

Key Highlights of Union Budget 2020-21

PHD Chamber's View Point

Budget will boost incomes and enhance purchasing power : 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, Krishi Udaan Scheme will certainly change the sentiments of the agriculture sector from distress to prosperity.

The Dhanya Laxmi Scheme will enhance the participation of women in the agriculture sector. The Krishi Udaan 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% is in line with the expectations and we expect this to be increased further

to 10% 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.

The Hon'ble Union 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.

Key highlights of the Union Budget 2020-21

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.

Sixteen Action Points for Agriculture, Irrigation and Rural Development: Rs. 2.83 lakh crore to be allocated for the 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.

Blue Economy: Rs. 1 lakh crore fisheries' exports to be achieved by 2024-25.

Kisan Rail: To be setup by Indian Railways through PPP. To build a seamless national cold supply chain for perishables (milk, meat, fish, etc).

Krishi Udaan: To be launched by the Ministry of Civil Aviation

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.

Jaivik Kheti Portal – Online national organic products market to be strengthened.

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)

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

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

Infrastructure

- Rs.100 lakh crore to be invested on infrastructure over the next 5 years.
- A National Logistics Policy to be released soon
- National Skill Development Agency to give special thrust to infrastructure-focused skill development opportunities.
- Infrastructure agencies of the government to involve youth-power in start-ups.
- Rs.1.7 lakh crore proposed for transport infrastructure in 2020-21.

New Economy

- To take advantage of new technologies
- 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.
- Rs.8000 crore proposed over five years for National Mission on Quantum Technologies and Applications

Caring Society

- Allocation of Rs. 35,600 crore for nutrition-related programmes proposed for the FY2020-21
- Rs.28, 600 crore proposed for women specific programs.

Culture & Tourism

- Allocation of Rs. 2500 crore for 2020-21 for tourism promotion.
- Rs.3150 crore proposed for Ministry of Culture for 2020-21.

Environment & Climate Change: Allocation for this purpose to be Rs.4400 crore for 2020-21.

Governance

- Clean, corruption-free, policy driven, good in intent and most importantly trusting in faith.
- A sum of Rs. 100 crore allocated to begin the preparations for G20 presidency to be hosted in India in the year 2022.

Financial Sector

- Window for MSME's debt restructuring by RBI to be extended by one year till March 31, 2021.
- An app-based invoice financing loans product for MSMEs to be launched

Financial Market: FPI limit in corporate bonds increased to 15% from 9% of its outstanding stock.

Infrastructure Financing: Rs.103 lakh crore National Infrastructure Pipeline projects earlier announced.

Fiscal Management: Fiscal deficit of 3.8% estimated in RE 2019-20 and 3.5% for BE 2020-21.

Direct Tax:

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.

Dividend Distribution Tax (DDT): DDT removed making India a more attractive investment destination.

Cooperatives: Option to cooperative societies to be taxed at 22% + 10% surcharge and 4% cess with no exemption/deductions.

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 31st 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 31st March, 2021.

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%.

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.

Please find enclosed the detailed key highlights of Union Budget 2020-21 for your kind reference.

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