

### Union Budget 2020 – Highlights

The **Union Budget of India** also referred to as the Annual Financial Statement in the **Article 112** of the Constitution of India, is the annual budget of the Republic of India. The Government presents it on the **first day of February** so that it could be materialised before the beginning of new financial year in April.

Finance Minister **Nirmala Sitharaman** presented the **Union Budget 2020**, the first of the new decade, to Parliament. Here are the important key highlights from the Budget:

#### 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. Three components of Aspirational India
  - a) Agriculture, Irrigation, and Rural Development
  - b) Wellness, Water, and Sanitation
  - c) Education and Skills
- Economic Development for all: “Sabka Saath , Sabka Vikas , Sabka Vishwas”.
- Caring Society: Both humane and compassionate; Antyodaya as an article of faith.

#### Here are the key highlights from the Budget Speech

- ✓ This is the Budget to boost income and purchasing power of Indians
- ✓ Financial Year 2021 fiscal deficit target at 3.5% of GDP
- ✓ Financial Year 2020 fiscal deficit revised to 3.8% from 3.3% of GDP
- ✓ Financial Year 2021 net government borrowing estimated at Rs 5.36 lakh crore
- ✓ Centre's debt down from 52.2% in 2014 to 48.7% in 2019
- ✓ 7.4% growth surpassed in 2014-19 with average inflation of 4.5%
- ✓ Rs 4.99 lakh crore government borrowing estimated in Financial Year 2020
- ✓ India is now 5th largest economy in world. Central Government debt reduced to 48.7% of GDP from 52.2 per cent in March 2014
- ✓ Government to yield more space to private sector
- ✓ Government to strive to ensure ease of living for every citizen
- ✓ Government has taken several steps to formalisation of economy.

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### Important Announcements

- ✓ Provision of Rs 8,000 crore over five years for Quantum Technologies and its applications.
- ✓ GIFT City to have an International Bullion Exchange, enabling better price discovery of gold
- ✓ India will host G20 Presidency in 2022, Rs 100 crore to be allocated for making preparations for this historic occasion, where India will drive global economic agenda
- ✓ Govt wants to improve the life of the people through Rs 100 lakh crore infrastructure pipeline projects.
- ✓ GST as historic structural reform; it integrated country economically
- ✓ GST has resulted in efficiency gains in transport and logistics sector, inspector raj has vanished, it has benefitted MSME Consumers who have got a annual benefit of Rs 1 lakh crore by GST.
- ✓ 6 million new taxpayers have been added.
- ✓ Average household now saves nearly 4% more on the monthly basis after implementation of GST.
- ✓ Govt says aim is to achieve seamless delivery of services through digital governance.
- ✓ GST resulted in Rs 1 lakh crore gains to consumers, removed inspector raj and helped transport sector.
- ✓ India uplifted 271 million people out of poverty.

- ✓ Fundamentals of economy strong, inflation well contained, banks cleaned up accumulated loans.
- ✓ Finance Minister lists out welfare schemes like affordable housing scheme, DBT and Ayushman Bharat

### Taxation

New optional tax slabs: New income tax slabs will be available for those who forgo exemptions.

Taxable Income Slabs	Tax Rates
Upto Rs. 5 Lakh	Nil
Rs. 5 Lakh to Rs. 7.5 Lakh	10%
Rs. 7.5 Lakh to Rs. 10 Lakh	15%
Rs. 10 Lakh to Rs. 12.5 Lakh	20%
Rs. 12.5 Lakh to Rs. 15 Lakh	25%
Rs. 15 Lakh and above	30%

- ✓ To simplify the tax system and lower tax rates, around 70 of more than 100 income tax deductions and exemptions have been removed.
- ✓ Dividend Distribution Tax (DDT) abolished; Companies will not be required to pay DDT; dividend to be taxed only at the hands of recipients, at applicable rates.
- ✓ 15% concessional tax rate for new power generation companies.
- ✓ Tax on cooperative societies reduced to 22% without exemptions.
- ✓ Interest and penalty will be waived for those who wish to pay the disputed amount till March 31.
- ✓ Government to look at ensuring that contracts are honoured.

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- ✓ Proposes new National Policy on Official Statistics to improve data collection and dissemination with the help of technology.
- ✓ Rules of origin requirements in Customs Act to be reviewed, to ensure FTAs are aligned with the conscious direction of our policy: Finance Minister
- ✓ Aadhaar-based verification of taxpayers is being introduced; instant online allotment of PAN on the basis of Aadhaar.
- ✓ Registration of charity institutions to be made completely electronic, donations made to be prefilled in IT return form to claim exemptions for donations easily
- ✓ 100% tax concession to sovereign wealth funds on investment in infrastructure projects.
- ✓ Tax on Cooperative societies to be reduced to 22 per cent plus surcharge and cess, as against 30 per cent at present.
- ✓ To end tax harassment, new taxpayer charter to be instituted. Tax harassment will not be tolerated.
- ✓ Proposes to amend Companies Act to bring criminal liability in certain areas.
- ✓ To amend I-T Act to allow faceless appeals.
- ✓ To launch new direct tax dispute settlement scheme -- Vivaad se Vishwaas scheme.

### **Indirect Tax**

- ✓ Basic customs duty on imports of news print and light-weight coated paper reduced from 10% to 5%.

- ✓ Customs duty raised on footwear to 35% from 25% and on furniture goods to 25% from 20%.
- ✓ Excise duty proposed to be raised on Cigarettes and other tobacco products, no change made in the duty rates of bidis.
- ✓ 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.

### **Fiscal numbers & allocations**

- ✓ Defence gets Rs 3.37 lakh crore as the defence budget
- ✓ Rs 2.83 lakh crore allocated to agriculture and irrigation.
- ✓ Rs 1.23 lakh crore for Rural development and Panchayati Raj.
- ✓ Rs 4,400 crore for clean air; Rs 53,700 crore for ST schemes; Rs 85,000 crore for SC, OBCs schemes; Rs 28,600 for women specific schemes; Rs 9,500 crore for senior citizen schemes.
- ✓ Rs 30,757 crore rupees for Union Territory of J&K; Rs 5,958 crore rupees for Union Territory of Ladakh.

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- ✓ FY20 fiscal deficit revised to 3.8% from 3.3% in the current fiscal. For FY21, fiscal target seen at 3.5%.
- ✓ Net market borrowing for FY20 at Rs 4.99 lakh crore; For FY21 it's pegged at Rs 5.36 lakh crore.
- ✓ Nominal GDP growth for 2020-21 estimated at 10%.
- ✓ Receipts for 2020-21 estimated at Rs 22.46 lakh crore. Expenditure at Rs 30.42 lakh crore.

### **Agriculture**

- ✓ PM KUSUM scheme will be expanded to 20 lakh farmers.
- ✓ Supporting states to focus on one product for one district so as to make way for Horticulture to gain momentum.
- ✓ Change in incentive scheme for chemical fertilisers. We will encourage balanced use of all fertilizers, a necessary step to change the incentive regime which encourages excessive use of chemical fertilizer
- ✓ Will help 15 lakh farmers to set up solar sets.
- ✓ Krishi UDAN scheme for agricultural exports on international and national routes. This will also improve value realization in North East and tribal districts.
- ✓ Railways will set up Kisan Rail through PPP arrangement, for transportation of perishable goods.
- ✓ For better marketing and export, supporting states will focus on one product for one

district, so that high focus is given at district level for horticulture to gain momentum

- ✓ Zero Budget farming focus of the government.
- ✓ MGNREGS to be used to develop fodder farm.
- ✓ Jaivik Kheti Portal – online national organic products market to be strengthened. Agriculture market needs to be liberalised; govt proposes to handhold farmers
- ✓ Comprehensive measures for 100 water-stressed districts being proposed
- ✓ Government will help 20 lakh farmers for setting up solar pumps; Farm market will to be liberalized.

### **Railways**

- ✓ More Tejas-like trains for tourists.
- ✓ 150 new train to be introduced on PPP basis; Four stations will be also be redevelopment with the help of PPP.
- ✓ Large solar power capacity to be set up alongside rail tracks, on land owned by Railways
- ✓ Rs 18,600 crore worth Bengaluru suburban transport project launched; 20% equity will be provided by the Centre.

### **Banking**

- ✓ Encourage PSBs to approach capital markets for fund raising.

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- ✓ To help bank depositors, government increases depositor insurance to Rs 5 lakh from current Rs 1 lakh.
- ✓ Banking Regulation Act to be amended to strengthen Cooperative banks.

### **Education**

- ✓ Rs 99,300 crore allocated for education sector, Rs 3,000 crore rupees for skill development
- ✓ Degree-level full-fledged online education programme to be offered by institutes in top 100 in National Institutional Ranking Framework
- ✓ New Education Policy to be announced soon.
- ✓ 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.
- ✓ To launch 2 new National science scheme
- ✓ National Police University and National Forensic Science University proposed for policing science, forensic science, and cyber-forensics.
- ✓ External commercial borrowings and FDI to be leveraged to improve the education system.
- ✓ A medical college to be attached to a district hospital in PPP mode, viability gap funding to be set up for setting up such medical colleges.

- ✓ US-like SAT exam to be held in African and Asian countries for benchmarking foreign candidates who wish to Study In India

### **Jobs**

- ✓ National recruitment agency: New common entrance test for non-gazetted government jobs and public sector banks.
- ✓ Special bridge courses to be designed by the Ministries of Health, and Skill Development: To fulfil the demand for teachers, nurses, para-medical staff and care-givers abroad.
- ✓ Urban local bodies to provide internships for young engineers for a period of up to one year.

### **Housing**

- ✓ Tax holiday for affordable housing extended by one year.
- ✓ Additional deduction up to Rs. 1.5 lakhs for interest paid on loans taken for an affordable house extended till 31st March, 2021.

### **Investment**

- ✓ Government plans to sell part of its holding in Life Insurance Corporation (LIC) by way of Initial Public Offering.
- ✓ Certain specified categories of government securities will be open fully for NRIs, apart from being open to domestic investors
- ✓ FPI limit in corporate bonds raised to 15% from 9%.

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- ✓ Government doubles divestment target for the next fiscal at Rs 2.1 lakh crore.
- ✓ Expand Exchange Traded Fund by floating a Debt ETF, consisting primarily of govt. securities

### **Start-ups & MSME**

- ✓ New Simplified return for GST from April 2020
- ✓ Start-ups with turnover up to Rs. 100 crore to enjoy 100% deduction for 3 consecutive assessment years out of 10 years.
- ✓ App-based invoice financing loans product to be launched, to obviate problem of delayed payments and cash flow mismatches for MSMEs.
- ✓ Amendments to be made to enable NBFCs to extend invoice financing to MSMEs
- ✓ Tax burden on employees due to tax on ESOPs to be deferred by five years or till they leave the company or when they sell, whichever is earliest.
- ✓ Turnover threshold for audit of MSMEs to be increased from Rs 1 crore to Rs 5 crore, to those businesses which carry out less than 5% of their business in cash.

### **Infrastructure**

- ✓ Young engineers and management graduates will be roped in for infrastructure projects under Project Preparation Facility.
- ✓ About Rs 22,000 crore already provided for supporting National Infrastructure Pipeline.
- ✓ Investment Clearance Cell to set up through a portal, will provide end-to-end

facilitation, support and information on land banks

- ✓ National Logistics Policy will soon be released, creating single window e-logistics market. 5 new Smart cities to be set up via PPP model.
- ✓ Rs 1.7 lakh crore allocated to transportation.
- ✓ 100 more airports to be set up by 2024 to support UDAN scheme.
- ✓ Accelerated development of highways will be undertaken; Delhi-Mumbai expressway and two other projects to be completed by 2023.
- ✓ NHAI to monetize 12 lots of highway bundles of over 6,000 km before 2024.

### **Telecom**

- ✓ New policy for private sector to build Data Centre Parks.
- ✓ Rs 6,000 crore for BharatNet programme; Fibre to Home connections under BharatNet will be provided to 1 lakh gram panchayats this year itself

### **Tourism**

- ✓ Rs 2,500 crore for tourism promotion.
- ✓ 5 archaeology sites to be developed for world-class museums
  1. Rakhigarhi (Haryana)
  2. Hastinapur (Uttar Pradesh)
  3. Shivsagar (Assam)
  4. Dholavira (Gujarat)
  5. Adichanallur (Tamil Nadu)



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- ✓ 4 more museums from across the country to be taken up for renovation and re-curation.
- ✓ 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.

### **Sanitation**

- ✓ Rs 3.6 lakh crore allocated to water sanitation and pipeline project; Rs 12,300 crore for Swachh Bharat.
- ✓ Our government is committed to Open Defecation Free country, in order to sustain ODF behaviour and to ensure no one is left behind.

### **Healthcare**

- ✓ Rs 69,000 crore allocated to healthcare sector.
- ✓ Rs. 6400 crore (out of Rs. 69,000 crore) for PM Jan Arogya Yojana (PMJAY):
- ✓ Indradhanush immunization plan expanded to cover 12 new diseases,.
- ✓ Viability gap funding window to be set up to cover hospitals, with priority given to aspirational districts that don't have hospitals empanelled under Ayushman Bharat.
- ✓ Propose Rs 35,600 crore nutrition-related plan.

- ✓ Jan Aushadhi Kendra Scheme to offer 2000 medicines and 300 surgicals in all districts by 2024.
- ✓ Over 6 lakh anganwadi workers have been equipped with smartphones to upload the nutrition status of 10 crore households.
- ✓ Nominal health cess on import of medical equipment to be introduced to encourage domestic industry and generate resources for health services.
- ✓ A new scheme to provide higher insurance cover, reduced premium for small exporters and simplified procedure for claims
- ✓ Targeting diseases with an appropriately designed preventive regime using Machine Learning and AI

### **Energy**

- ✓ Finance Minister urges all states and UTs to replace conventional energy meters by pre-paid smart meters in 3 years, this will give consumers the freedom to choose supplier and rate as per their requirements.
- ✓ Advise to shut thermal plants if they don't meet emission norms.
- ✓ Expansion of National Gas Grid from 16,200 km to 27,000 km along with reforms to deepen gas markets, enable ease of transactions and transparent price discovery
- ✓ Rs 22,000 crore allocated to power and renewable energy.

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### **Livestock**

- ✓ 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.
- ✓ Milk processing capacity to be doubled to 108 tonne from 53 tonne by 2025.
- ✓ Artificial insemination to be increased to 70% from the present 30%.

### **Village Schemes**

- ✓ 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.
- ✓ Viability gap funding to be provided for setting up warehouses.
- ✓ Financing on Negotiable Warehousing Receipts to be integrated with e-National
- ✓ Will further expand on SHGs for alleviation of poverty.
- ✓ 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.

### **Agricultural Market**

- ✓ Agri credit target raised to Rs 15 lakh crore from Rs 12 lakh crore.
- ✓ Milk processing capacity to be doubled to 108 tonne from 53 tonne by 2025.
- ✓ NABARD Refinancing Scheme to be further expanded.
- ✓ MGNREGS to be used to develop fodder farm.
- ✓ Will further expand on SHGs for alleviation of poverty.

### **Fisheries**

- ✓ Fish production to be raised to 200 lakh tonnes by 2022-23
- ✓ Youth and fishery extension work to be enabled by rural youth as Sagar Mitras, forming 500 fish farmer producing organizations
- ✓ Framework for development, management and conservation of marine fishery resources to be put in place.