in the Budget.

On sanitation front, Government is committed to ODF Plus in order to sustain ODF behaviour and the total allocation for Swachh Bharat Mission is Rs.12,300 crore in 2020-21. Similarly, Rs 3.60 lakh crore approved for Jal Jeevan Mission and Rs 11,500 crore in 2020-21.

## **Education and Skills**

On Education and Skill front, the Finance Minister said Rs 99,300 crore is being allocated in 2020-21 and Rs 3000 crores for skill development. New Education Policy will be announced soon. About 150 higher educational institutions will start apprenticeship embedded degree/diploma courses by March 2021. Degree level full-fledged online education programme to be started. Under its “Study in India” programme, an 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. It is proposed that special bridge courses be designed by the Ministries of Health, Skill Development.

## **Economic Development**

### **Industry, Commerce and Investment**

Referring to the theme of Economic Development, the Finance Minister said that Rs 27300 crore would be allocated for development and promotion of Industry and Commerce for the year 2020-21. An Investment Clearance Cell will be set up to provide “end to end” facilitation. It is proposed to develop five new smart cities in collaboration with States in PPP mode. A scheme to encourage manufacture of mobile phones, electronic equipment and semi-conductor packaging is also proposed. A National Technical Textiles Mission would be set up with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs 1480 crore to position India as a global leader in Technical Textiles. To achieve higher export credit disbursement, a new scheme, NIRVIK is being launched to support mainly small exporters. Government e-Marketplace (GeM) is moving ahead for creating a Unified Procurement System in the country for providing a single platform for procurement of goods, services and works. It is proposed to take the turnover of GeM to Rs 3 lakh crores. 3.24 lakh vendors are already on this platform.

## **Infrastructure**

On Infrastructure sector as highlighted by the Prime Minister that Rs 100 lakh crore would be invested over the next 5 years, National Infrastructure Pipeline was launched on 31st December 2019 of Rs 103 lakh crore. It consists of more than 6500 projects across sectors and are classified as per their size and stage of development. She said that about Rs 22,000 crore has already been provided as support to Infrastructure Pipeline. 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 and two other packages to be completed by 2023. Chennai-Bengaluru Expressway also be started. It is proposed to monetise at least 12 lots of highway bundles of over 6000 Km before 2024. Indian Railways aims to achieve electrification of 27000 Km of tracks. She said that within 100 days of assumption of this government, it has commissioned 550 wi-fi facilities in as many stations. Four station re-development projects and operation of 150 passenger trains would be done through PPP mode. The process of inviting private participation is underway. More Tejas type trains will connect iconic tourist destinations. High speed train between Mumbai to Ahmedabad would be actively pursued. Similarly, 100 more airports would be developed by 2024 to support Udaan scheme. Air fleet number expected to go up from the present 600 to 1200 during this time. Allocation of Rs 1.70 lakh crore proposed for transport Infrastructure in 2020-21. Similarly, allocation of Rs 22,000 crore proposed for power and renewable energy sector in 2020-21. Expansion of the national gas grid from the present 16,200 km to 27,000 km proposed.

### **New Economy**

On New Economy, Smt Sitharaman said that a policy to enable private sector to build Data Centre parks throughout the country will be brought out soon. Fibre to the Home (FTTH) connections through Bharatnet will link 100,000 gram panchayats this year. It is proposed to provide Rs 6000 crore to Bharatnet programme in 2020-21. Measures proposed to benefit the Start-ups include a digital platform for seamless application and capture of IPRs, Knowledge Translation Clusters to 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 test beds and small scale manufacturing facilities to be established. 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**

### **Women and Child, Social Welfare**

Harping on the theme of Caring Society, the Finance Minister said that Rs 35,600 crore proposed for nutrition-related programmes for the financial year 2020-21. Rs 28,600 crore proposed for programs that are specific to women. Moreover, Rs 85000 crore would be allocated towards the welfare of Scheduled Castes and Other Backward classes for 2020-21. Similarly, for furthering development and welfare of Scheduled tribes, Rs 53,700 crore is proposed for 2020-21. She said, the government is mindful of the concerns of senior citizens and Divyang. Accordingly, an enhanced allocation of Rs 9,500 crore is being provided for 2020-21.

### **Culture and Tourism**

On Culture and Tourism, establishment of an Indian Institute of Heritage and Conservation under Ministry of Culture proposed with the status of a deemed University. 5 archaeological sites to be developed as iconic sites with on-site Museums - Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh) Shivsagar (Assam), Dholavira (Gujarat) and Adichanallur (Tamil Nadu). Re-curation of the Indian Museum in Kolkata, announced by Prime Minister in January 2020. Museum on Numismatics and Trade to be located in the historic Old Mint building Kolkata. 4 more museums from across the country to be taken up for renovation and re-curation. Support for setting up of a Tribal Museum in Ranchi (Jharkhand). Maritime museum to be set up at Lothal- the Harrapan age maritime site near Ahmedabad, by Ministry of Shipping.

### **Environment and Climate Change**

On Environment, States that are formulating and implementing plans for ensuring cleaner air in cities above one million to be encouraged. Parameters for the incentives to be notified by the Ministry of Environment, Forests and Climate change and the allocation for this purpose is Rs 4,400 crore for 2020-21.

### **Governance**

Dwelling on the issue of Governance as clean, corruption-free, policy driven and good in intent and most importantly trusting in faith, the Finance Minister announced setting up of a National Recruitment Agency (NRA) as an independent, professional, specialist organisation for conduct of a computer-based online Common Eligibility Test for

recruitment to Non-Gazetted posts. A test-centre in every district, particularly in the Aspirational Districts would also be set up. It is also proposed to evolve a robust mechanism for appointment including direct recruitment to various Tribunals and specialised bodies to attract best talents and professional experts. Deliberation to strengthen the Contract Act is also on.

### **Financial Sector**

The Finance Minister said that In the last few years, Government of India has infused about Rs 3,50,000 crore by way of capital into Public Sector Banks for regulatory and growth purposes. Governance reforms would be carried out in these banks, so that they become more competitive. Government has already approved consolidation of 10 banks into four. Further, the Deposit Insurance and Credit Guarantee Corporation (DICGC) has been permitted to increase Deposit Insurance Coverage for a depositor, which is now Rs one lakh to Rs five lakh per depositor. 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 Rs. 500 crore to asset size of Rs 100 crore or loan size from existing Rs 1 crore to Rs 50 lakh. To meet the need for greater private capital, it is proposed to sell the balance holding of Government of India IDBI Bank to private, retail and institutional investors through the stock exchange. To help easy mobility while in jobs, we wish to infuse into the Universal Pension coverage with auto enrolment. 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. 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 Rs 1000 crore will be anchored by EXIM Bank together with SIDBI.

### **Financial Markets**

On Financial Markets, about deepening of the bond market, certain specified categories of Government securities would be opened fully for non-resident investors, apart from being available to domestic investors as well. Government also proposes to expand 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. To address the liquidity constraints of the NBFCs/HFCs, post the Union budget 2019-20, the government formulated a Partial Credit Guarantee scheme for the NBFCs. 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**

On Disinvestment, the Finance Minister said that 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 now proposes to sell a part of its holding in LIC by way of Initial Public Offer (IPO).

### **Fiscal Management**

On Fiscal Management, the Finance Minister said that XV Finance Commission has given its first report pertaining to Financial Year 2020-21. In the spirit of co-operative federalism, 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. She also announced 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 Revised Estimates of Expenditure for the Financial Year 2019-20 are at a level of Rs 26.99 lakh Crore and the receipts are estimated at Rs.19.32 lakh crore.

She said, Government has estimated nominal growth of GDP for year 2020-21, on the basis of trends available, at 10%. Accordingly, receipts for the year 2020-21 are estimated at Rs. 22.46 lakh cr and, keeping in mind commitment of the Government towards various schemes and need for improvement in quality of life, level of expenditure has been kept at Rs 30.42 lakh cr. A good part of the borrowings for the financial year 2020-21 would go towards Capital expenditure of the Government that has been scaled up by more than 21%. She said that the measures would spur growth impulses in the economy.

### **PART-B**

Finance Minister Smt Nirmala Sitharaman said that the Union Government has spearheaded radical fiscal measures to ensure that India's economy continues to tread the path of high growth. She said that to make sure India stays globally competitive and a favoured destination for investment, a bold historic decision was taken to reduce the corporate tax rate for new companies in the manufacturing sector to an unprecedented level of 15%. For existing companies, the rate has been brought down to 22%. As a result, our corporate tax rates are now amongst the lowest in the world.

The Finance Minister said that in continuation of the reform measures already taken so far, the tax proposals in this budget introduce further reforms to stimulate growth, simplify tax structure, bring ease of compliance, and reduce litigations.

### **Personal Income Tax and Simplification of Taxation**

In order to provide significant relief to the individual taxpayers and to simplify the Income-Tax law, the Finance Minister has proposed to bring a new and simplified personal income tax regime, wherein income tax rates will be significantly reduced for the individual taxpayers who forego certain deductions and exemptions.

The proposed changes in tax slabs are listed in the following table:

<b>Taxable Income Slab (Rs.)</b>	<b>Existing Tax Rates</b>	<b>New Tax Rates</b>
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%

Surcharge and cess shall be continued to be levied at the existing rates.

In the new tax regime, substantial tax benefit will accrue to a taxpayer depending upon exemptions and deductions claimed by him. For example, a person earning Rs. 15 lakh in a year and not availing any deductions etc., will pay only Rs. 1,95,000 as compared to Rs. 2,73,000 in the old regime. Thus, his tax burden shall be reduced by Rs. 78,000 in the new regime. He would still be the gainer in the new regime, even if he was taking deduction of Rs. 1.5 Lakh under various sections of Chapter VI-A of the Income Tax Act under the old regime.

The new tax regime shall be optional for taxpayers. An individual who is currently availing more deductions and 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 foregone of Rs. 40,000 crore per year. Measures have been initiated to pre-fill 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.

The Finance Minister said she had reviewed all exemptions and deductions which got incorporated in the income tax legislation over the past several decades. Currently more

than one hundred exemptions and deductions of different nature are provided in the Income Tax Act. She said that she has removed around 70 of them in the new simplified regime. She said that the remaining exemptions and deductions would also be reviewed and rationalized in the coming years, with a view to further simplifying the tax system and lowering the tax rate.

### **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. In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors, the Finance Minister has proposed to remove DDT, and adopt the classical system of dividend taxation, under which the companies would not be required to pay DDT. The dividend shall be taxed only in the hands of the recipients at their applicable rate.

In order to remove the cascading effect, the Finance Minister has proposed to allow deduction for the dividend received by holding company from its subsidiary. The removal of DDT will lead to estimated annual revenue foregone of Rs. 25,000 crore. This will further make India an attractive destination for investment.

### **Concessional Tax Rate for Electricity Generation Companies**

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 31<sup>st</sup> March, 2023.

In order to attract investment in the power sector, it has been proposed to extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.

### **Tax Concession for Foreign Investments**

To incentivize investment by Sovereign Wealth Fund of foreign governments, the Finance Minister has proposed to grant 100% tax exemption to their interest, dividend and capital gains income in respect of the investment made in infrastructure and other notified sectors before 31<sup>st</sup> March, 2024 and with a minimum lock-in period of 3 years.

### **Start-ups**

The Finance Minister noted that during their formative years, Start-ups generally use Employee Stock Option Plan (ESOP) to attract and retain highly talented employees. Currently, ESOPs are taxable as perquisites at the time of exercise. In order to give a

boost to the start-up ecosystem, the Finance Minister has proposed to ease the burden of taxation on the employees by deferring the tax payment for five years or till they leave the company or when they sell their shares, whichever is earliest.

An eligible Start-up having turnover upto 25 crore is allowed deduction of 100% on its profits for three consecutive assessment years out of seven years if the total turnover does not exceed 25 crore rupees. The Finance Minister has proposed to increase this limit to Rs. 100 crore. She has also proposed to extend the period of eligibility for claim of deduction from the existing 7 years to 10 years.

### **Concessional Tax Rate for Cooperatives**

Cooperative societies are currently taxed at a rate of 30% with surcharge and cess. As a major concession, and in order to bring parity between the cooperative societies and corporates, the Finance Minister has proposed to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge and 4% cess with no exemptions/deductions. She has also proposed to exempt these societies from Alternative Minimum Tax (AMT), just like companies under the new tax regime are exempted from the Minimum Alternate Tax (MAT).

### **Medium, Small and Micro Enterprises**

In order to reduce the compliance burden on small retailers, traders, shopkeepers who comprise the MSME sector, the Finance Minister has proposed to raise by five times, the turnover threshold for audit from the existing Rs. 1 crore to Rs. 5 crore. In order to boost less-cash economy, she has proposed that the increased limit shall apply only to those businesses which carry out less than 5% of their business transactions in cash.

### **Affordable Housing**

In the last budget, the Finance Minister had announced an additional deduction of upto one lakh, fifty thousand rupees for interest paid on loans taken for purchase of an affordable house. The date of loan sanction for availing this additional deduction is proposed to be extended by one year, beyond 31<sup>st</sup> March, 2020.

### **Charity Institutions**

Income of Charity Institutions is fully exempt 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 donee's information in taxpayer's return on the basis of information of donations furnished by the donee.

In order to claim the tax exemption, charity institutions have to be registered with the Income Tax Department. It is proposed to make the registration completely electronic



under a unique registration number (URN) to be issued to all new and existing charity institutions.

### **Faceless Appeals**

In order to impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. It is proposed to amend the Income Tax Act so as to enable Faceless appeal on the lines of Faceless assessment.

### **'Vivad se Vishwas' scheme**

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 31<sup>st</sup> March, 2020. Those who will avail the scheme after 31<sup>st</sup> March, 2020 will have to pay some additional amount. The scheme will remain open till 30<sup>th</sup> June 2020.

### **Instant PAN through Aadhaar**

In order to further ease the process of allotment of PAN, a system will be launched under which PAN shall be instantly allotted online on the basis of Aadhaar, without any requirement for filling up of detailed application form.

### **Indirect Tax**

#### **GST**

A simplified GST return shall be implemented from the 1<sup>st</sup> April, 2020. It will make return filing simple with features like SMS based filing for nil return, return pre-filing, improved input tax credit flow and overall simplification. Dynamic QR-code is proposed for consumer invoices. GST parameters will be captured when payment for purchases is made through the QR-code.

#### **Customs**

On the Customs side, India has taken a quantum leap in the "Trading Across Border" parameter of Ease of Doing Business rankings by the World Bank. India's rank has improved from 146 to 68.

Imports under Free Trade Agreements are on the rise. Undue claims of FTA benefits have posed threat to domestic industry. In the coming months, Rules of Origin requirements shall be reviewed, particularly for certain sensitive items, so as to ensure that FTAs are aligned to the conscious direction of our policy.

Labour intensive sectors in MSME are critical for employment generation. Cheap and low-quality imports are an impediment to their growth. Keeping in view the need of this sector, customs duty is being raised on items like footwear and furniture. Rate of Duty for footwear is being raised from 25% to 35%; and for “parts of footwear” from 15% to 20%. Rate of Duty for specified Furniture goods is being raised from 20% to 25%.

To give impetus to domestic industry, and to generate resource for health services, it is proposed to impose a nominal health cess of 5% on imports of specified medical equipment. Basic customs duty on imports of newsprint and light-weight coated paper is being reduced from 10% to 5%.

An increase is proposed in National Calamity Contingent Duty (NCCD) on Cigarettes and Tobacco products. NCCD on Bidis remains unchanged.

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**UNION BUDGET 2020- 21**

**PRESS INFORMATION BUREAU  
GOVERNMENT OF INDIA**

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**Summary of Union Budget 2020-21**

**New Delhi, 1<sup>st</sup> February, 2020**

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The three components of Aspirational India are- a) Agriculture, Irrigation and Rural Development , b) Wellness, Water and Sanitation and c) Education and Skills

## **Agriculture, Irrigation and Rural Development**

The Finance Minister said that more than Rs 2.83 lakh crore would be spent on Agriculture, Rural Development, Irrigation and allied activities as farmers and rural poor continue to remain the key focus of the Government. Reiterating the commitment of doubling farmers' income by 2022, She said, Government has already provided resilience for 6.11 crore farmers insured under PM Fasal Bima Yojana. Agriculture credit target for the year 2020-21 has be set at Rs 15 lakh crore. All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme. Moreover, comprehensive measures for one hundred water stressed districts, proposal to expand PM-KUSUM to provide 20 lakh farmers for setting up stand-alone solar pumps and for another 15 lakh farmers to solarise their grid-connected pump sets, setting up of efficient warehouses at the block/taluk level and in Horticulture sector with focus on "one product one district" for better marketing and export are some of the steps in that direction. Foot and Mouth disease, brucellosis in cattle and also peste des petits ruminants(PPR) in sheep and goat to be eliminatated by 2025, Coverage of artificial insemination to be increased from the present 30% to 70%, MNREGS to be dovetailed to develop fodder farms, doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025 to be facilitated. Similarly on the Blue Economy, raising of fish production to 200 lakh tonnes is proposed by 2022-23. Youth to be involved in fishery extension through 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations. Fishery exports hoped to be raised to Rs 1 lakh crore by 2024-25. DeenDayalAntyodayaYojana- for alleviation of poverty, half a crore households are mobilized with 58 lakh SHGs and it will be further expanded.

## **Wellness, Water and Sanitation**

Dwelling on the Wellness, Water and Sanitation theme, Smt Sitharaman said Rs 69,000 crore is being provided for Health care including Rs 6400 crores for Prime Minister Jan ArogyaYojana (PMJAY). She said, under PM Jan ArogyaYojana (PMJAY), there are more than 20,000 empanelled hospitals more in Tier-2 and Tier-3 cities for poorer people. Setting up hospitals in the PPP mode mainly in Aspirational Districts, using machine learning and AI, in the Ayushman Bharat scheme, "TB Harega Desh Jeetega" campaign to end Tuberculosis by 2025, expansion of Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024 are some of the other wellness measures in the Budget.

On sanitation front, Government is committed to ODF Plus in order to sustain ODF behaviour and the total allocation for Swachh Bharat Mission is Rs.12,300 crore in 2020-21. Similarly, Rs 3.60 lakh crore approved for Jal Jeevan Mission and Rs 11,500 crore in 2020-21.

## **Education and Skills**

On Education and Skill front, the Finance Minister said Rs 99,300 crore is being allocated in 2020-21 and Rs 3000 crores for skill development. New Education Policy will be announced soon. About 150 higher educational institutions will start apprenticeship embedded degree/diploma courses by March 2021. Degree level full-fledged online education programme to be started. Under its “Study in India” programme, an 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. It is proposed that special bridge courses be designed by the Ministries of Health, Skill Development.

## **Economic Development**

### **Industry, Commerce and Investment**

Referring to the theme of Economic Development, the Finance Minister said that Rs 27300 crore would be allocated for development and promotion of Industry and Commerce for the year 2020-21. An Investment Clearance Cell will be set up to provide “end to end” facilitation. It is proposed to develop five new smart cities in collaboration with States in PPP mode. A scheme to encourage manufacture of mobile phones, electronic equipment and semi-conductor packaging is also proposed. A National Technical Textiles Mission would be set up with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs 1480 crore to position India as a global leader in Technical Textiles. To achieve higher export credit disbursement, a new scheme, NIRVIK is being launched to support mainly small exporters. Government e-Marketplace (GeM) is moving ahead for creating a Unified Procurement System in the country for providing a single platform for procurement of goods, services and works. It is proposed to take the turnover of GeM to Rs 3 lakh crores. 3.24 lakh vendors are already on this platform.

## **Infrastructure**

On Infrastructure sector as highlighted by the Prime Minister that Rs 100 lakh crore would be invested over the next 5 years, National Infrastructure Pipeline was launched on 31st December 2019 of Rs 103 lakh crore. It consists of more than 6500 projects across sectors and are classified as per their size and stage of development. She said that about Rs 22,000 crore has already been provided as support to Infrastructure Pipeline. 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 and two other packages to be completed by 2023. Chennai-Bengaluru Expressway also be started. It is proposed to monetise at least 12 lots of highway bundles of over 6000 Km before 2024. Indian Railways aims to achieve electrification of 27000 Km of tracks. She said that within 100 days of assumption of this government, it has commissioned 550 wi-fi facilities in as many stations. Four station re-development projects and operation of 150 passenger trains would be done through PPP mode. The process of inviting private participation is underway. More Tejas type trains will connect iconic tourist destinations. High speed train between Mumbai to Ahmedabad would be actively pursued. Similarly, 100 more airports would be developed by 2024 to support Udaan scheme. Air fleet number expected to go up from the present 600 to 1200 during this time. Allocation of Rs 1.70 lakh crore proposed for transport Infrastructure in 2020-21. Similarly, allocation of Rs 22,000 crore proposed for power and renewable energy sector in 2020-21. Expansion of the national gas grid from the present 16,200 km to 27,000 km proposed.

### **New Economy**

On New Economy, Smt Sitharaman said that a policy to enable private sector to build Data Centre parks throughout the country will be brought out soon. Fibre to the Home (FTTH) connections through Bharatnet will link 100,000 gram panchayats this year. It is proposed to provide Rs 6000 crore to Bharatnet programme in 2020-21. Measures proposed to benefit the Start-ups include a digital platform for seamless application and capture of IPRs, Knowledge Translation Clusters to 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 test beds and small scale manufacturing facilities to be established. 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**

### **Women and Child, Social Welfare**

Harping on the theme of Caring Society, the Finance Minister said that Rs 35,600 crore proposed for nutrition-related programmes for the financial year 2020-21. Rs 28,600 crore proposed for programs that are specific to women. Moreover, Rs 85000 crore would be allocated towards the welfare of Scheduled Castes and Other Backward classes for 2020-21. Similarly, for furthering development and welfare of Scheduled tribes, Rs 53,700 crore is proposed for 2020-21. She said, the government is mindful of the concerns of senior citizens and Divyang. Accordingly, an enhanced allocation of Rs 9,500 crore is being provided for 2020-21.

### **Culture and Tourism**

On Culture and Tourism, establishment of an Indian Institute of Heritage and Conservation under Ministry of Culture proposed with the status of a deemed University. 5 archaeological sites to be developed as iconic sites with on-site Museums - Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh) Shivsagar (Assam), Dholavira (Gujarat) and Adichanallur (Tamil Nadu). Re-curation of the Indian Museum in Kolkata, announced by Prime Minister in January 2020. Museum on Numismatics and Trade to be located in the historic Old Mint building Kolkata. 4 more museums from across the country to be taken up for renovation and re-curation. Support for setting up of a Tribal Museum in Ranchi (Jharkhand). Maritime museum to be set up at Lothal- the Harrapan age maritime site near Ahmedabad, by Ministry of Shipping.

### **Environment and Climate Change**

On Environment, States that are formulating and implementing plans for ensuring cleaner air in cities above one million to be encouraged. Parameters for the incentives to be notified by the Ministry of Environment, Forests and Climate change and the allocation for this purpose is Rs 4,400 crore for 2020-21.

### **Governance**

Dwelling on the issue of Governance as clean, corruption-free, policy driven and good in intent and most importantly trusting in faith, the Finance Minister announced setting up of a National Recruitment Agency (NRA) as an independent, professional, specialist organisation for conduct of a computer-based online Common Eligibility Test for

recruitment to Non-Gazetted posts. A test-centre in every district, particularly in the Aspirational Districts would also be set up. It is also proposed to evolve a robust mechanism for appointment including direct recruitment to various Tribunals and specialised bodies to attract best talents and professional experts. Deliberation to strengthen the Contract Act is also on.

### **Financial Sector**

The Finance Minister said that In the last few years, Government of India has infused about Rs 3,50,000 crore by way of capital into Public Sector Banks for regulatory and growth purposes. Governance reforms would be carried out in these banks, so that they become more competitive. Government has already approved consolidation of 10 banks into four. Further, the Deposit Insurance and Credit Guarantee Corporation (DICGC) has been permitted to increase Deposit Insurance Coverage for a depositor, which is now Rs one lakh to Rs five lakh per depositor. 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 Rs. 500 crore to asset size of Rs 100 crore or loan size from existing Rs 1 crore to Rs 50 lakh. To meet the need for greater private capital, it is proposed to sell the balance holding of Government of India IDBI Bank to private, retail and institutional investors through the stock exchange. To help easy mobility while in jobs, we wish to infuse into the Universal Pension coverage with auto enrolment. 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. 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 Rs 1000 crore will be anchored by EXIM Bank together with SIDBI.

### **Financial Markets**

On Financial Markets, about deepening of the bond market, certain specified categories of Government securities would be opened fully for non-resident investors, apart from being available to domestic investors as well. Government also proposes to expand 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. To address the liquidity constraints of the NBFCs/HFCs, post the Union budget 2019-20, the government formulated a Partial Credit Guarantee scheme for the NBFCs. 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**

On Disinvestment, the Finance Minister said that 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 now proposes to sell a part of its holding in LIC by way of Initial Public Offer (IPO).

## **Fiscal Management**

On Fiscal Management, the Finance Minister said that XV Finance Commission has given its first report pertaining to Financial Year 2020-21. In the spirit of co-operative federalism, 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. She also announced 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 Revised Estimates of Expenditure for the Financial Year 2019-20 are at a level of Rs 26.99 lakh Crore and the receipts are estimated at Rs.19.32 lakh crore.

She said, Government has estimated nominal growth of GDP for year 2020-21, on the basis of trends available, at 10%. Accordingly, receipts for the year 2020-21 are estimated at Rs. 22.46 lakh cr and, keeping in mind commitment of the Government towards various schemes and need for improvement in quality of life, level of expenditure has been kept at Rs 30.42 lakh cr. A good part of the borrowings for the financial year 2020-21 would go towards Capital expenditure of the Government that has been scaled up by more than 21%. She said that the measures would spur growth impulses in the economy.

## **PART-B**

Finance Minister Smt Nirmala Sitharaman said that the Union Government has spearheaded radical fiscal measures to ensure that India's economy continues to tread the path of high growth. She said that to make sure India stays globally competitive and a favoured destination for investment, a bold historic decision was taken to reduce the corporate tax rate for new companies in the manufacturing sector to an unprecedented level of 15%. For existing companies, the rate has been brought down to 22%. As a result, our corporate tax rates are now amongst the lowest in the world.

The Finance Minister said that in continuation of the reform measures already taken so far, the tax proposals in this budget introduce further reforms to stimulate growth, simplify tax structure, bring ease of compliance, and reduce litigations.

### **Personal Income Tax and Simplification of Taxation**

In order to provide significant relief to the individual taxpayers and to simplify the Income-Tax law, the Finance Minister has proposed to bring a new and simplified personal income tax regime, wherein income tax rates will be significantly reduced for the individual taxpayers who forego certain deductions and exemptions.

The proposed changes in tax slabs are listed in the following table:

<b>Taxable Income Slab (Rs.)</b>	<b>Existing Tax Rates</b>	<b>New Tax Rates</b>
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%

Surcharge and cess shall be continued to be levied at the existing rates.

In the new tax regime, substantial tax benefit will accrue to a taxpayer depending upon exemptions and deductions claimed by him. For example, a person earning Rs. 15 lakh in a year and not availing any deductions etc., will pay only Rs. 1,95,000 as compared to Rs. 2,73,000 in the old regime. Thus, his tax burden shall be reduced by Rs. 78,000 in the new regime. He would still be the gainer in the new regime, even if he was taking deduction of Rs. 1.5 Lakh under various sections of Chapter VI-A of the Income Tax Act under the old regime.

The new tax regime shall be optional for taxpayers. An individual who is currently availing more deductions and 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 foregone of Rs. 40,000 crore per year. Measures have been initiated to pre-fill 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.

The Finance Minister said she had reviewed all exemptions and deductions which got incorporated in the income tax legislation over the past several decades. Currently more

than one hundred exemptions and deductions of different nature are provided in the Income Tax Act. She said that she has removed around 70 of them in the new simplified regime. She said that the remaining exemptions and deductions would also be reviewed and rationalized in the coming years, with a view to further simplifying the tax system and lowering the tax rate.

### **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. In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors, the Finance Minister has proposed to remove DDT, and adopt the classical system of dividend taxation, under which the companies would not be required to pay DDT. The dividend shall be taxed only in the hands of the recipients at their applicable rate.

In order to remove the cascading effect, the Finance Minister has proposed to allow deduction for the dividend received by holding company from its subsidiary. The removal of DDT will lead to estimated annual revenue foregone of Rs. 25,000 crore. This will further make India an attractive destination for investment.

### **Concessional Tax Rate for Electricity Generation Companies**

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 31<sup>st</sup> March, 2023.

In order to attract investment in the power sector, it has been proposed to extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.

### **Tax Concession for Foreign Investments**

To incentivize investment by Sovereign Wealth Fund of foreign governments, the Finance Minister has proposed to grant 100% tax exemption to their interest, dividend and capital gains income in respect of the investment made in infrastructure and other notified sectors before 31<sup>st</sup> March, 2024 and with a minimum lock-in period of 3 years.

### **Start-ups**

The Finance Minister noted that during their formative years, Start-ups generally use Employee Stock Option Plan (ESOP) to attract and retain highly talented employees. Currently, ESOPs are taxable as perquisites at the time of exercise. In order to give a

boost to the start-up ecosystem, the Finance Minister has proposed to ease the burden of taxation on the employees by deferring the tax payment for five years or till they leave the company or when they sell their shares, whichever is earliest.

An eligible Start-up having turnover upto 25 crore is allowed deduction of 100% on its profits for three consecutive assessment years out of seven years if the total turnover does not exceed 25 crore rupees. The Finance Minister has proposed to increase this limit to Rs. 100 crore. She has also proposed to extend the period of eligibility for claim of deduction from the existing 7 years to 10 years.

### **Concessional Tax Rate for Cooperatives**

Cooperative societies are currently taxed at a rate of 30% with surcharge and cess. As a major concession, and in order to bring parity between the cooperative societies and corporates, the Finance Minister has proposed to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge and 4% cess with no exemptions/deductions. She has also proposed to exempt these societies from Alternative Minimum Tax (AMT), just like companies under the new tax regime are exempted from the Minimum Alternate Tax (MAT).

### **Medium, Small and Micro Enterprises**

In order to reduce the compliance burden on small retailers, traders, shopkeepers who comprise the MSME sector, the Finance Minister has proposed to raise by five times, the turnover threshold for audit from the existing Rs. 1 crore to Rs. 5 crore. In order to boost less-cash economy, she has proposed that the increased limit shall apply only to those businesses which carry out less than 5% of their business transactions in cash.

### **Affordable Housing**

In the last budget, the Finance Minister had announced an additional deduction of upto one lakh, fifty thousand rupees for interest paid on loans taken for purchase of an affordable house. The date of loan sanction for availing this additional deduction is proposed to be extended by one year, beyond 31<sup>st</sup> March, 2020.

### **Charity Institutions**

Income of Charity Institutions is fully exempt 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 donee's information in taxpayer's return on the basis of information of donations furnished by the donee.

In order to claim the tax exemption, charity institutions have to be registered with the Income Tax Department. It is proposed to make the registration completely electronic

under a unique registration number (URN) to be issued to all new and existing charity institutions.

### **Faceless Appeals**

In order to impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. It is proposed to amend the Income Tax Act so as to enable Faceless appeal on the lines of Faceless assessment.

### **'Vivad se Vishwas' scheme**

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 31<sup>st</sup> March, 2020. Those who will avail the scheme after 31<sup>st</sup> March, 2020 will have to pay some additional amount. The scheme will remain open till 30<sup>th</sup> June 2020.

### **Instant PAN through Aadhaar**

In order to further ease the process of allotment of PAN, a system will be launched under which PAN shall be instantly allotted online on the basis of Aadhaar, without any requirement for filling up of detailed application form.

### **Indirect Tax**

#### **GST**

A simplified GST return shall be implemented from the 1<sup>st</sup> April, 2020. It will make return filing simple with features like SMS based filing for nil return, return pre-filing, improved input tax credit flow and overall simplification. Dynamic QR-code is proposed for consumer invoices. GST parameters will be captured when payment for purchases is made through the QR-code.

#### **Customs**

On the Customs side, India has taken a quantum leap in the "Trading Across Border" parameter of Ease of Doing Business rankings by the World Bank. India's rank has improved from 146 to 68.

Imports under Free Trade Agreements are on the rise. Undue claims of FTA benefits have posed threat to domestic industry. In the coming months, Rules of Origin requirements shall be reviewed, particularly for certain sensitive items, so as to ensure that FTAs are aligned to the conscious direction of our policy.

Labour intensive sectors in MSME are critical for employment generation. Cheap and low-quality imports are an impediment to their growth. Keeping in view the need of this sector, customs duty is being raised on items like footwear and furniture. Rate of Duty for footwear is being raised from 25% to 35%; and for “parts of footwear” from 15% to 20%. Rate of Duty for specified Furniture goods is being raised from 20% to 25%.

To give impetus to domestic industry, and to generate resource for health services, it is proposed to impose a nominal health cess of 5% on imports of specified medical equipment. Basic customs duty on imports of newsprint and light-weight coated paper is being reduced from 10% to 5%.

An increase is proposed in National Calamity Contingent Duty (NCCD) on Cigarettes and Tobacco products. NCCD on Bidis remains unchanged.

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**UNION BUDGET 2020-21**

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**Macro-economic Framework Statement (MFS) 2020-21 predicts rebound in GDP growth from first quarter of 2020-21**

**Government expected to return to glide path of Fiscal Consolidation in the Medium Term**

**Focus on enhancing creation of Capital Assets, with Water Conservation and Sanitation as focus sectors**

## **MFS 2020-21 predicts Nominal Growth of the Economy at 10% in FY 2020-21**

**New Delhi, 1st February, 2020**

Despite a temporary moderation in the Gross Domestic Product (GDP) growth in 2019-20 owing to global headwinds and challenges in the domestic financial sector, the fundamentals of the Indian economy remain strong and GDP growth is expected to rebound from the first quarter of 2020-21. This is noted in the Macro-economic Framework Statement (MFS) 2020-21 which describes the return path of fiscal consolidation without compromising the needs of investment out of public funds. The government has revised the fiscal roadmap in the near term and limited the fiscal deficit to 3.8% of the GDP in RE 2019-20 and 3.5% in 2020-21, states the MFS.

Further, the document states that the consumer price inflation has remained within the targeted limits set by the Monetary Policy Committee (MPC) of the RBI and the government is expected to return to the glide path of fiscal consolidation in the medium term. In her Budget speech on the floor of the Parliament today, Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman stated that the government has undertaken very significant tax reforms for boosting investments. Also, keeping in mind commitment of the Government towards various schemes and need for improvement in quality of life, level of expenditure has been kept at Rs. 30.42 lakh crores in BE 2020-21, as compared to Rs. 26.98 lakh crores in RE 2019-20.

Global confidence in the Indian economy improved as reflected in growing inflows of net FDI and an all time high accumulation of foreign exchange reserves of US\$ 457.5 billion as in December, 2019. India moving up by 14 positions to 63<sup>rd</sup> rank in World Bank's Ease of Doing Business 2020 Report, has contributed among others to this increased global confidence, the MFS document notes.

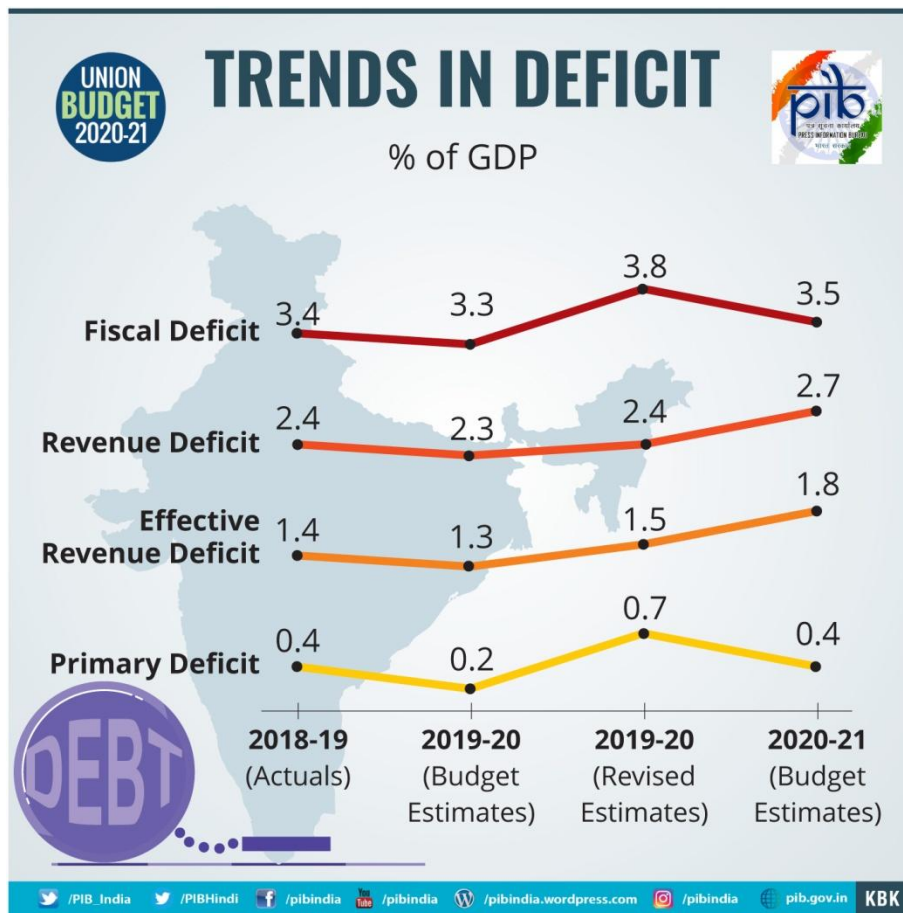
Talking about the critical measures announced/implemented by Government in 2019-20 to catalyze the rebound of the GDP, the MFS cites hike in MSP of agricultural crops, reduction in corporate tax rate, incentives for start-ups and expansion of MSMEs, recapitalization of public sector banks, streamlining of many labour laws at the central government level, among others. To improve the physical quality of life, the Government has also announced the National Infrastructure Pipeline (NIP) of projects worth Rs. 102 lakh crores, which would commence in phases from 2020-21 to 2024-25.

Describing the strategic priorities for the ensuing year, the MFS states that the main focus of the Government on expenditure side will be to enhance creation of capital assets, with water conservation and sanitation to be the focus sectors. On the receipt side, resource mobilization will be sought through sale of strategic assets, the document adds.

Delving into the challenges facing the economy, the MFS notes that the major challenges for the economy arise from the external front, mainly due to geo-political tensions in the Middle East and rising crude oil prices due to supply disruption which may in turn decelerate growth and increase inflation. Challenges cited on the domestic front are revival of investments and savings.



According to the MFS, positive prospects for the economy are continuation of structural reforms that will revive growth and expected normalization of credit flow as investment picks up induced by a cut in the corporate tax rate and anticipated transmission of repo rate cuts earlier implemented by the MPC. Global economic growth is expected to pick up in 2020 which could also support India's growth. In view of a positive outlook on economic rebound, the MFS predicts the nominal growth of the economy at 10% in FY 2020-21.



UNION BUDGET 2020-21

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**16 ACTION POINTS TO FOCUS ON FARMER'S INCOME, STORAGE, BLUE ECONOMY AND ANIMAL HUSBANDARY**

**PM-KUSUM TO BE EXPANDED TO 20 LAKH FARMERS**

## **Rs 15 LAKH CRORE AGRICULTURE CREDIT TARGET FOR YEAR 2020-21**

### **“KISAN RAIL” AND “KRISHI UDAAN” TO BE LAUNCHED**

### **WAREHOUSE CREATION THROUGH VIABILITY GAP FUNDING ON A PPP MODE AT BLOCK LEVEL**

### **WOMEN AND SHG’S ROLE AS “DHAANYA LAKSHMI” IN FOOD STORAGE AT VILLAGE LEVEL TO BE PROMOTED**

### **3477 SAGAR MITRAS TO BE SET UP TO INVOLVE YOUTH IN FISHERIES SECTOR**

New Delhi. 1<sup>st</sup> February 2020

Reiterating Prime Minister’s commitment towards “**Sabka Saath, Sabka Vikas , Sabka Vishwas**” and “**Ease of Living**” for people of India, Union minister of Finance and Corporate Affairs Smt. Nirmala Sitharaman in her budget speech in Parliament today proposed 16 action points focusing on **doubling Farmers income**, Horticulture sector, Food storage, Animal Husbandry and Blue economy.

#### **Doubling Farmers Income**

With the aim of doubling farmers income by 2022, Smt. Sitharaman in her budget speech proposed to expand PM-KUSUM to 20 lakh farmers for setting up stand alone solar pumps and help another 15 lakh farmers solarise their grid connected pump sets. She further proposed to operationalize scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to grid. Resource efficiency is the first step in doubling farmer’s income and keeping this in mind Smt. Sitharaman further stressed to encourage balanced use of all kinds of fertilizers and Zero Budget Natural Farming (ZBNF). She further proposed integration of negotiable warehousing receipts (e-NWR) and National Agricultural Market (e-NAM).

“Integrated farming systems for rainfed areas shall be expanded. Multi-tier cropping, bee keeping, solar pumps, solar energy production in non cropping season will be added. The portal

on “**Jaivik kheti**” – online national organic products market will also be strengthened” Smt. Sitharaman said.

To address concerns related to water stress in various parts of the country, Finance Minister said “our government is proposing comprehensive measures for one hundred water stressed districts”.

### **Storage and Logistics**

To promote storage infrastructure and reduce wastage of food grains Smt. Sitharaman proposed creation of warehouses through viability gap funding on a PPP mode at block level. She also proposed warehouse building by Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) on their land too. As a backward linkage, Smt. Sitharaman proposed village storage scheme to be run by Self Help Groups (SHG). “Women, SHG’s shall regain their position as **Dhaanya Lakshmi**” said Smt. Nirmala Sitharaman.

To build a seamless national cold supply chain for perishables, inclusive of milk, meat, Smt. Sitharaman said, “Indian Railways will set up **Kisan Rail**-through PPP arrangements. There shall be refrigerated coaches in express and freight trains as well”. “To help improve value realization especially in North-East and tribal districts **Krishi Udaan** will be launched by the Ministry of Civil Aviation” added the Finance Minister.

### **Animal Husbandry**

Recognizing the contribution of animal husbandry sector in farmer’s income, Smt. Sitharaman aimed to eliminate Foot and Mouth disease, brucellosis in cattles and peste des petits ruminants (PPR) in sheep and goat by 2025 and to increase coverage of artificial insemination from 30 percent to 70 percent. “we shall facilitate doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025” said Smt. Sitharaman.

### **Agriculture credit**

Setting agriculture credit target of rupees 15 lakh crore for the year 2020-21. She stated that all eligible beneficiaries of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) will be covered under the Kisan Credit Card (KCC) scheme.

### **Horticulture**

On horticulture, she said “For better marketing and export, we propose supporting states which, adopting a cluster basis will focus on **one product one district**”

### **Blue Economy**

Smt. Sitharaman proposed to put in place a framework for development, management and conservation of marine fishery resources and promotion of algae, sea weed and cage culture that will assist in raising fish production to 200 lakh tonnes by 2022-23.

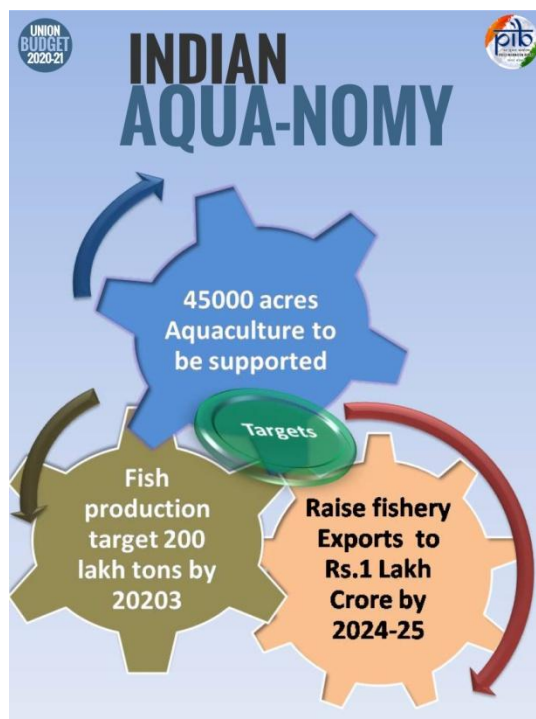
Smt. Sitharaman in her budget speech said that “our government will involve youth in fishery extension through 3477 **sagar mitras** and 500 fish farmer producer organizations. We hope to raise fishery export to rupees 1 lakh crore by 2024-25”.

Following the spirit of Co-operative Federalism, Smt. Sitharaman also proposed to encourage those states governments who undertake implementation of Model Agricultural Land Leasing Act, 2016; Model Agricultural Produce and livestock Marketing (Promotion and Facilitation) Act, 2017 and Model Agricultural produce and Livestock Contract Farming and services (Promotion and Facilitation) Act, 2018.

**Union Budget 2020-21**

## Agriculture, Irrigation and Rural Development

<b>20 lakh</b> farmers to be covered for stand alone solar pumps under PM KUSUM	<b>“Kisan Rail” &amp; “Kisan Udaan”</b> for a seamless National Cold Supply Chain
<b>Doubling</b> milk processing capacity by 2025	<b>₹15 lakh crore</b> Agricultural Credit Target
<b>Integration</b> of e-NWR with e-NAM	<b>SHGs</b> run village storage scheme



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**UNION BUDGET 2020-21**

**PRESS INFORMATION BUREAU  
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**Rs 35,600 CRORE OUTLAY FOR NUTRITION-RELATED PROGRAMMES FOR  
2020-21**

**Rs 28,600 CRORE ALLOCATED FOR PROGRAMS SPECIFIC TO WOMEN**

**GROSS ENROLMENT RATIO OF GIRLS EXCEEDS THAT OF BOYS ACROSS ALL  
LEVELS OF EDUCATION**

**Rs 85,000 CRORE OUTLAY FOR WELFARE OF SCHEDULED CASTES AND OTHER  
BACKWARD CLASSES FOR 2020-21**

**Rs 53,700 CRORE ALLOCATED FOR WELFARE OF SCHEDULED TRIBES FOR  
2020-21**

**Rs 9500 CRORE OUTLAY FOR WELFARE OF SENIOR CITIZENS AND DIVYANG  
FOR 2020-21**

**TASK FORCE TO BE APPOINTED TO EXAMINE ISSUE ABOUT AGE OF GIRL  
ENTERING MOTHERHOOD**

**New Delhi, 1<sup>st</sup> February, 2020**

Highlighting the importance of nurturing a caring society, the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, unveiled several key proposals with focus on women and child, and on social welfare, in the Union Budget 2020-21 presented in Parliament today.

**Women and Child**

In her Budget speech in the Lok Sabha, the Finance Minister said, “I am pleased to inform the House that ‘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, Smt. Sitharaman highlighted. Similar trends in gross enrolment ratio were also observed at Secondary and higher secondary levels, she added.

Emphasising on nutrition as a critical component on health, Smt. Sitharaman **proposed to provide Rs 35,600 crore for nutrition-related programmes for the year 2020-21**. She drew attention to the ‘Poshan Abhiyan’ which was launched in 2017-18 to improve the nutritional status of children (0-6 years), adolescent girls, pregnant women and lactating mothers. The Union Minister further said that more than six lakh anganwadi workers had been equipped with smart phones to upload the nutritional status of more than 10 crore households, which was an unprecedented development.

In her Budget speech, Smt. Sitharaman noted that with India’s progress, opportunities were opening up for women to pursue higher education and careers, and the entire issue about age of a girl entering motherhood, therefore, needed to be seen in a new light. **She proposed to appoint a task force for this purpose which would present its recommendations in six months’ time.**

Highlighting the government's continued commitment to the welfare of women, the Finance Minister **proposed an outlay of about Rs 28,600 crore for programs that were specific to women.**

### **Social Welfare**

Addressing the issue of manual scavenging, the Finance Minister said, "Our government is determined that there shall be no manual cleaning of sewer systems or septic tanks. Suitable technologies for such tasks have been identified by the Ministry of Housing and Urban Affairs. The Ministry is working with urban local bodies for the adoption of these technologies." She proposed to take this effort to its logical conclusion through legislative and institutional changes along with provision of financial support for wider acceptance of such technologies.

The Finance Minister **proposed a budget provision of about Rs 85,000 crore for 2020-21 to further the government's commitment towards the welfare of Scheduled Castes and Other Backward Classes.**

In the Budget proposal, Smt. Sitharaman also **provided an allocation of Rs 53,700 crore for the year 2020-21 for further development and welfare of Scheduled Tribes.**

Further, keeping in mind the concerns of **senior citizens and Divyang, the Finance Minister proposed an enhanced allocation of about Rs 9500 crore for 2020-21** in the Union Budget.

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**UNION BUDGET 2020-21**

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**Union Budget 2020-21 allocates Rs.99,300 crore for Education, Rs. 3,000 crore for Skill Development**

**150 Higher Educational Institutions to start apprenticeship embedded degree/diploma courses by March, 2021**

**Degree level online education programmes for students of deprived sections of the society**

**External Commercial Borrowings and FDI to be encouraged for financing education infrastructure**

**Ind-SAT to be conducted in Asia and Africa under Study in India programme**

**Special bridge courses for nurses, para medical staff and care givers to enhance their employability abroad**

**National Police University and National Forensic Science University to be set up**

New Delhi, 1<sup>st</sup> February, 2020

Meeting the needs of Aspirational India in which all the sections of the society seek better standards of living with access to education, health and better jobs is one of the key themes of the Union Budget 2020-21. The Budget lays special emphasis on the employability and quality aspects of education.

Presenting the Budget for the financial year 2020-21 in the Parliament today, the Union Finance and Corporate Affairs Minister, Smt Nirmala Sitharaman said that a total **outlay of Rs.99,300 crore has been earmarked for the education sector in 2020-21 and Rs.3000 crore for Skill Development.** “By 2030, India is set to have the largest working age population in the world. Not only do they need literacy but they need both job and life skills”, the Finance Minister explained.

Smt Nirmala Sitharaman announced that about **150 Higher Educational Institutions will start apprenticeship embedded degree/diploma courses by March 2020-21.** This will help to improve the employability of students in the general stream (vis-a-vis services or technology stream). The government will also start a program whereby urban local bodies across the country would provide internship opportunities to fresh engineers for a period of up to one year. National Skill Development Agency will give special thrust to infrastructure-focused skill development opportunities, the Minister explained.

The Finance Minister, in her speech also said that the New Education Policy will be announced soon. Smt Nirmala Sitharaman stated that steps will be taken to enable sourcing External Commercial Borrowings and FDI to ensure greater inflow of finance to attract talented teachers, innovate and build better labs.

**Degree level full-fledged online education programme will be started** to provide quality education to students of deprived sections of the society as well as those who do not have



access to higher education. However, these shall be offered only by institutions who are ranked within top 100 in the National Institutional Ranking Framework.

The Finance Minister observed that India should be a preferred destination for higher education. Therefore, under its “**Study in India**” programme, **an Ind-SAT is proposed to be held in Asian and African countries** for benchmarking foreign candidates who receive scholarships for studying in Indian higher education centres.

In order to meet the requirement of qualified medical doctors, **it is proposed to attach a medical college to an existing district hospital in PPP mode.** Viability gap funding will be made available to the States that fully allow the facilities of the hospital to the medical college and provide land at a concession.

The Government will also encourage large hospitals with sufficient capacity to offer resident doctors DNB/FNB courses under the National Board of Examinations. Smt Nirmala Sitharaman stated that a huge demand exists for teachers/nurses/para medical staff and care givers abroad. Therefore special bridge courses may be designed jointly by the Ministries of Health and Skill Development along with professional bodies to match the employer’s standards as well as meet the language requirements of various countries.

**A National Police University and a National Forensic Science University have also been proposed** in the domain of policing science, forensic science, cyber-forensics etc. in the Budget.

**Education and Skills**

**New Education Policy** to be announced

- Apprenticeship, embedded degree/diploma courses by 150 higher educational institutions
- Degree level full-fledged online education programme
- National Police University and National Forensic Science University
- Special bridge courses by the Ministries of Health and Skill Development

**₹99,300 Crore** for Education

**₹3000 Crore** for Skill Development

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**UNION BUDGET 2020-21**

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**DATA CENTRE PARKS POLICY SOON FOR PRIVATE FIRMS TO LEVERAGE THE  
POWER OF DATA**

**RS. 6000 CRORE PROPOSED FOR BHARATNET PROGRAMME TO LINK 100,000  
GRAM PANCHAYATS**

**KNOWLEDGE TRANSLATION AND TECHNOLOGY CLUSTERS AMONGST  
MEASURES TO BOOST START-UPS**

**RS. 8000 CRORE OUTLAY OVER FIVE YEARS FOR NATIONAL MISSION ON  
QUANTUM TECHNOLOGIES AND APPLICATIONS**

**New Delhi, 1<sup>st</sup> February 2020**

Emphasizing on the disruptive innovations of the ‘New Economy’ like Artificial Intelligence (AI), the Union Finance and Corporate Affairs Minister, Smt. Nirmala Sitharaman proposed further measures by the Government to take advantage of these new technologies. These were stated in her Union Budget Speech 2020-21, presented in the Parliament today.

The Finance Minister observed that technologies like **AI, Internet-of-Things (IoT), 3D printing, drones, DNA data storage, quantum computing, etc.**, are re-writing the world economic order. She noted that India has already embraced new paradigms such as the sharing economy with aggregator platforms displacing conventional businesses. The Minister added that the Government has also harnessed these new technologies to enable direct benefit transfers and financial inclusion on a scale never imagined before.

### **Proposals for Leveraging Data**

Highlighting the importance of ‘data as the new oil’, the Minister asserted that Analytics, Fintech and IoT are changing the way we deal with our lives. Smt. Sitharaman proposed the following measures to take advantage of this power of data:

- To soon bring out a policy to enable private sector in building **Data Centre Parks** throughout the country, thus enabling firms to incorporate data in every step of their value chains.
- To link **100,000 gram panchayats** this year with **Fibre to the Home (FTTH) connections** through Bharatnet. This will fulfill the vision of providing digital connectivity to all ‘public institutions’ like Anganwadis, health and wellness centres, government schools, etc. at Gram Panchayat level. It is proposed to provided **Rs. 6000 crore to Bharatnet programme** in 2020-21, the Minister said.

### **Proposals for Start-ups**

With a view to expand the base for knowledge-driven enterprises, the Finance Minister underscored the importance of intellectual property creation and protection. In this regard, she proposed several measures to benefit Start-ups:

- To promote a digital platform that would facilitate seamless application and capture of IPRs. A Centre is also proposed to be established in an Institute of Eminence for working on innovation in the field of Intellectual Property.
- **Knowledge Translation Clusters** to be set up across different technology sectors including new and emerging areas.
- **Technology Clusters**, with test beds and small scale manufacturing facilities for designing, fabrication and validation of proof of concept to be established.

- **Two National-level Science Schemes** are to be initiated to create a comprehensive database of mapping India’s genetic landscape, given its criticality for next generation medicine, agriculture and bio-diversity management.
- It is also proposed to provide early life funding, including a seed fund, to support ideation and development of early stage Start-ups.

**Proposals for Quantum Technology**

The Finance Minister noted that quantum technology is opening up new frontiers in computing, communications, cyber security with wide-spread applications. She pointed out that a lot of commercial applications are expected to emerge from theoretical constructs developing in this area. Thus, the Minister proposed to provide an **outlay of Rs. 8000 crore over a period of five years** for the National Mission on Quantum Technologies and Applications.



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**FISCAL DEFICIT AT 3.8% IN 2019-20 (RE) AND 3.5% FOR 2020-21(BE); RETURN  
PATH COMMITTED TO FISCAL CONSOLIDATION WITHOUT COMPROMISING  
ON INVESTMENT**

**PROJECTED FISCAL NUMBERS ARE CREDIBLE, TRANSPARENT AND  
COMPLIANT WITH FRBM ACT, ASSURES FINANCE MINISTER**

**21% INCREASE IN CAPITAL EXPENDITURE FOR FY 2020-21**

**RECOMMENDATION OF XV FINANCE COMMISSION’S FIRST REPORT  
ACCEPTED IN SUBSTANTIAL MEASURE: FINANCE MINISTER**

New Delhi, 1<sup>st</sup> February, 2020

With the clear intent of achieving fiscal targets and affirming the government’s commitment towards prudent fiscal management and boosting investments the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman proposed several measures in the Union Budget 2020-21 in Parliament today.

**The Finance Minister identified the fiscal deficit for FY 2019-20 at 3.8%(RE) and pegged it at 3.5% (BE) for FY 2020-21 which is consistent with government’s abiding commitment to macroeconomic stability as part of Medium Term Fiscal Policy cum Strategy Statement 2020-21.** She said, “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. **Therefore, I have taken a deviation of 0.5%, consistent with Section 4(3) of FRBM Act, both for RE 2019-20 and BE 2020-21.**”

The Finance Minister in order to settle the debate over the credibility and transparency of the projected fiscal numbers said **“Let me assure the House that the procedure adopted is compliant with the FRBM Act. This is also consistent with the practices hitherto followed.”**

Smt. Sitharaman further added that a fundamental overhaul of Centrally Sponsored Schemes and Central Sector Schemes is necessary to align with emerging social and economic needs and to use scarce public resources optimally.

The Finance Minister **proposed a 21% increase in capital expenditure for the FY 2020-21.** The Budget further announced Rs. 22,000 crore for equity to fund certain specified infrastructure finance companies providing much needed long term finance to the sector. The following table illustrates the estimated figures:

	<b>2019-20 RE (Rs. Lakh Crore )</b>	<b>2020-21 BE(Rs. Lakh Crore)</b>
<b>Receipts</b>	19.32	22.46
<b>Expenditure</b>	26.99	30.42
<b>Net Market Borrowings</b>	4.99	5.36

**The budget projects a 10% estimated nominal growth of GDP for 2020-21 on the basis of trends available.** The Finance Minister notes “Recently government has undertaken very significant tax reforms for boosting investments. However, expected tax buoyancy will take time.”

Emphasising the importance given to strengthen the spirit of co-operative federalism, Smt. Nirmala Sitharaman announced the acceptance of the 1<sup>st</sup> report of XV Finance Commission in substantial measure. The Budget proposes 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.

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**UNION BUDGET 2020 - 21**

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**148 KM LONG BENGALURU SUBURBAN TRANSPORT PROJECT AT A COST OF  
RS 18600 CRORE PROPOSED**

**A NATIONAL LOGISTICS POLICY TO CREATE A SINGLE WINDOW E-LOGISTICS  
MARKET**

**PROPOSAL TO MONETISE AT LEAST 12 LOTS OF HIGHWAY BUNDLES OF OVER  
6000 KM BEFORE 2024**

**PROPOSAL TO SET UP LARGE SOLAR POWER CAPACITY ALONGSIDE RAIL  
TRACKS, ON RAILWAY'S LAND**

**FOUR STATION RE-DEVELOPMENT PROJECTS AND OPERATION OF 150  
PASSENGER TRAINS THROUGH PPP MODE**

**NATIONAL SKILL DEVELOPMENT AGENCY TO GIVE SPECIAL THRUST TO  
INFRASTRUCTURE-FOCUSED SKILL DEVELOPMENT OPPORTUNITIES**

**New Delhi, 1<sup>st</sup> February, 2020**

Highlighting Prime Minister's Statement in the Independence Day Speech 2019, that Rs. 100 lakh Crore would be invested on infrastructure over the next 5 years, Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman, while presenting the Union Budget 2020-21 in Parliament today said "As a follow up measure, I had launched the National Infrastructure Pipeline on 31st December 2019 of Rs 103 lakh crore. It consists of more than 6500 projects across sectors and are classified as per their size and stage of development."

The Finance Minister further said, that the **National Skill Development Agency will give special thrust to infrastructure-focused skill development** opportunities and that a huge employment opportunity exists for India's youth in construction, operation and maintenance of infrastructure.

The Union Budget proposed to set up a project preparation facility for infrastructure projects. This programme would actively involve young engineers, management graduates and economists from our Universities.

The Budget also proposed to direct all infrastructure agencies of the government to involve youth-power in start-ups.

**The Finance Minister also proposed A National Logistics Policy, to be released soon** and this would clarify the roles of the Union Government, State Governments and key regulators and create a single window e-logistics market and focus on generation of employment, skills and making MSMEs competitive.

**Highway Revolution**

**Accelerated development of highways**

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** and other packages to be completed by 2023

**Chennai-Bengaluru Expressway** to be started

**Monetization of 12 lots** of highway bundles of over **6000 Km** before 2024

### **Measures for improving roads Infrastructure**

While presenting the Union Budget 2020-21, the Finance minister said that Accelerated development of highways will be undertaken. She said “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 and two other packages to be completed by 2023. Chennai-Bengaluru Expressway also be started. It is proposed to monetise at least 12 lots of highway bundles of over 6000 Km before 2024.”

### **Measures for improving Railways Infrastructure**

Enlisting the achievements of Railways within 100 days of assumption of the current government, the Finance minister proposed the following five measures for optimisation of costs

- Setting up a large solar power capacity alongside the rail tracks, on the land owned by the railways
- Four station re-development projects and operation of 150 passenger trains would be done through PPP mode.
- More Tejas type trains will connect iconic tourist destinations.
- High speed train between Mumbai to Ahmedabad would be actively pursued.
- 148 km long Bengaluru Suburban transport project at a cost of Rs 18600 crore, would have fares on metro model. Central Government would provide 20% of equity and facilitate external assistance up to 60% of the project cost.

With an aim to build a seamless national cold supply chain for ‘perishables’, The Minister also proposed that the Indian Railways will set up a “Krishi Rail”- through PPP arrangements. There will be refrigerated coaches in express and Frieght trains as well she said.



UNION  
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# Redefining Railways

## Five Major Measures



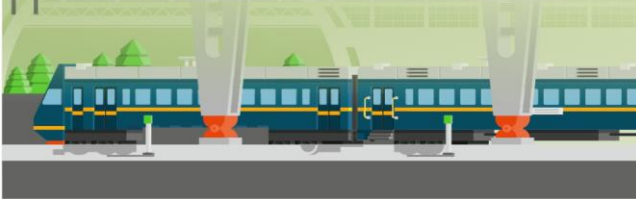
Setting up a **large solar power capacity** alongside rail tracks

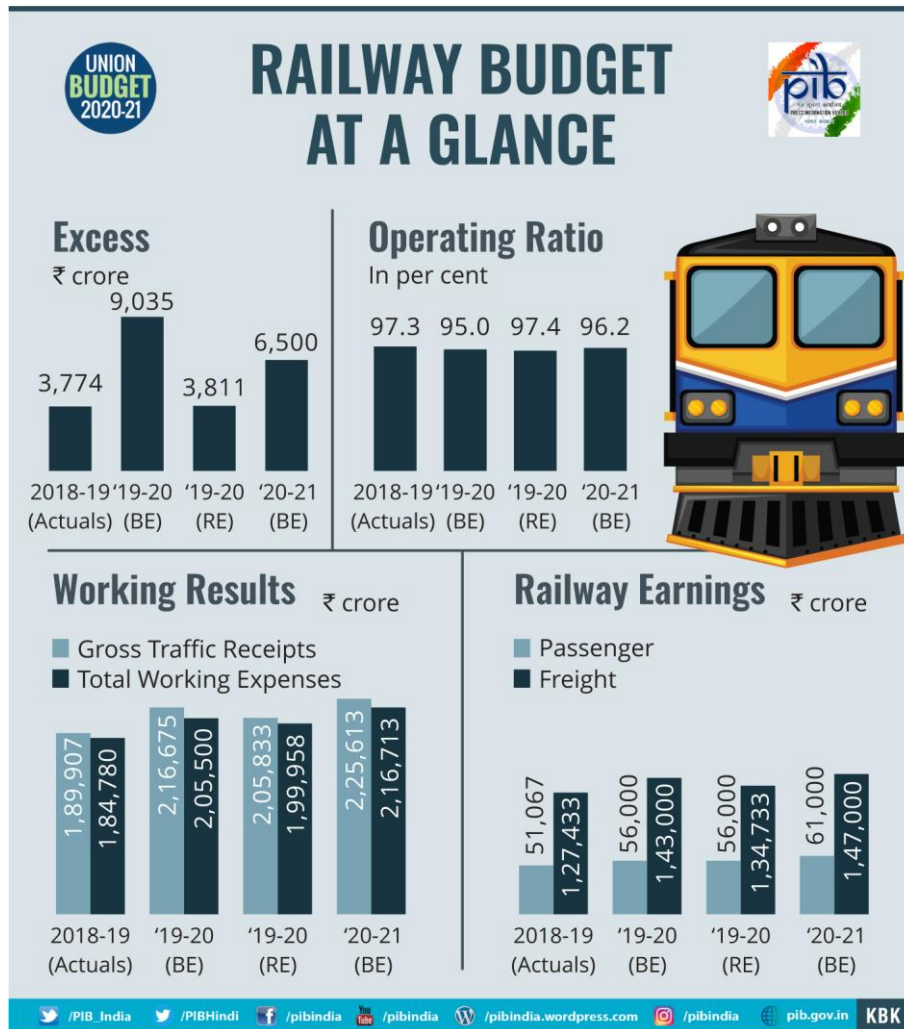
**150 passenger** trains to be run through PPP mode along with station re-development

More Tejas type trains to **connect iconic tourist destinations**

**High speed train** between **Mumbai to Ahmedabad** to be actively pursued

**148 km long Bengaluru suburban** transport project at a cost of **₹18600 crore**





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**UNION BUDGET 2020 - 21**

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**100 MORE AIRPORTS TO BE DEVELOPED BY 2024 TO SUPPORT UDAAN SCHEME**

**UNION BUDGET PROPOSES Rs. 22000 CRORE FOR POWER AND RENEWABLE ENERGY SECTOR IN CURRENT FY**

## **NATIONAL GAS GRID TO BE EXPANDED FROM THE PRESENT 16200 KM TO 27000 KM**

### **GOVERNMENT TO CONSIDER CORPORATIZING AT LEAST ONE MAJOR PORT AND ITS LISTING ON STOCK EXCHANGES**

**New Delhi, 1<sup>st</sup> February, 2020**

Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman, while presenting the Union Budget 2020-21, in Parliament today, said that infrastructure was crucial to the theme of “Economic development” and hence the Budget which is dedicated to provide “Ease of Living” to all citizen.

Emphasising need for efficiency of India Sea Ports and use of technology to improve their performance, Smt Nirmala Sitharaman, said “The government would consider corporatizing at least one major port and subsequently its listing on the stock exchanges.”

Speaking about Inland Waterways, the Finance Minister also announced that the “Jal Vikas Marg” on National Waterway-1 will be completed and further the 890 Km Dhubri-Sadiya connectivity will be done by 2022”.

Smt Sitharaman further said that Plans are afoot on “Arth Ganga”- PM’s vision to energise economic activity along the river banks. In order to boost the transport Infrastructure in the country the Union Budget has provided for about Rs 1.70 Lakh Crore.

#### **Impetus to Civil Aviation Sector**

The Finance Minister also announced that 100 more airports would be developed by 2024 to support Udaan scheme. She also remarked in her Budget presentation that India’s Air traffic has grown rapidly as compared to global average and the Air fleet number was expected to go up from the present 600 to 1200 during this time.

In the direction of doubling farmers’ income by 2022, among other measures, the Finance Minister also announced launch of “Krishi Udaan” by the Ministry of Civil aviation on International & National routes. This is aimed to help improve value realisation especially in North-East and Tribal districts.

#### **Power and Renewable Energy**

The Union Finance Minister, also proposed an allocation of Rs. 22000 crore for Power and Renewable Energy sector in 2020-21. Finance minister urged all States and Union

Territories to replace conventional meters by prepaid “Smart Meters” in the next 3 years and measures to reform DISCOMs.

Further, the Finance Minister proposed in the Budget that national gas grid would be expanded from the present 16200 km to 27000 km with further reforms to be undertaken to facilitate transparent price discovery and ease of transactions.

The Finance Minister also proposed to extend corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.

**UNION BUDGET 2020-21**

**INFRASTRUCTURE**

- Online issuance of learning licence & vehicles registration
- Accelerated development of Highways
- Corporatizing at least one major port
- Replace conventional energy meters by prepaid smart meters
- 4 station redevelopment projects
- 150 passenger trains through PPP Mode
- 100 more airports to be developed under UDAAN
- Expand National Gas Grid to 27,000 km

**National Logistics Policy to be launched**

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**UNION BUDGET 2020-21**

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**NEW PERSONAL INCOME TAX REGIME HERALDS SIGNIFICANT RELIEF,  
ESPECIALLY FOR MIDDLE CLASS TAXPAYERS**

**NEW TAX REGIME TO BE OPTIONAL FOR THE TAXPAYERS**

**NEW RATES ENTAIL ESTIMATED REVENUE FORGONE OF Rs 40,000  
CRORE PER YEAR**

**New Delhi, 1<sup>st</sup> February, 2020.**

In order to provide significant relief to the individual taxpayers and to simplify the Income-Tax law, the Union Budget proposes to bring a new and simplified personal income tax regime wherein income tax rates will be significantly reduced for the individual taxpayers who forgo certain deductions and exemptions. While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman said, “The new tax regime shall be optional for the tax payers.” She further said that an individual who is currently availing more deductions and exemptions under the Income Tax Act may choose to avail them and continue to pay tax in the old regime.

The New personal Income tax regime proposes the following tax structure:

<b>Taxable Income Slab (Rs.)</b>	<b>Existing tax rates</b>	<b>New tax rates</b>
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%

In the new tax regime, substantial tax benefit will accrue to a taxpayer depending upon exemptions and deductions claimed by him. For example, a person earning Rs 15 lakh in a year and not availing any deductions etc. will pay only Rs, 1,95,000 as compared to Rs, 2,73,000 in the old regime. Thus his tax burden shall be reduced by 78,000 in the new regime. He would still

be a gainer in the new regime even if he was taking deduction of Rs 1.5 lakh under various sections of Chapter VI –A of the Income Tax Act under the old regime.

The new tax regime will be optional for the taxpayers. As per the Memorandum explaining the provision in the Finance Bill, the option shall be exercised for every previous year where the individual or the HUF has no business income and in other cases the option once exercised for a previous year shall be valid for that previous year and all subsequent years. The option shall become invalid for a previous year or previous years as the case may be if the individual or HUF fails to satisfy the conditions and other provisions of the Act shall apply.

**The new personal income tax rates will entail estimated revenue forgone of Rs 40,000 crore per year.** Smt Sitharaman said, “We have also 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.” The Finance Minister said that in order to simplify the income tax system, she has reviewed all the exemptions and deductions incorporated over the past several decades.”

In the Budget, around 70 of the existing exemptions and deductions of different nature (more than 100) have been proposed to be removed. Remaining exemptions and deductions will be reviewed and rationalised in the coming years with a view to further simplifying the tax system and lowering the tax rate.

Taxable Income Slab (Rs.)	Existing Tax Rates	New Tax Rates
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%

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**MSMEs TURNOVER THRESHOLD FOR AUDIT INCREASED 5 TIMES TO Rs 5  
CRORE**

**INCREASED LIMIT TO APPLY ONLY TO BUSINESSES CARRING OUT LESS THAN  
5% OF THEIR BUSINESS TRANSACTIONS IN CASH**

**SIGNIFICANT TAX RELIEF TO START-UPS**

**New Delhi, 1<sup>st</sup> February, 2020.**

In order to reduce the compliance burden on small retailers, traders, shop keepers who comprise the Medium, Small and Micro Enterprise (MSME) sector, the Union Budget proposed to raise by five times the turnover threshold for audit from the existing Rs. 1 crore to Rs. 5 crore. While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman said that in order to boost less cash economy, the increased limit shall apply only to those businesses which carry out less than 5% of their business transactions in cash. Currently, businesses having turnover of more than Rs 1 crore are required to get their books of accounts audited by an accountant.

In order to give a boost to the start-up ecosystem, the Union Budget has proposed to ease the burden of taxation on the employees by deferring the tax payment on ESOPs by five years or till they leave the company or when they sell their shares, whichever is earlier.

The Finance Minister said that Start-ups have emerged as engines of growth for Indian economy. Over the past year, the Government has taken several measures to handhold them and support their growth. 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.

Further, an eligible Start-up having turnover upto Rs 25 crores is allowed deduction of 100% of its profits for three consecutive assessment years out of seven years if the total turnover does not exceed Rs 25 crores. In order to extend this benefit to larger start-ups, the Budget has proposed to extend the turnover limit from existing Rs 25 crores to Rs 100 crores. Moreover considering the fact that in the initial years, a start-up may not have adequate profit to avail this deduction, the Budget proposes to extend the period of eligibility for claim of deduction from the existing 7 years to 10 years.

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UNION BUDGET 2020-21

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**FINANCE MINISTER PROPOSES WIDE-RANGING FACILITATION MEASURES IN  
DIRECT TAX REGIME**

**‘VIVAD SE VISHWAS’ SCHEME PROPOSED TO REDUCE LITIGATIONS IN DIRECT  
TAXES; SCHEME TO REMAIN OPEN TILL 30<sup>th</sup> JUNE, 2020**

**FACELESS APPEALS PROPOSED TO ELIMINATE HUMAN INTERFACE FOR  
IMPARTING GREATER TRANSPARENCY IN DISPUTE SETTLEMENT**

**CBDT TO ADOPT A TAXPAYERS’ CHARTER; DETAILS TO BE NOTIFIED SOON**

**PAN TO BE ALLOTTED ONLINE ON THE BASIS OF AADHAAR WITHOUT ANY  
REQUIREMENT OF DETAILED APPLICATION**

**New Delhi, 1<sup>st</sup> February, 2020**



The Union Budget has proposed '*Vivad Se Vishwas*' Scheme (*No dispute but trust*) which aims at reducing litigations in the direct taxes payments. While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman said, "Taxpayers in whose cases appeals are pending at any level can benefit from this scheme."

Under the proposed '*Vivad Se Vishwas*' scheme, the Finance Minister said that 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 31<sup>st</sup> March, 2020. Those who avail this scheme after 31<sup>st</sup> March, 2020 will have to pay some additional amount. The scheme will remain open till 30<sup>th</sup> June, 2020. Smt Sitharaman said, "I hope that taxpayers will make use of this opportunity to get relief from vexatious litigation process."

The Finance Minister said that there are 4,83,000 direct tax cases pending in various appellate forums i.e. Commissioner (Appeals), ITATs, High Courts and the Supreme Court. Referring to several measures taken to reduce tax litigations, Smt Sitharaman said that 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, she said.

### **Faceless appeals**

To impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. In order to take the reforms initiated by the Government to next level and to eliminate human interface, the Finance Minister proposed to amend the Income Tax Act so as to enable Faceless appeal on the lines of Faceless assessment.

### **Instant PAN through Aadhaar**

The Finance Minister proposed to launch a system under which PAN shall be instantly allotted online on the basis of Aadhaar without any requirement for filling up of detailed application form. In the last Budget, the interchangeability of PAN and Aadhaar was introduced.

### **Taxpayer's Charter**

With the objective of enhancing the efficiency of the delivery system of the Income Tax Department, the Union Budget proposed to amend the provisions of the Income-tax Act to mandate the Central Board of Direct Taxes (CBDT) to adopt a Taxpayers' Charter. The Finance Minister said, "The details of the contents of the charter shall be notified soon." She emphasized

that any tax system requires trust between taxpayers and the administration. She further said that this will be possible only when taxpayer's rights are clearly enumerated.

### **Charity institutions**

In order to ease the process of claiming deduction for donation to charitable institution, the Union Budget proposed to pre-fill the donee's information in taxpayer's return on the basis of information of donations furnished by the donee. The Finance Minister said that this would result in hassle-free claim of deduction for donations made by the taxpayer. In order to simplify the compliance for the new and existing charity institutions, Smt Sitharaman proposed to make the process of registration completely electronic under which a unique registration number (URN) shall be issued to all new and existing charity institutions. To facilitate the registration of the new charity institution which is yet to start their charitable activities, the Union Budget proposed to allow them provisional registration for three years. Acknowledging the important role played by the charitable institutions in the society, the Finance Minister said that the income of these institutions is fully exempt from taxation and donations made to these institutions is allowed as deduction in computing the taxable income of the donor. Currently, a taxpayer is required to fill the complete details of the donee in the Income Tax return for availing deduction.

### **Losses of merged banks**

In order to ensure that the amalgamated entities are able to take the benefit of unabsorbed losses and depreciation of the amalgamated entities, the Finance Minister proposed to make Necessary amendments in the provisions of the Income-tax Act. As a part of consolidation of the financial sector, the Minister said that the Government has brought out schemes for merger and amalgamation of public sector banks.

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<b>UNION BUDGET 2020-21</b>
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**DDT PROPOSED TO BE REMOVED; TO LEAD TO ESTIMATED ANNUAL  
REVENUE FORGONE OF Rs. 25,000 CRORE**

**TAX CONCESSIONS ANNOUNCED FOR SOVEREIGN WEALTH FUNDS OF  
FOREIGN GOVERNMENTS, AND OTHER FOREIGN INVESTMENTS IN PRIORITY  
SECTORS**

**DEADLINES FOR RELAXATION FOR AFFORDABLE HOUSING EXTENDED BY  
ONE YEAR;**

**CONCESSIONAL CORPORATE TAX RATE OF 15% TO EXTEND TO NEW  
DOMESTIC COMPANIES ENGAGED IN ELECTRICITY GENERATION**

**New Delhi, 1<sup>st</sup> February, 2020**

In order to increase the attractiveness of the Indian Equity Market, to provide relief to a large class of investors and to make India an attractive destination for investment, the Union Budget proposed to remove the Dividend Distribution Tax. While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman said, “The dividend shall be taxed only in the hands of the recipients at their applicable rates.”

Further, in order to remove the cascading effect, the Finance Minister has proposed to allow deduction for the dividend received by holding company from its subsidiary. The removal of DDT will lead to estimated annual revenue forgone of Rs. 25,000 crore.

Currently, companies are required to pay 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, the Minister said. It has been argued, she added, that the system of levying DDT results in increase in tax burden for investors and specially those who are liable to pay tax less than the rate of DDT, if the dividend income is included in their income. Further, non-availability of credit of DDT to most of the foreign investors in their home country results in reduction of rate of return on equity capital for them.

**Concessional tax rate for Electricity generation companies**

In order to attract investment in power sector, the Union Budget proposes to extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.

To give boost to manufacturing sector, a concessional corporate tax rate of 15% was introduced in September 2019 to the newly incorporated domestic manufacturing sector which start manufacturing by 31<sup>st</sup> March, 2023.

### **Tax concession for foreign investments**

In order to incentivize the investment by the Sovereign Wealth Fund of foreign Governments in the priority sectors, the Union Budget proposed to grant 100% tax exemption to the interest, dividend and capital gains income in respect of investment made in infrastructure and other notified sectors before 31<sup>st</sup> March, 2024 and with a minimum lock-in period of 3 years.

In order to make available foreign funds at a lower cost, it has been proposed to extend the period of concessional withholding rate of 5% under section 194LC for interest payment to non-residents in respect of moneys borrowed and bonds issued up to 30<sup>th</sup> June, 2023. The union Budget also proposed to extend the period up to 30<sup>th</sup> June, 2023 for lower rate of withholding of 5% under section 194LD for interest payment to Foreign Portfolio Investors (FPIs) and Qualified Foreign Investors (QFIs) in respect of bonds issued by Indian companies and government securities.

The Union Budget further proposed to extend the concessional rate of withholding of 5% under section 194LD to the interest payment made on the Municipal Bonds. The Finance Minister also proposed to further reduce the withholding rate from 5% to 4% on interest payment on the bonds listed on its exchange to incentivize listing of bonds at IFSC exchange.

### **Concessional tax rate for Cooperatives**

As a major concession and in order to bring parity between the cooperative societies and corporates, the Union Budget proposed to provide an option to cooperative societies to be taxed at 22% + 10% surcharge and 4% cess with no exemption/deductions. These cooperatives are currently taxed at a rate of 30% with surcharge and cess.

The Finance Minister also proposed to exempt these cooperative societies from Alternate Minimum Tax (AMT) just like Companies which under the new tax regime are exempted from the Minimum Alternate Tax (MAT).

### **Affordable housing**

For realisation of the goal of 'Housing for All' and affordable housing, an additional deduction of up to one lakh fifty thousand rupees for interest paid on loans taken for purchase of an

affordable house was announced in last year's budget. The deduction was allowed on housing loans sanctioned on or before 31st March, 2020.

In order to ensure that more persons avail this benefit and to further incentivise the affordable housing, the Finance Minister proposed to extend the date of loan sanction, for availing this additional deduction by one more year.

Referring to the tax holiday provided on profits earned by developers of Affordable Housing projects approved by 31<sup>st</sup> March, 2020, Smt Sitharaman proposed to extend the date of approval of affordable housing projects for availing this tax holiday by one more year.

### **Concession to real estate transactions**

In order to minimize hardship in real estate transaction and provide relief to the sector, the Union Budget proposed to increase the circle rate limit of 5% to 10%. 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, while taxing income from capital gains, business profits and other sources in respect of transactions in real estate.

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**UNION BUDGET 2020-21**

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**MAJOR REFORMS PROPOSED IN ADMINISTRATION OF GST REGIME**

**SIMPLIFIED GST RETURN TO BE IMPLEMENTED FROM 1ST APRIL, 2020**

**TO WEED OUT DUMMY OR NON-EXISTENT UNITS AADHAAR BASED  
VERIFICATION OF TAXPAYERS TO BE INTRODUCED**

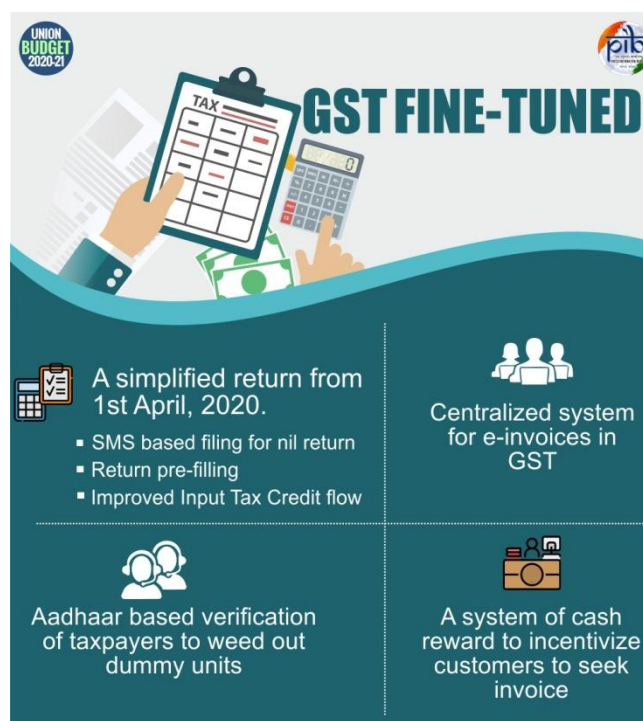
**DYNAMIC QR-CODE PROPOSED FOR CONSUMER INVOICES**

New Delhi, 1<sup>st</sup> February, 2020

A simplified GST return will be implemented from the 1st April, 2020. While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman said that this is under pilot run. It will make return filing simple with features like SMS based filing for nil return, return pre-filing, improved input tax credit flow and overall simplification. The Finance Minister said that the refund process has been simplified and has been made fully automated with no human interface.

Smt Sitharaman said that several measures have been taken for improving compliance and Aadhaar based verification of taxpayers is being introduced. This will help in weeding out dummy or non-existent units, she added. The Union Budget has proposed Dynamic QR-code for consumer invoices. The GST parameters will be captured when payment for purchases is made through the QR-code. A system of cash reward is envisaged to incentivise customers to seek invoice, the Finance Minister said. Invoice and input tax credit matching is being done wherein returns having mismatch of more than 10% or above a threshold are identified and pursued.

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, the Finance Minister said.



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**INCREASE IN CUSTOMS DUTY ON FOOTWEAR AND FURNITURE TO PROMOTE  
DOMESTIC MSMES**

**5% HEALTH CESS PROPOSED TO GIVE IMPETUS TO THE DOMESTIC MEDICAL  
EQUIPMENT INDUSTRY; PROCEEDS TO BE USED FOR CREATING HEALTH  
INFRASTRUCTURE IN ASPIRATIONAL DISTRICTS**

**ANTI-DUMPING DUTY ON PTA BEING ABOLISHED IN THE LARGER PUBLIC  
INTEREST**

**BASIC CUSTOMS DUTY ON IMPORTS OF NEWS PRINT AND LIGHT-WEIGHT  
COATED PAPER PROPOSED TO BE REDUCED FROM 10% TO 5%**

**EXCISE DUTY, BY WAY OF NATIONAL CALAMITY CONTINGENT DUTY ON  
CIGARETTES & OTHER TOBACCO PRODUCTS TO BE RAISED; NO CHANGE IN  
THE DUTY RATES OF BIDIS**

**PROVISIONS RELATING TO SAFEGUARD DUTIES BEING STRENGTHENED**

**New Delhi, 1<sup>st</sup> February, 2020**

Keeping in view the need of MSME sector, Customs duty is being raised on items like footwear (from 25% to 35% on footwear and from 15% to 20% on parts of footwear) and furniture (from 20% to 25%). While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance & Corporate Affairs, Smt Nirmala Sitharaman said that special attention has been given to put measured restraint on import of those items which are being produced by our MSMEs with better quality. She stressed that labour intensive sectors in MSME are critical for employment generation. Cheap and low quality imports are an impediment to their growth, the Finance Minister said.

To achieve the twin objectives of giving impetus to the domestic medical equipment industry and also to generate resource for health services, the Finance Minister proposed to impose a nominal health cess (at the rate of 5%), by way of a duty of customs, on the imports of medical equipment keeping in view that these goods are now being significantly made in India. The proceeds from this cess shall be used for creating infrastructure for health services in the aspirational districts, Smt Sitharaman said.

In the larger public interest, the Union Budget proposed to abolish anti-dumping duty on PTA (Purified Terephthalic Acid). The Finance Minister said that PTA is critical input for textile fibres and yarns. Its easy availability at competitive prices is desirable to unlock immense potential in the textile sector which is a significant employment generator.

The Union Budget also proposed to reduce basic customs duty on imports of news print and light-weight coated paper from 10% to 5%. The Minister stated that she has received references saying that this levy on these items have put additional burden on print media at a time when it is going through a difficult phase.

The Budget also proposed to raise excise duty, by way of National Calamity Contingent Duty on Cigarettes and other tobacco products. No change is being made in the duty rates of bidis, Smt Sitharman said. The Finance Minister said that Customs duty rates are being revised on electric vehicles, and parts of mobiles as part of such carefully conceived Phased Manufacturing Plans.

The Finance Minister said that Union Budget proposes to incorporate suitable provisions in the Customs Act and added that in the coming months, there will be a review of Rules of Origin requirements, particularly for certain sensitive items so as to ensure that Free Trade Agreements (FTAs) are aligned to the conscious direction of our policy. The Minister added that it has been observed that imports under FTAs are on the rise, undue claims of FTA benefits have posed threat to domestic industry. “Such imports require stringent checks”, Smt Sitharaman said.

The Minister said that we are also strengthening provisions relating to safeguard duties which are applied when surge in imports causes serious injury to domestic industry. The amended provisions shall enable regulating such surge in imports in a systematic way, she said. The Finance Minister said that 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. “These changes are in line with international best practices”, she said.

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**UNION BUDGET 2020-21**

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**Rs 69,000 CRORE PROVIDED FOR HEALTH CARE IN UNION BUDGET 2020-21  
VIABILITY GAP FUNDING WINDOW PROPOSED FOR SETTING UP HOSPITALS  
UNDER PRIME MINISTER JAN AROGYA YOJANA IN PPP MODE  
JAN AUSHADHI KENDRA SCHEME TO BE EXPANDED TO ALL DISTRICTS BY  
2024**

**New Delhi, 1<sup>st</sup> February, 2020**

In order to achieve the holistic vision of health care that translate wellness of the citizen, about **Rs. 69,000 crore have been provided for health care in Union Budget 2020-21. It includes Rs. 6400 crores for Prime Minister Jan Arogya Yojana (PMJAY).**

While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance and Corporate Affairs, Smt Nirmala Sitharaman said, “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. It is proposed to set up Viability Gap funding window for setting up hospitals in the PPP mode. In the first phase, those Aspirational Districts will be covered, where presently there are no Ayushman empanelled hospitals. This would also provide large scale employment opportunities to youth. Proceeds from taxes on medical devices would be used to support this vital health infrastructure”.

Smt Sitharaman further said that health authorities and the medical fraternity can target disease with an appropriately designed preventive regime using machine learning and AI, in the Ayushman Bharat scheme. She said, “TB Harega Desh Jeetega campaign has been launched. **I propose to strengthen these efforts towards our commitment to end Tuberculosis by 2025**”.

The Minister for Finance and Corporate Affairs also announced to expand Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024.

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**UNION BUDGET 2020-21**

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**GOVERNMENT COMMITTED TO ODF PLUS TO SUSTAIN ODF BEHAVIOUR  
BUDGETARY PROVISION OF Rs 12,300 CRORE FOR SWACHH BHARAT MISSION  
IN 2020-21**

**FOCUS ON LIQUID AND GREY WATER MANAGEMENT ALONG WITH WASTE  
MANAGEMENT**

**Rs 3.60 LAKH CRORE APPROVED FOR JAL JEEVAN MISSION**

**New Delhi, 1<sup>st</sup> February, 2020**

Government is committed to ODF Plus in order to sustain ODF behaviour and to ensure that no one is left behind. While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance and Corporate Affairs, Smt Nirmala Sitharaman said, “now more needs to be done towards liquid and grey water management. Focus would also be on solid waste collection, source segregation and processing. **Total allocation for Swachh Bharat Mission is Rs.12,300 crore in 2020-21**”.

Smt Nirmala Sitharaman said that Rs. 3.60 lakh crore have been approved for Jal Jeevan Mission which is aimed at providing piped water supply to all households. This scheme also places emphasis on augmenting local water sources, recharging existing sources and will promote water harvesting and de-salination, the Minister added. She said that cities with over a million population will be encouraged to meeting this objective during the current year itself. **The Scheme would be provided resources of Rs. 11,500 crore during the year 2020-21.**

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**UNION BUDGET 2020-21**

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**COALITION FOR DISASTER RESILIENT INFRASTRUCTURE WILL ENHANCE CLIMATE CHANGE ADAPTATION WITH A FOCUS ON DISASTER RESILIENT INFRASTRUCTURE: FINANCE MINISTER**

**GOVERNMENT INTENDS TO CLOSE OLD THERMAL POWER PLANTS TO ADDRESS HIGH LEVELS OF CARBON EMISSION**

**STATES TO BE ENCOURAGED TO FORMULATE AND IMPLEMENT PLANS TO ENSURE CLEANER AIR IN CITIES WITH POPULATION ABOVE ONE MILLION**

**Rs 4400 CRORE EARMARKED FOR CLEAN AIR INITIATIVES TO BE FORMULATED BY STATES**

**New Delhi, 1<sup>st</sup> February, 2020**

Emphasizing the Government's aim to enhance climate change adaptation with a focus on Disaster Resilient Infrastructure, Union Minister for Finance and Corporate Affairs unveiled various proposals in Union Budget 2020-21 related to Environmental sector today.

While presenting the Union Budget 2020-21 in Parliament today, the Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman stated that the Coalition for Disaster Resilient Infrastructure (CDRI) with its Secretariat in Delhi was launched in September 2019. She further said that "This Global Partnership will help in addressing a number of Sustainable Development Goals (SDGs) as well as aims of Sendai Framework. It will enhance climate change adaptation with a focus on disaster resilient infrastructure".

The Finance Minister further underlined Government's efforts towards achieving the Nationally Determined Contributions (NDCs) submitted under Paris Agreement, 2015 while keeping Developmental imperatives of a country in mind. She further assured that India's commitments as action will be executed in various sectors by the concerned departments and ministries through normal budgeting process.

Smt. Nirmala Sitharaman highlighted the **issue of high levels of carbon emission by old thermal power plants. The Finance Minister also discussed Government's proposal to close such plants and use the vacated land for alternative purpose.**

The Finance Minister also expressed concern about the lack of availability of clean Air in cities having population above one million. She further elaborated Government's intent to encourage States to formulate and implement plans to ensure cleaner air. **Rs 4400 crores are earmarked for this initiative for period of 2020-21 and the parameters for incentives would be notified by the Ministry of Environment, Forests and Climate Change soon.**

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**TOURISM SECTOR PROPOSED TO GET Rs 2,500 CRORE IN  
UNION BUDGET 2020-21**

**Rs 3,150 CRORE PROPOSED FOR MINISTRY OF CULTURE**

**INDIAN INSTITUTE OF HERITAGE AND CONSERVATION TO BE ESTABLISHED**

**8 NEW MUSEUMS PROPOSED, 5 MUSEUMS SET FOR MAJOR OVERHAUL**

**5 ICONIC SITES TO SEE INFRASTRUCTURE DEVELOPMENT**

New Delhi, 1<sup>st</sup> February 2020

To make India an attractive destination for both international and domestic tourists, the Finance Minister proposed to allocate **Rs 2,500 crores in 2020-21 for the tourism sector.** Besides tourism, Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman also proposed to allocate **Rs 3,150 crore for Ministry of Culture** while presenting the Union Budget 2020-21 in Parliament today.

In order to have well-trained resources in the disciplines of museology and archeology, the Finance Minister **proposed to establish first Indian Institute of Heritage and**

**Conservation** with the status of a deemed university to operate under the Ministry of Culture. She said, “Acquisition of knowledge in disciplines such as museology and archeology are essential for collecting and analysing scientific evidence of such findings and for dissemination through high quality museums.”

Highlighting improved tourism revenues due to better rank, the Finance Minister said, “India had moved up from rank 65 in 2014 to 34 in 2019 in the Travel & Tourism Competitive Index (World Economic Forum).” Due to this, she continued, “Foreign Exchange earnings grew 7.4% to Rs 1.88 lakh crores for the period January 2019 from Rs 1.75 lakh crores.”

In a major bid to revitalise tourism, Smt. Sitharaman proposed **8 new museums**, which includes building infrastructure around **5 Iconic Sites**, besides proposing **renovation of 5 major museums** across the length and breadth of India.

The Union Finance Minister proposed the following:

- 5 Archeological sites to be **set-up/developed as Iconic Sites** with **on-site Museums** at the following locations:
  - Rakhigarhi (Haryana)
  - Hastinapur (Uttar Pradesh)
  - Shivsagar (Assam)
  - Dholavira (Gujarat)
  - Adichanallur (Tamil Nadu)
- **Maritime Museum to highlight Harappan Age at Lothal, Ahmedabad**, by Ministry of Shipping
- **KOLKATA:**
  - **Indian Museum:** Re-curation of the oldest museum in India as announced by Prime Minister Narendra Modi in January 2020.
  - **Numismatics and Trade Museum** to be located in the historic Old Mint Building
- Support for **setting up Tribal Museum in Ranchi (Jharkhand)**
- **Renovation and re-curation of 4 more museums** across India



Recognising the role of States in the proposed scheme for growth and employment generation, Smt. Sitharaman said, “Growth of tourism directly relates to growth and employment. States have a critical role to play. I expect State Governments expected to develop a roadmap for certain identified destinations and formulate financial plans during 2021 against which specified grants will be made available to the States in 2020-21”.

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**ENTREPRENEURSHIP HAS ALWAYS BEEN THE STRENGTH OF INDIA: SMT.  
NIRMALA SITHARAMAN**

**ANNOUNCES SETTING UP OF INVESTMENT CLEARANCE CELL TO PROVIDE  
“END-TO-END” FACILITATION AND SUPPORT TO ENTREPRENEURIAL YOUTH**

**PROPOSES DEVELOPING FIVE NEW SMART CITIES IN COLLABORATION WITH  
STATES IN PPP MODE**

**ENCOURAGES MANUFACTURE OF MOBILE PHONES, ELECTRONIC  
EQUIPMENT AND SEMI-CONDUCTOR PACKAGING**

**PROPOSES LAUNCHING A NATIONAL TECHNICAL TEXTILES MISSION TO  
POSITION INDIA AS A GLOBAL LEADER IN TECHNICAL TEXTILES**

**ANNOUNCES A NEW SCHEME NIRVIK TO ACHIEVE HIGHER EXPORT CREDIT  
DISBURSEMENT**

**GOVERNMENT E-MARKETPLACE (GEM) TO CREATE A UNIFIED  
PROCUREMENT SYSTEM TO PROCURE GOODS, SERVICES AND WORKS**

**New Delhi: February 01, 2020**

The Union Minister for Finance & Corporate Affairs, Smt. Nirmala Sitharaman has said that Entrepreneurship has always been the strength of India and our young men and women have been contributing to India's growth with their entrepreneurial skills. She was presenting the Union Budget 2020-21, in Parliament, here today. We recognise the knowledge, skills and risk-taking capabilities of our youth and they are no longer job seekers but they are job creators, she added.

The Finance Minister proposed setting up of an **Investment Clearance Cell** that will provide "end to end" facilitation and support to create more opportunities to youth and remove road-blocks. She also proposed to develop **five new smart cities** in collaboration with States in PPP mode and such sites would be chosen that offer the best choices in terms of aforementioned principles.

Smt. Nirmala Sitharaman said that electronics manufacturing industry is very competitive and the potential in job creation is immense. She further said that India needs to boost domestic manufacturing and attract large investments in the electronics value chain. She proposed a scheme to encourage **manufacture of mobile phones, electronic equipment and semiconductor packaging**. She also proposed a **National Technical Textiles Mission** with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs. 1480 crore to position India as a global leader in Technical Textiles.

She referred the Prime Minister's call from Red Fort about quality and standards when he spoke of "Zero Defect-Zero Effect" manufacturing. All Ministries, during the course of this year, would be issuing quality standard orders, she added.

The Finance Minister announced a **new scheme NIRVIK to achieve higher export credit disbursement**, which provides for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements. She further said that by the end of 5th year, this Scheme is expected to support export of around Rs 30 lakh crore. She 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.

Smt. Sitharaman said that Government e-Marketplace (GeM) is moving ahead for creating a **Unified Procurement System** in the country for providing a single platform for procurement of goods, services and works. She proposed to take the turnover of GeM to Rs. 3lakh crores. She also proposed to provide Rs. 27300 crore for development and promotion of Industry and Commerce for the year 2020-21.



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**A CORRUPTION-FREE, POLICY DRIVEN GOOD GOVERNANCE AND A CLEAN & SOUND FINANCIAL SECTOR TO ENSURE EASE OF LIVING TO ALL CITIZENS**

**NATIONAL RECRUITMENT AGENCY PROPOSED FOR CONDUCT OF COMPUTER-BASED ONLINE COMMON ELIGIBILITY TEST FOR RECRUITMENT TO NON-GAZETTED POSTS**



**NEW NATIONAL POLICY ON OFFICIAL STATISTICS TO USE LATEST TECHNOLOGY TO ENABLE REAL TIME MONITORING OF INCREASINGLY COMPLEX ECONOMY**

**OVER Rs. 30, 000 CRORE PROVIDED FOR ALL-ROUND DEVELOPMENT OF JAMMU & KASHMIR AND LADAKH DURING FY 2020-21**

**Rs. 100 CRORE ALLOCATED TO BEGIN PREPARATIONS TO HOST G-20 SUMMIT IN 2022**

**New Delhi, 1<sup>st</sup> February, 2020**

This budget, as per the vision of the Prime Minister, is dedicated to provide Ease of Living to all citizens. This in turn is grouped under three broad themes – Aspirational India, Economic Development and Caring India, said the Union Minister for Finance & Corporate Affairs Smt Nirmala Sitharaman while presenting the Union Budget 2020-21 in Parliament today. According to her, the Ease of Living is supported by two factors, one being corruption-free, policy driven Good Governance and a clean & sound financial sector.

The Finance Minister said that an important aspect of both the Ease of Living and Ease of Doing Business is fairness and efficiency of tax administration. She reassured the taxpayers that the Government is committed to taking measures to protect the citizens from harassment of any kind.

**Reforms in Recruitment**

Talking about other major Governance reforms in recruitments to Non-Gazetted posts in governments and public sector banks, the Finance Minister proposed to setup a National Recruitment Agency (NRA) as an independent, professional, specialist organization for conduct of a computer based online common eligibility test for recruitment. A test centre in every district, particularly Aspirational districts, would be setup. She further proposed to evolve a robust mechanism for appointment including direct recruitment to various tribunals and specialized bodies constituted for speedy disposal of commercial and other disputes.

Mentioning about laying down a roadmap towards modernized data collection, integrated information portal and timely dissemination of information, the Finance Minister said that there is a growing need for the Indian Statistical System to meet challenges of real time monitoring of our increasingly complex economy. She stressed that Data must have strong credibility and highlighted that the proposed new National Policy on Official Statistics would use latest technology including Artificial Intelligence.

**Focus North East**

North Eastern region being very high on government's development agenda, smooth access to financial assistance from multilateral and bilateral funding agencies to help introduce innovative

and global best practices is being ensured. The Central government has effectively used an online portal to improve the flow of funds to the North East, the Finance Minister said.

### **All-round Development of Jammu & Kashmir and Ladakh**

Smt Sitharaman stated that the government is fully committed to supporting all-round development of the newly formed UTs of J&K and Ladakh. Accordingly, an amount of Rs 30,757 crore has been provided for the FY 2020-21. An amount of Rs 5,958 crore has been provided for the UT of Ladakh.

### **G-20 Presidency in 2022**

Underscoring India's G-20 presidency in 2022, the Finance Minister noted that India would be able to drive the global economic and development agenda considerably through this opportunity. For this historic occasion, the government proposes to allocate a sum of Rs 100 crore to begin the preparations, she stated.

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**'EASE OF LIVING' - CENTRAL TENET OF UNION BUDGET 2020-21**

**BUDGET INTERWOVEN AROUND THEMES OF ASPIRATIONAL INDIA,  
ECONOMIC DEVELOPMENT AND A CARING SOCIETY**

**BACKDROP OF BUDGET PROVIDED BY PROLIFERATION OF CUTTING EDGE TECHNOLOGIES ALONGWITH HIGHEST EVER COHORT OF PRODUCTIVE AGE POPULATION**

**AIM TO ACHIEVE SEAMLESS DELIVERY OF SERVICES, IMPROVE PHYSICAL QUALITY OF LIFE, MITIGATE DISASTER RISKS AND BOOST SOCIAL SECURITY**

**IDEAS OF CORRUPTION FREE & POLICY-DRIVEN GOOD GOVERNANCE AND CLEAN & SOUND FINANCIAL SECTOR PERMEATE BUDGET**

**GOVERNMENT COMMITS TO SUBSTANTIALLY BOOST INVESTMENT IN AGRICULTURE, INFRASTRUCTURE, SOCIAL SECTOR, EDUCATION AND HEALTH**

**New Delhi, Feb 1<sup>st</sup>, 2020**

“Our Prime Minister has laid before us Ease of Living as a goal to be achieved on behalf of all citizens”, said the Union Minister for Finance & Corporate Affairs Smt Nirmala Sitharaman while presenting the Union Budget 2020-21 in Parliament today. With this backdrop, our government shall work towards taking the country forward so that we can leapfrog to the next level of health, prosperity and wellbeing, she added.

This budget, with the Central Tenet of Ease of Living for all citizens, is woven around three prominent themes:

- **Aspirational India** in which all sections of the society seek better standards of living, with access to health, education and better jobs. Its components are Agriculture Irrigation and Rural development; Wellness, Water & Sanitation; and Education & Skills.
- **Economic Development** for all, indicated in the Prime Minister’s exhortation of “Sabka Saath, Sabka Vikas, Sabka Vishwas”. This would entail pervasive economic reforms and yielding more space for the private sector to ensure higher productivity and greater efficiency. Three components of which are Industry, Commerce and Investment; Infrastructure; and the New Economy.
- A **Caring Society**, based on Antyodaya, which is both humane and compassionate. Three components of which are Women & Child, Social Welfare; Culture and Tourism and Environment & Climate Change.

These three broad themes are held together by a corruption free, policy-driven good governance and a clean and sound financial sector. The Finance Minister further said that this budget is being presented in the backdrop of two cross-cutting developments namely, proliferation of technologies like Machine Learning, Robotics, AI, Analytics, Bio-Informatics; and the highest ever cohort of productive age population (15-65 years). Consequently, the digital revolution has placed India in a unique leadership position globally. The government aims to:

- Achieve seamless delivery of services through **Digital governance**

- Improve physical quality of life through **National Infrastructure Pipeline**
- Mitigate Risks through **Disaster Resilience**
- Boost Social security through **Pension and Insurance penetration.**

The Finance Minister also said that the Union Budget 2020-21 reflects the Government's firm commitment to substantially boost investment in Agriculture, Infrastructure, Social Sector, Education and Health. This is substantiated by increase in expenditure of Rs 3,43,678 crores over RE (2019-20) while keeping the fiscal deficit at 3.8% of GDP, she added.

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