

Budget Viewing Session 2020-21

Saturday, 1st February 2020 at PHD House, New Delhi

(Post Event Report)

The Economic Affairs Committee of PHD Chamber of Commerce & Industry organized the Budget Viewing session 2020-21 on Saturday, 1st February 2020 at PHD House, New Delhi. In the Pre-Budget Session, the eminent speakers were **Mr Gopal Krishna Agarwal**, National Spokesperson of BJP (Economic Affairs), **Dr Subhash Chandra Pandey**, Former Special Secretary & Financial Adviser, Ministry of Commerce and Industry, Ministry of Heavy Industries and Public Enterprises, Ministry of Textiles, **Dr Rajat Kathuria**, Director and Chief Executive, Indian Council for Research on International Economic Relations (ICRIER), **Prof. Rajesh Chadha**, Program Director – Natural Resources, Brookings Institution, **Dr D K Aggarwal**, President, PHD Chamber, **Mr Sanjay Aggarwal**, Senior Vice President, PHD Chamber, **Mr Pradeep Multani**, Vice President, PHD Chamber, **Mr Rajeev Talwar**, Immediate Former President, PHD Chamber, **Dr Lalit Khaitan**, Chairman, Economic Affairs Committee, PHD Chamber. In the Post-Budget session, the speakers were **Prof. Rajesh Chadha**, Program Director – Natural Resources, Brookings Institution, **Dr Rajat Kathuria**, Director and Chief Executive, Indian Council for Research on International Economic Relations (ICRIER), **Mr Bimal Jain**, Mentor, Indirect Taxes Committee, PHD Chamber, **Mr Mukul Bagla**, Chairman, Direct Taxes Committee, PHD Chamber, **Mr N K Gupta**, Chairman, Indirect Taxes Committee, PHD Chamber, the budget session discussions were moderated by **Dr S P Sharma**, Chief Economist, PHD Chamber and Members of Managing Committee were also present at the event.

Glimpse of the Budget Viewing Session 2020-21



From left to right: Prof. Rajesh Chadha, Program Director – Natural Resources, Brookings Institution, Dr Lalit Khaitan, Chairman, Economic Affairs Committee, PHD Chamber, Dr Subhash Chandra Pandey, Former Special Secretary & Financial Adviser, Ministry of Commerce and Industry, Ministry of Heavy Industries and Public Enterprises, Ministry of Textiles, Dr D K Aggarwal, President, PHD Chamber, Mr Rajeev Talwar, Immediate Former President, PHD Chamber, Mr Sanjay Aggarwal, Senior Vice President, PHD Chamber, Dr Rajat Kathuria, Director and Chief Executive, Indian Council for Research on International Economic Relations (ICRIER), and Mr Pradeep Multani, Vice President, PHD Chamber



From left to right: Dr S P Sharma, Chief Economist, PHD Chamber, Prof. Rajesh Chadha, Program Director – Natural Resources, Brookings Institution, Dr Lalit Khaitan, Chairman, Economic Affairs Committee, PHD Chamber, Dr Subhash Chandra Pandey, Former Special Secretary & Financial Adviser, Ministry of Commerce and Industry, Ministry of Heavy Industries and Public Enterprises, Ministry of Textiles, Dr D K Aggarwal, President, PHD Chamber, Mr Gopal Krishna Agarwal, National Spokesperson of BJP (Economic Affairs), Mr Sanjay Aggarwal, Senior Vice President, PHD Chamber, Mr Pradeep Multani, Vice President, PHD Chamber



Audience at the Budget Viewing Session 2020-21



Eminent Dignitaries at the Budget Viewing Session 2020-21

Mr Gopal Krishna Agarwal, National Spokesperson of BJP (Economic Affairs) said that the government has achieved and crossed the benchmarks of growth under the Hon'ble Prime Minister Shri Narendra Modi. He said that the government has held 10 sectoral meetings, 1 micro and macro level meeting with 250 organizations, who were working at the ground level and have identified the 10 sectors: the sunrise sectors (IT, pharmaceutical and automobile) and other sectors for growth (MSME, Agriculture, food processing, real estate, Insolvency and Bankruptcy Code (IBC), among others). He said that the meetings have resulted into the recommended reports to the hon'ble Prime Minister with immediate benefits. Budget is an addition to policy statement because of massive exercise taken by the hon'ble Prime Minister. He said that the roadmap for the growth of economy is clear and at this juncture, the credit supply side problem has been tackled. He further said that the dividend distribution tax should be shifted to classical system of revenue. He further said that it is essential to pull up the consumer demand and private investment. He thanked PHD Chamber for supporting all the government initiatives. He mentioned that wealth creation is a focus of the government and surely the government is laying the pro business policies. He said that the government intervention with regard to PSUs has to be limited. He said that the country needs a boost for private sentiments which will come from collective efforts as India is the fastest moving economy. There is a need for wealth creation and industrialization. He said that thalinomics is a symbol that policies for government have to trickle down to common man. Further he said that as far as macroeconomic parameters are concerned, the macroeconomic parameters like inflation, GDP growth rate, forex reserves etc are in the good terrain. He said that capital formation and

boosting the bond market is essential so that the liquidity is restored. He further said that if the social welfare schemes are better targeted only then the economic policy will benefit the common man and drive the investment.

Dr Subhash Chandra Pandey, Former Special Secretary & Financial Adviser, Ministry of Commerce and Industry, Ministry of Heavy Industries and Public Enterprises, Ministry of Textiles said that government should lay thrust on agriculture development, digitalization and macroeconomic stability. He said the liquidity is improving in the economy. The government needs to intervene selectively and ostracize unethical enterprises. The Hon'ble Finance Minister Smt. Nirmala Sitharaman presented a balanced budget with a strong focus on socio-economic development of the country to build a New India. He said that the proposals unveiled in it on various socio-economic fronts of the economy indicate promises of progress in coming times.

Dr Rajat Kathuria, Director and Chief Executive, Indian Council for Research on International Economic Relations (ICRIER) said that there is a need to put money in hands of people where the multiplier effects are going to be large, particularly in the rural areas. He said that the fiscal policy is countercyclical. The government's fiscal house should be in order. He said that there is a need that the government set up Fiscal Policy Council similar to MPC that would track where the government should channelize its funds. Government should reduce the costs of tax. He also said that assets in private sector are more productive than the assets in the public sector. The budget should focus on the process of wealth creation. While sharing his views on budget announcement, he said that it will take time to leap at macro level. The hon'ble finance minister spoke about trust deficit between public and private sector. He further said that the GST regime needs to be simplified further.

Prof. Rajesh Chadha, Program Director – Natural Resources, Brookings Institution shared his viewpoints on budget and said that rationalization of GST is required. The trade policy, custom duty also needs to be restructured. Business enterprises require GST to rationalize and further simplification in GST regime will improve Ease of Doing Business.

Dr DK Aggarwal, President, PHD Chamber said that the income tax slabs should be reduced to further simplify the taxation regime. He said that there is slowdown in consumption which was driven by rural demand. There is a need to spend more money on rural infrastructure. There is a need to install more

processing units near farm and there is a need to promote direct benefit transfer. He further suggested that the corporate tax rate needs to be reduced to 15% from 22%. There is a need to lay focus on increasing exports and that niche solutions were required to drive the economy on a higher growth trajectory. He said that there is a need to revive the consumption demand, impetus to investment, needs to be given. He suggested that there is a need to raise basic exemption unit to Rs 5 lakh. He said that the economic survey has put rightly the focus on exports. The incremental and the income resulting from additional turnover should be exempted from taxes for MSMEs. He said that there is a need to create infrastructure trust model and the best way to monetize and create liquidity in the economy.

Mr Sanjay Aggarwal, Senior Vice President, PHD Chamber said that there is a need to buy the technology and not the products. The semi-conductor chip manufacturing unit needs to be set up in the country. The country needs to buy technology for increasing its exports. There needs to be an ecosystem to license the technology to private sector and to build an ecosystem. The stress has to be on social sector. He said that there is a need to encourage Make in India (particularly in the telecom sector). He stressed on the social sector (spending on NIP (National Infrastructure Pipeline)), that the sector is suffering from lack of funds, he also said that there is a substantial need in multiples to address the shortage of doctors, police, nurses. There is a need to increase substantial investment and build more medical colleges.

Mr Pradeep Multani, Vice President, PHD Chamber said that in the recent years the access to health service has improved significantly. He said that by opening up several pathways for socio-economic opportunities, the Government has ensured that the benefits of growth and macroeconomic stability reach the bottom of the pyramid. He said that it is encouraging that the expenditure on social services (health, education and others) by the Centre and States as a proportion of GDP has increased from 6.2 % in 2014-15 to 7.7 % in 2019-20 (Budget Estimates). Particularly, expenditure on health has increased from 1.2 % to 1.6 % during the same period as percentage of GDP. He further said that there is a need to step up investments in the sector for highly skilled human resources from doctors to other medical support staff like nurses, lab technicians, pharmacists, among others.

Mr Rajeev Talwar, Immediate Former President, PHD Chamber said that the government should open the floodgates to USD 5-10 trillion economy. The government should follow the footsteps of the Narsimha Rao government regime. He said that the top 10 global firms are being headed by the Indians,

which is a moment of pride.

Dr Lalit Khaitan, Chairman, Economic Affairs Committee, PHD Chamber said that 85% of the Indian businesses are family businesses and they account 75% of India's GDP. He then said that in America, 80% of the businesses are family business, they contribute 50% to the economy's GDP and 60% to employment generation. India has improved on World Bank's Ease of Doing Business rankings to 63rd rank. He said that there is a need to reform taxation environment and reduce taxation slabs.

Mr Bimal Jain, Mentor, Indirect Taxes Committee, PHD Chamber said that the announcement on exemption from income tax for people with income of upto Rs 5 lakhs is an encouraging step. He also said that the abolition of DDT, a long standing demand of the industry, is highly encouraging as it will further make India an attractive destination for investment.

Mr Mukul Bagla, Chairman, Direct Taxes Committee, PHD Chamber shared his views on the budget announcement said that the tax exemption limit has been changing. He appreciated that the government abolished the dividend distribution tax.

Mr NK Gupta, Chairman, Indirect Taxes Committee, PHD Chamber said that the compliance in GST is complicated, if simplified further would be an advantage for the businessmen, as the people are still learning the dynamics of e-invoicing. Therefore simplifying it further would be an added advantage.

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Hon'ble Finance Minister Smt. Nirmala Sitharaman presented Union Budget 2020-21 on 1st February 2020. The Union Budget 2020-21 is a dynamic budget and meeting aspirations of all sections of the society for the improvement of standards of living. The focus of the Budget on the Agriculture sector with pinpointed 16 action points to double farmers' income by 2022 is highly encouraging. The focus on agriculture will create tremendous demand in the economy, boost manufacturing and services sector activities and rebound the economic growth trajectory of the country. The three themes of aspiration, development and compassion would become the pillars of strong and sustainable growth of the country.

Aspirational India will facilitate in providing a better standard of living to the people. The focus on

economic development is the need of the hour to rejuvenate the growth momentum of the country. The sub-theme of caring and compassion is essential to ensure sustainable growth, going forward. Schemes such as Dhanlakshmi scheme, KrishiUdaan Scheme will certainly change the sentiments of the agriculture sector from distress to prosperity.

Further, the hon'ble Minister of Finance announced that the DhanyaLaxmi Scheme will enhance the participation of women in the agriculture sector. The KrishiUdaan Scheme would help in reducing wastages in the food sector thereby facilitating farmers in enhancing their farm income. Focus on the New Education Policy in the coming times will improve the outreach of the education to the needy people. The increase in the allocation on education to 4.7% of GDP is in line with the expectations and it is expected that it will further increase to level of 6% of GDP in the coming times. The fiscal deficit at 3.5% of GDP in FY2021 is also in line with the expectations as we look forward to government remaining strict to maintain fiscal consolidation at this level.

The exemption from income tax for people with income of upto Rs 5 lakhs and rationalization of taxes to 10% for people with income between Rs 5 lakh to Rs 7.5 lakh, 15% income tax rate for income between 7.5-10 lakhs, 20% income tax rate for income between 10 -12.5 lakhs and 25% income tax rate for income between 12.5-15 lakhs are encouraging and are expected to boost the demand in the economy. The abolition of DDT, a long standing demand of the industry, is highly encouraging as it will further make India an attractive destination for investment. Overall the budget is growth provoking and welfare inducing.

In a nut shell, the Hon'ble Union Finance Minister, Smt. Nirmala Sitharaman, 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.

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Regards,
Dr S P Sharma



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