

# UNION Budget 2020-21



# Key highlights of Union Budget 2020-21



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## BUDGET FOR THE NEW DECADE, FOR A NEW INDIA

- India, the fifth largest economy in the world remains on track to move to a **US\$5 trillion** economy by 2024
- Fundamentals of India's economy **remains strong** with structural reforms, inclusive growth and well-contained inflation.
- Current GDP growth at 5%, expected to increase to **6% - 6.5 %**. GDP growth expected to rebound from first quarter of 2020-21.
- Strong focus on **Growth Revival** in Budget 2020
- Clean-up** of public banks, recapitalisation, facilitation of exit for companies through Insolvency & Bankruptcy Code (IBC)
- Historic reform like **GST integrated** India economically
- Annual household saving of **US\$55.94** due to GST; 6 million new taxpayers added in the last two years
- US\$284 billion** FDI received between 2014-2019; increase from US\$190 billion in previous five years



Note: US\$1 = ₹71.53



**Aspirational India**

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

| **US\$28.18 billion** allocated to 16 action points in agriculture, irrigation and rural development

| **Kisan Rail** and **Krishi Udaan** to be set up through PPP for farmers and build a seamless national cold supply chain for perishables (milk, meat, fish, etc)

| Doubling of milk processing capacity to **108 million** MT from 53.5 million MT by 2025

| Comprehensive measures for 100 water-stressed districts proposed

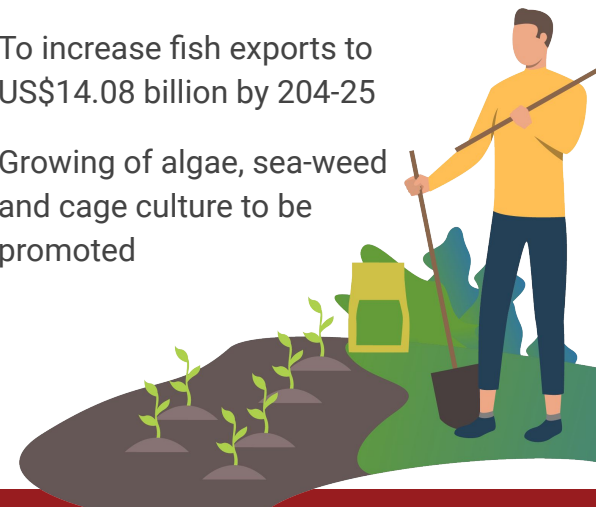
| Viability Gap Funding for setting up **efficient warehouses** at the block/taluk level; Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) to undertake warehouse building

| **One-Product, One-District** for better marketing and export in Horticulture sector.

### **Bolstering Blue Economy:**

3,477 Sagar Mitras and 500 Fish Farmer Producer Organisations to involve youth in fishery extension

- To increase fish exports to US\$14.08 billion by 204-25
- Growing of algae, sea-weed and cage culture to be promoted



# Powering Social Welfare



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**US\$9.72 billion** allocated for healthcare sector, out of which US\$901.41 million set aside for **PM Jan Arogya Yojana (PMJAY)**:

- Viability Gap Funding window proposed for setting up hospitals in PPP mode
- Aspirational districts with no Ayushman empanelled hospitals to be covered in first phase.
- Targeting diseases with an appropriately designed preventive regime using machine learning and AI.

**US\$1.73 billion** allocation for **Swachh Bharat Mission** in 2020-21

**US\$13.99 billion** for **Education Sector: New Education Policy to be announced soon**

- 150 higher educational institutions to start apprenticeship embedded degree/diploma courses by March 2021
- Proliferation of technologies - Analytics, Machine Learning, robotics, Bio-informatics and Artificial Intelligence
- 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

**US\$420 million** for Skills Development: Special bridge courses for nurses, para-medical staff and caregivers to enhance their employability abroad

## MEASURES FOR WATER-STRESSED INDIA

**US\$42.26 billion** approved for Jal Jeevan Mission

**US\$1.62 billion allotted** for 2020-21. To augment Local water sources, recharge existing sources and promoting water harvesting and de-salination





# Economic Development

# Industry & Commerce



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**US\$3.85 billion** allocated for 2020-21 for development and promotion of **Industry and Commerce**.

**Five new Smart Cities** proposed to be developed with States in PPP mode

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

## NEW LAUNCHES: BOOSTING INDIA'S GROWTH STORY

### **National Technical Textiles Mission**

To Position India as a Leader in Technical Textiles

**US\$208.45 million** outlay, a National Technical Textiles Mission to be set up

Saluting entrepreneurship spirit in India, **Investment Clearance Cell** proposed to be set up for facilitation and support to youth

**NIRVIK scheme** to provide high insurance cover for exporters and reduce premium for small exporters. Also achieve higher export credit disbursement and simplify procedures for settlement claims

New Scheme to encourage **manufacture of mobile phones, electronic equipment and semiconductor packaging** proposed

# Infrastructure



Launch of National Infrastructure Pipeline (NIP) :  
**US\$1.4 trillion** to be invested on infrastructure over the next 5 years

A **National Logistics Policy** to be released; A single window e-logistics market to be created

**US\$14.09 billion** proposed for transport infrastructure in 2020-21.

**Highways:** Development of highways in India to be accelerated

- a) 2,500 km access control highways, **9,000 km** of economic corridors, 2,000 km of coastal and land port roads and 2,000 Km of strategic highways to be built
- b) Delhi-Mumbai Expressway and two other packages to be completed by 2023/ **Chennai-Bengaluru Expressway** to be started

## INDIAN RAILWAYS

- 4 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 US\$2.62 billion project. Central Government to provide 20% of equity and facilitate external assistance upto 60% of the project cost.



# Infrastructure & New Economy



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**100 more airports** to be developed by 2024 to support Udaan scheme

**US\$3.1 billion** proposed for **power and renewable energy sector** in 2020-21

**To Cater to New Economy:** Policy to enable **Data Centre Parks** to be built by private sector

**US\$845.07 million** proposed for **Bharatnet** programme in 2020-21

**US\$1.13 billion** proposed over five years for **National Mission on Quantum Technologies and Applications**



A pair of hands, one on the left and one on the right, are shown holding a paper cutout of a group of people holding hands. The cutout consists of several stylized human figures in a circle, with their arms raised and hands clasped. The hands are positioned as if they are about to place the cutout down or are just holding it. The background is a soft, out-of-focus light color. The overall tone is warm and positive.

# A Caring Society

# Women, Culture & Tourism



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**US\$5.01 billion**

for **nutrition-related** programmes proposed for FY 2020-21

**US\$4.03 billion**

proposed for **women specific programs**

**US\$352.11 million**

for **Tourism** promotion for 2020-21

**US\$1.34 billion**

enhanced allocation provided for **senior citizens** for 2020-21

India has jumped **18 spots** over 4 years to reach 34th spot (out of 140) on the World Tourism Index by the WEF

**2nd International Organisation based in India: Launch of Coalition for Disaster Resilient Infrastructure (CDRI) with secretariat in New Delhi**

**US\$619.72 million**

allocated for **Environment and Climate change**

**US\$443.66 million** proposed for **Ministry of Culture** for 2020-21

- Indian Institute of Heritage and Conservation under Ministry of Culture proposed with the status of a deemed University.
- Maritime museum to be set up at Lothal- the Harappan age maritime site near Ahmedabad by Ministry of Shipping

# Clean, Transparent Governance



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## Driven by a corruption free, policy-driven governance

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- **Taxpayer charter** to be enshrined in the statute
- **Companies Act** to be amended, criminal liability for certain acts that are civil in nature
- **New National Policy** on **Official Statistics** to modernise data collection, to facilitate integrated information portal with timely dissemination
- Bank consolidation, **capital infusion of US\$49.3billion** into public sector banks and governance reforms to make Public sector Banks competitive and transparent.
- Several measures to strengthen the **Micro, medium and small enterprises** (MSMEs)



# Measures to encourage investment



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Governance reforms to be carried out to bring in **transparency and greater professionalism** in PSBs

- A. Few PSBs to be encouraged to approach the capital market to raise **additional capital**
- B. Monitoring of scheduled commercial bank's health through a **robust mechanism**, keeping depositor's money safe.
- C. **Government to sell** its balance holding in IDBI bank to private, retail and institutional investors through stock exchange
- D. Certain govt securities will be open for **foreign investors**
- E. New scheme to provide subordinate debt for entrepreneurs
- F. Export promotion of MSMEs for pharmaceuticals, auto components and other sectors; a **US\$140 million** scheme

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

**Tax buoyancy** expected to take time



# Financial Market & Fiscal Deficit



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**An International Bullion exchange(s)** to be set up as an additional option for trade by global market participants at IFSC GIFT City

**Financial Markets:** Deepening the Bond Market with specified government securities to be opened fully for non-resident investors; FPI limit in corporate bonds increased to 15% from 9% of its outstanding stock

An all-time high accumulation of **foreign exchange reserves of US\$457.5 billion** as of December 2019.

Part of borrowings for financial year 2020-21 to go towards Capital expenditure scaled up by more than 21%.

Central Government debt reduced to 48.7% of GDP (March 2019) from 52.2% (March 2014).

## FISCAL MANAGEMENT

**Fiscal deficit limited to 3.8% of the GDP estimated in RE 2019-20 and 3.5% in 2020-21**

### FY 2019-20

Revised Estimates of Expenditure:  
at **US\$366.21 billion**

Revised Estimates of Receipts:  
estimated at **US\$267.61 billion**

### FY 2020-21

Nominal growth of GDP estimated at **10%**.

Receipts: estimated at **US\$309.87 billion**

Expenditure at **US\$422.54 billion**



# Finance, Commerce & Industry

# Taxation



**Personal Income Tax:** Significant Relief to Middle-class Tax-Payers and expected to jump-start consumption

- New and simplified** personal income tax regime
- 70 of the existing exemptions and deductions to be removed
- New tax regime** to be optional - an individual may continue to pay tax as per the old regime and avail deductions and exemptions

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%

**Corporate Tax:** Tax rate of 15% extended to new electricity generation companies; Indian corporate tax rates now amongst the lowest in the world.

**Start-ups** with turnover up to US\$14.08 million to enjoy 100% deduction for 3 consecutive assessment years out of 10 years; Defer tax payment on Employee Stock Option Plan by five years

**Trade Policy measures:**

- 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.



# Attracting FDI



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- **Simplified GST Return** to be implemented from April 1, 2020
- **Tax concession for foreign investments:** To incentivise the investment by the Sovereign Wealth Fund of foreign governments in the priority sectors, 100% tax exemption to the interest, dividend and capital gains income on investment made in infrastructure and priority sectors before March 31, 2024 with a minimum lock-in period of 3 years
- Government to consider further opening up of **FDI in aviation, media and insurance sectors** in consultation with all stakeholders. 100 % FDI will be permitted for insurance intermediaries and local sourcing norms will be eased for FDI in single brand retail sector.
- Net FDI inflows have continued to be buoyant in 2019-20 (April – November) attracting **US\$24.4 billion**

## CUSTOM DUTIES

To support footwear and furniture manufacturing which come under the MSME sector, customs duty raised on footwear to 35% from 25% and on furniture goods to 25% from 20%.

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Basic customs duty on imports of **newsprint and light-weight coated paper** reduced from 10% to 5%.

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Customs duty rates revised on **electric vehicles and parts of mobiles**

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To provide impetus to medical equipment industry and generate resources for health industry, 5% health cess imposed on import of **medical devices**

# Roadmap for the New-Age

New-age technologies like analytics, artificial intelligence, robotics, machine learning, bio-informatics are rewriting the world economic order. India currently has the highest-ever number of people in the productive age group (15-65 years). In this backdrop, India aims for:

Enhanced focus on AI, Internet-of-Things (IoT), 3D printing, drones, DNA data storage, quantum computing

Indian manufacturing sector, primarily automotive and assembly, has been one of the first sectors to implement advanced robotics at scale

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



# Thank You



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