PERFECT 7 WEEKLY CURRENT AFFAIRS

February : 2020 / Issue- 2

UNION BUDGET 2020-21

At A Glance

- Key to Budget Documents
- The Macro Economic Framework Statement
- Medium Term Fiscal Policy cum Fiscal Policy Strategy Statement
- Output Outcome Framework 2020-2021
- Prominent Themes of the Union Budget 2020-21

Budget Special Issue

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DHYEYA IAS : AN INTRODUCTION

The guiding philosophy of the institute, throughout, has been creation of knowledge base. Dhyeya IAS inculcates human values and professional ethics in the students, which help them make decisions and create path that are good not only for them, but also for the society, for the nation, and for the world as whole. To fulfill its mission in new and powerful ways, each student is motivated to strive towards achieving excellence in every endeavor. It is done by making continuous improvements in curricula and pedagogical tools.

The rigorous syllabi not only instills in them, a passion for knowledge but also attempts to teach them how to apply that knowledge in real-life situations. The programmes lay emphasis on well-rounded personality development of the students and also in inculcating the values of honesty and integrity in them.

Vinay Kumar Singh
CEO and Founder
Dhyeya IAS

Dheya IAS is an institution that aims at the complete development of the student. Our faculty are hand-picked and highly qualified to ensure that the students are given every possible support in all their academic endeavors. It is a multi-disciplinary institution which ensures that the students have ready access to a wide range of academic material.

Our brand of education has broad horizons as we believe in exposure. Our students are encouraged to widen their knowledge base and study beyond the confinements of the syllabus. We aim to lend a gentle guiding hand to make our students recognize their inner potential and grow on their own accord into stalwarts of tomorrow's society.

Q H Khan
Managing Director
Dhyeya IAS

PERFECT 7 : AN INTRODUCTION

With immense pleasure and gratitude I want to inform you that the new version of 'Perfect-7', from the Dhyeya IAS, is coming with more information in a very attractive manner. Heartily congratulations to the editorial team. The 'Perfect-7' invites a wider readership in the Institute. The name and fame of an institute depends on the caliber and achievements of the students and teachers. The role of the teacher is to nurture the skills and talents of the students as a facilitator. This magazine is going to showcase the strength of our Institute. Let this be a forum to exhibit the potential of faculties, eminent writers, authors and students with their literary skills and innovative ideas.

Qurban Ali

Chief Editor
Dhyeya IAS
(Ex Editor- Rajya Sabha TV)

We have not only given the name 'Perfect 7' to our magazine, but also left no stone unturned to keep it 'near to perfect'. We all know that beginning of a task is most challenging as well as most important thing. So we met the same fate.

Publishing 'Perfect 7' provided us various challenges because from the beginning itself we kept our bar too high to ensure the quality. Right from the very first issue we had a daunting task to save aspirants from the 'overdose of information'. Focusing on civil services exams 'Perfect 7' embodies in itself rightful friend and guide in your preparation. This weapon is built to be precise yet comprehensive. It is not about bombardment of mindless facts rather an analysis of various facets of the issues, selected in a systematic manner. We adopted the 'Multi Filter' and 'Six Sigma' approach, in which a subject or an issue is selected after diligent discussion on various levels so that the questions in the examination could be covered with high probability.

Being a weekly magazine there is a constant challenge to provide qualitative study material in a time bound approach. It is our humble achievement that we feel proud to make delivered our promise of quality consistently without missing any issue since its inception.

The new 'avatar' of 'Perfect 7' is a result of your love and affection. We feel inspired to continue our efforts to deliver effective and valuable content in interesting manner. Our promise of quality has reached you in previous issues and more are yet to come.

Ashutosh Singh

Managing Editor
Dhyeya IAS

Send us your suggestions, comments, views and feedback for guiding us towards continuous improvement & enhancement of 'Perfect 7' on

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PREFACE

Dhyeya family feels honoured to present you 'Perfect 7' - a panacea for Current Affairs. 'Perfect7' is an outstanding compilation of current affairs topics as per the new pattern of Civil Service examination (CSE). It presents weekly analysis of information and issues (national and international) in the form of articles, news analysis, brain boosters, PIB highlights and graphical information, which helps to understand and retain the information comprehensively. Hence,'Perfect 7' will build in-depth understanding of various issues in different facets.

'Perfect7' is our genuine effort to provide correct, concise and concrete information, which helps students to crack the civil service examination. This magazine is the result of the efforts of the eminent scholars and the experts from different fields.

'Perfect 7' is surely a force multiplier in your effort and plugs the loopholes in the preparation.

We believe in environment of continuous improvement and learning. Your constructive suggestions and comments are always welcome, which could guide us in further revision of this magazine.

Omveer Singh Chaudhary
Editor
Dhyeya IAS

Perfect 7

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Content Office
DHYEYA IAS
302, A-10/11, Bhandari House,
Near Chawla Restaurants,
Dr. Mukherjee Nagar, Delhi-110009

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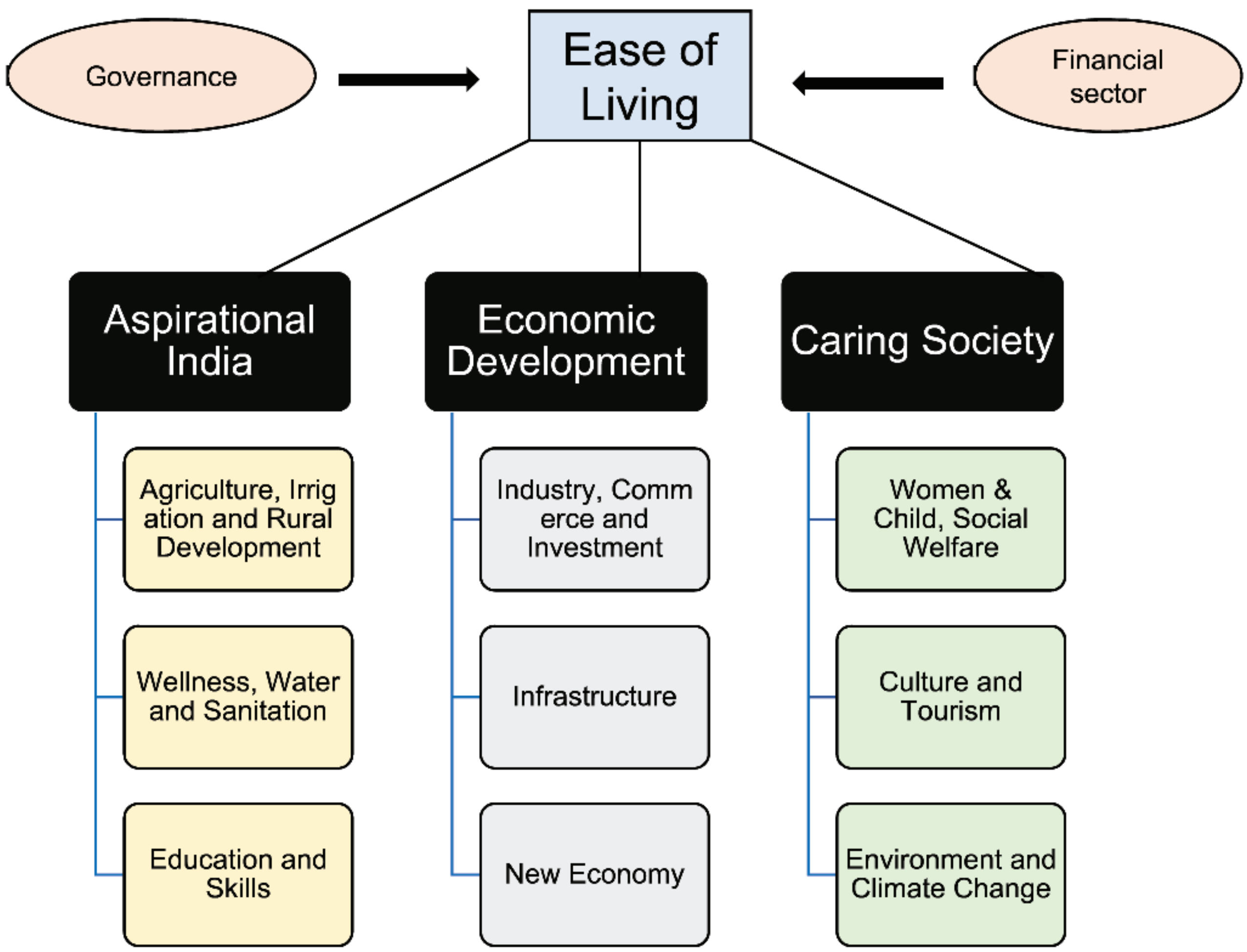

GOVERNANCE

STRUCTURAL REFORMS

IBC

- Honourable exit through IBC for companies.

GST

- 20 per cent reduction in turn around time for trucks.
- Benefit to MSMEs through enhanced threshold and composition limits.
- Savings of about 4 per cent of monthly spending for an average household.
- In last 2 years, 60 lakh new taxpayers added and 105 crore e-way bills generated

DIGITAL REVOLUTION

Shift to DBT

- During 2018-19, ₹7 lakh crore transferred through DBT.

Next wave

- Digital Governance.
- Improve physical quality of life through National Infrastructure Pipeline
- Disaster Resilience.
- Social Security through Pension and Insurance penetration.

INCLUSIVE GROWTH

- Governance guided by “Sabka Saath, Sabka Vikas, Sabka Vishwas” with focus on:
    - Preventive Healthcare: Provision of sanitation and water
    - Healthcare: Ayushman Bharat
    - Clean energy: Ujjawala and Solar Power
    - Financial Inclusion, Credit support and Pension
    - Affordable Hosuing
    - Digital penetration

FINANCIAL SECTOR

- Deposit Insurance Coverage to increase from ₹1 lakh to ₹5 Lakh per depositor.
- Eligibility limit for NBFCs for debt recovery under SARFAESI Act proposed to be reduced to asset size of ₹100 crore or loan size of ₹50 Lakh.
- Proposal to sell balance holding of government in IDBI Bank.
- Separation of NPS Trust for government employees from PFRDAI.

- Specified categories of government securities would be opened for non resident investors
- FPI Limit for corporate bonds to be increased to 15 per cent.
- New debt ETF proposed mainly for government securities.

The Union Budget 2020-21 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 Pradhan Mantri Kisan Urja Suraksha evem Utthan Mahabhiyan (PM-KUSUM) to provide 20 lakh farmers for setting up stand-alone solar pumps.

In the health sector, the Budget proposed 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 Police - Private Partnership (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 Union Budget 2020-21 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; and
- Social security through Pension and Insurance penetration.

The Union Budget 2020-21 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 "Sabka Saath, Sabka Vikas, Sabka Vishwas".
- **'Caring Society'** that is both humane and compassionate, where Antyodaya is an article of faith.

Further, the three broad themes are held together by:

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

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2. KEY TO BUDGET DOCUMENTS

Budget Documents

The list of Budget documents presented to the Parliament, besides the Finance Minister's Budget Speech, is given below:

A. Annual Financial Statement (AFS)

B. Demands for Grants (DG)

C. Finance Bill

D. Statements mandated under Fiscal Responsibility and Budget Management (FRBM) Act:

  (i) Macro-Economic Framework Statement

  (ii) Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement

E. Expenditure Budget

F. Receipt Budget

G. Budget at a Glance

H. Memorandum Explaining the Provisions in the Finance Bill

I. Output Outcome Monitoring Framework

J. Key Features of Budget 2020-21

The documents shown at Serial Nos. A, B, and C are mandated by Article 112, 113 and 110 (a) of the Constitution of India respectively, while the documents at Serial No. D (i) and (ii) are presented as per the provisions of the FRBM Act, 2003. Other documents at Serial Nos. E, F, G, H, I and J are in the nature of explanatory statements supporting the mandated documents with narrative in a user-friendly format suited for quick or contextual references. The "Output Outcome Monitoring Framework" will have clearly defined outputs and outcomes for various Central Sector Schemes and Centrally Sponsored Schemes with measurable indicators against them and specific targets for FY 2020-21.

Key Terms

Fiscal Deficit: It is an indicator of borrowings by the government for financing its expenditure. The estimated fiscal deficit for 2020-21 is 3.5% of GDP.

Revenue Deficit: It is the excess of revenue expenditure over revenue receipts. Such a deficit implies the government's need to borrow funds to meet expenses which may not provide future returns. The estimated revenue deficit for 2020-21 is 2.7% of GDP.

Primary Deficit: It is the difference between fiscal deficit and interest payments. It is estimated to be 0.4% of GDP in 2020-21.

Tax Revenue: It forms part of the Receipt Budget, which in turn is a part of the Annual Financial Statement of the Union Budget. It gives a detailed report on revenue collected from different items like corporation tax, income tax, wealth tax, customs, union excise, service, taxes on Union Territories like land revenue, stamp registration etc. Taxes collected from both direct and indirect tax are considered in Tax Revenue.

Non-Tax Revenue: It is the recurring income earned by the government from sources other than taxes. The most important receipts under this head are interest receipts (received on loans given by the government to states, railways and others) and dividends and profits received from public sector companies.

Various services provided by the government - police and defence, social and community services such as medical services and economic services such as power and railways - also yield revenue for the government. Though the Railways are a separate department, all their receipts and expenditure are routed through the Consolidated Fund.

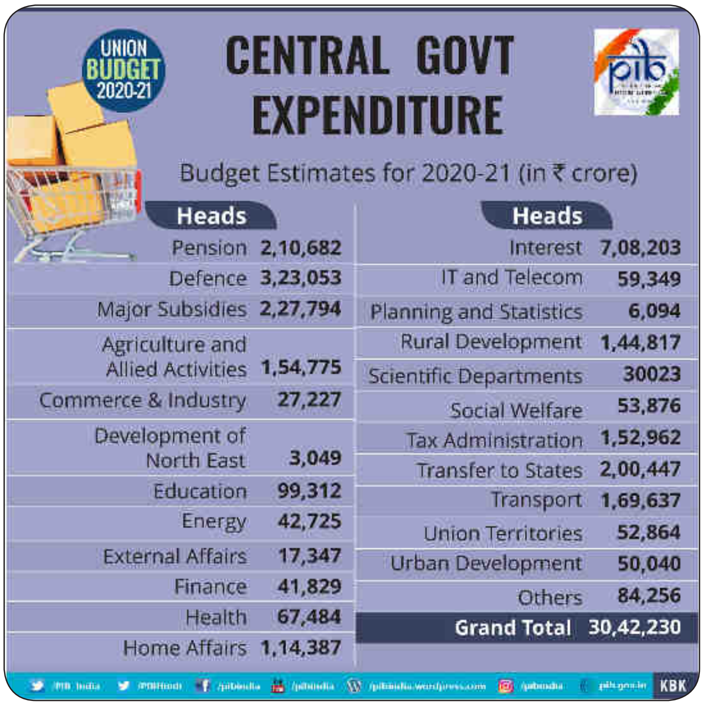
Government Debt: The overall debt for Government of India includes debt and liabilities contracted in the Consolidated Fund of India (technically defined as Public Debt) as well as liabilities in Public Account. In respect of receipts into the Public Account, the Government is acting as a Banker or Trustee and refunds the money on demand after completion of the implicit contract/event.

A. Annual Financial Statement (AFS)

The Annual Financial Statement (AFS), the document as provided under Article 112 of the constitution of India shows the estimated receipts and expenditure of the Government of India for 2020-21 in relation to estimates for 2019-20 as also actual expenditure for the year 2018-19. The receipts and disbursements are shown under three parts in which Government Accounts are kept viz., (i) The Consolidated Fund of India, (ii) The Contingency Fund of India and (iii) The Public Account of India. The AFS distinguishes the expenditure on revenue account from the expenditure on other accounts, as is mandated in the Constitution of India. The Revenue and the Capital sections together, make the Union Budget. The estimates of receipts and expenditure included in the AFS are for expenditure net of refunds and recoveries.

B. Demands for Grants

(i) Article 113 of the Constitution of India mandates that the estimates of expenditure from the Consolidated Fund of India included in the AFS and required to be voted by the Lok Sabha, be submitted in the form of Demands for Grants. In Budget 2020-21 there are 101 Demands for Grants.



UNION BUDGET 2020-21

CENTRAL GOVT EXPENDITURE

Budget Estimates for 2020-21 (in ₹ crore)

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

C. Finance Bill

At the time of presentation of the AFS before the Parliament, a Finance Bill is also presented in fulfilment of the requirement of Article 110 (1)(a) of the Constitution of India, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. It also contains other provisions relating to Budget that could be classified as Money Bill. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution of India.

D. Statements Mandated under FRBM Act

(i) Macro-Economic Framework Statement

It contains an assessment of the growth prospects of the economy along with the statement of specific underlying assumptions. It also contains an assessment regarding the Gross Domestic Product (GDP) growth rate, the domestic economy and the stability of the external sector of the economy, fiscal balance of the Central Government and the external sector balance of the economy.

(ii) Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement

It sets out the three-year rolling targets for six specific fiscal indicators in relation to GDP at market prices, namely (i) Fiscal Deficit, (ii) Revenue Deficit, (iii) Primary Deficit (iv) Tax Revenue (v) Non-tax Revenue and (vi) Central Government Debt. The Statement includes the underlying assumptions, an assessment of the balance between revenue receipts and revenue expenditure and the use of capital receipts including market borrowings for the creation of productive assets. It also outlines for the existing financial year, the strategic priorities of the government relating to taxation, expenditure, lending and investments, administered pricing, borrowings and guarantees.

E. Expenditure Budget

In the Expenditure Budget, the estimates made for a scheme/ programme are brought together and shown on a net basis on revenue and capital basis at one place. Expenditure of individual Ministries/ Departments are classified under 2 broad Umbrellas (i) Centres' Expenditures and (ii) Transfers to States/Union Territories (UTs).

Under the Umbrella of Centres' Expenditure there are 3 sub-classification:

(a) Establishment expenditure of the Centre;

(b) Central Sector Schemes; and

(c) Other Central Expenditure including those on Central Public Sector Enterprises (CPSEs) and Autonomous Bodies

The Umbrella of Transfers to States/UTs includes the following 3 sub-classification:

(a) Centrally Sponsored Scheme;

(b) Finance Commission Transfers;

(c) Other Transfer to States;

F. Receipt Budget

The document provides details of tax and non-tax revenue receipts and capital receipts and explains the estimates. The document also provides a statement on the arrears of tax revenues and non-tax revenues, as mandated under the Fiscal Responsibility and Budget Management Rules, 2004. Trend of receipts and expenditure along with deficit indicators, statement pertaining to National Small Savings Fund (NSSF), Statement of Liabilities, Statement of Guarantees given by the government, statements of Assets and details of External Assistance are also included in Receipts Budget. This also includes the Statement of Revenue Impact of Tax Incentives under the Central Tax System which seeks to list the revenue impact of tax incentives that are proposed by the Central Government. This document also shows liabilities of the Government on account of securities (bonds) issued in lieu of oil and fertilizer subsidies in the past. This was earlier called 'Statement of Revenue Foregone' and brought out as a separate statement in 2015-16. This has been merged in the Receipts Budget from 2016-17 onwards.

G. Budget at a Glance

This document shows in brief, receipts and disbursements along with broad details of tax revenues and other receipts. This document provides details of resources transferred by

UNION BUDGET 2020-21

KEY NUMBERS

(in ₹ crore)

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

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the Central Government to State and Union Territory Governments. This document also shows the revenue deficit, the gross primary deficit and the gross fiscal deficit of the Central Government. The excess of Government's revenue expenditure over revenue receipts constitutes revenue deficit of Government.

H. Memorandum Explaining the Provisions in the Finance Bill

To facilitate understanding of the taxation proposals contained in the finance Bill, the provisions and their implications are explained in the document titled Memorandum Explaining the Provisions in the Finance Bill.

I. Output Outcome Monitoring Framework

Outcome Budget with Output-Outcome Monitoring Framework (OOMF) for Central Sector Schemes (CSs) and Centrally Sponsored Schemes (CSSs) with financial outlay of Rs 500 crore and more each was laid in the House along with Budget 2020-2021.

J. Key Features of Budget 2020-21

The Document is a snapshot summary of the economic vision of the government and the major policy initiatives in the thrust areas of the economy for growth and welfare. Major milestones achieved in fiscal consolidation and management of the government finances along with a bird's eye view of the key budget proposals for the fiscal year 2020-2021 are also included in the document.

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3. THE MACRO ECONOMIC FRAMEWORK STATEMENT

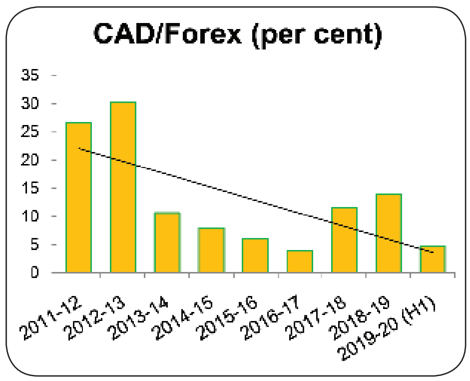
Overview of the Economy

Global headwinds and challenges in the domestic financial sector moderated the growth of Indian economy in 2019-20. The real GDP growth moderated to 5.0 percent in 2019-20 as compared to 6.8 percent in 2018-19. Despite a temporary moderation in the GDP growth in 2019-20, the fundamentals of Indian economy remain strong and GDP growth is expected to rebound from the first quarter of 2020-21.

> When one talks about the fundamentals of an economy, one wants to look at economy-wide variables such as the overall GDP growth (real and or nominal), the overall unemployment rate, the level of fiscal deficit, the valuation of a country's currency against the US dollar, the savings and investment rates in an economy, the rate of inflation, the current account balance, the trade balance etc.

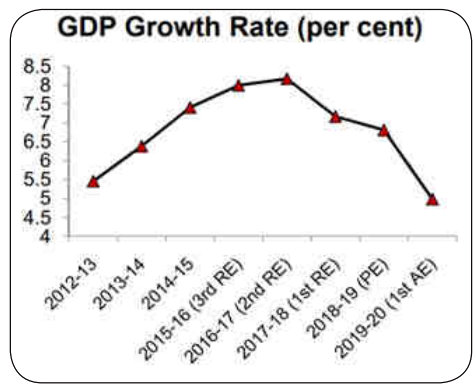
Fiscal situation remained close to the consolidation path and consumer price inflation was within the targeted limits set by the monetary policy committee of Reserve Bank of India (RBI). Despite continuing sluggishness in global demand the Current Account Deficit (CAD) narrowed to 1.5 percent of GDP in first half (H1) of 2019-20 from 2.1 percent in 2018-19. Global confidence in the Indian economy improved as reflected in growing inflows of net Foreign Direct Investment (FDI) and an all-time high accumulation of foreign exchange reserves of US$ 457.5 billion as in end December, 2019.

India moving up by 14 positions to 63rd rank in 2019 World Bank's Ease of Doing Business 2020 Report, has among others, contributed to the increase in global confidence in Indian economy. India has emerged as an important player in the world on the back of high GDP growth and announcement/ implementation of critical measures in the current year and last few years.

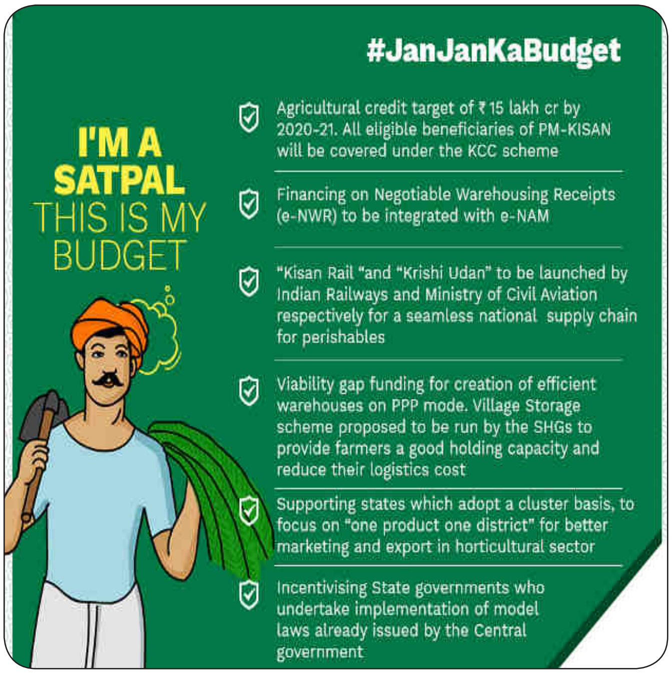


The measures announced/ implemented in 2019-20 include- hike in minimum support price of agricultural crops for 2019-20; reduction in corporate tax rate; policy initiatives for development of textiles & handicrafts and electric vehicles; outreach programme for growth, expansion and facilitation of micro, small and medium enterprises; incentives for start-ups in India; scheme to provide a one-time partial credit guarantee to public sector banks (PSBs) for purchase of pooled assets of financially sound non-banking financial companies (NBFCs); recapitalization of public sector banks, relaxation of external commercial borrowing guidelines for affordable housing; realty fund worth Rs. 25,000 crore for stalled housing projects; additional tax deduction of interest for affordable housing; merger of 10 public sector banks into four entities; revised Priority Sector Lending (PSL) norms for exports; and streamlining of many labour laws at the central government level. Apart from this, various steps were taken to boost manufacturing; employment generation; financial inclusion; digital payments; improving ease of doing business via schemes such as 'Make in India', 'Skill India' and 'Direct Benefit Transfer'. Government has also announced the National Infrastructure Pipeline (NIP) of projects worth Rs. 102 lakh crore, which will commence in phases from 2020-21 to 2024-25.

GDP Growth



As per the first advance estimates of annual national income, the real GDP growth is estimated at 5.0 percent in 2019-20, as compared to the provisional estimates of 6.8 percent in 2018-19. Correspondingly, the real growth of gross value added (GVA) is estimated at 4.9 percent in 2019-20 as compared to 6.6 percent in 2018-19. This moderation in GVA growth in 2019-20 (AE) as compared to 2018-19 is attributed to all sectors on the supply side save public administration, defence and other services. From the demand side private final consumption expenditure, public final consumption expenditure and net exports have driven the growth GDP in 2019-20 as compared to 2018-19. Gross fixed capital formation on the other hand has slowed the growth of GDP.



Agriculture

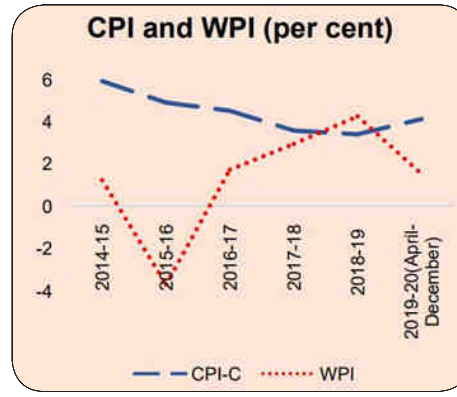
In 2018-19, as per fourth advance estimates, food grain production in the country was estimated at 285 million tonnes, the same as in 2017-18. However, food grain production was 19.2 million tonnes higher than the average production of previous five years. Rice production during 2018-19 was estimated at 116.4 million tonnes as compared to 112.8 million tonnes in 2017-18. Wheat production during 2018-19 was estimated at 102.2 million tonnes as compared to 99.9 million tonnes during 2017-18. Government has increased Minimum Support Prices (MSP) for all mandated kharif, rabi and other commercial crops. The enhanced MSP ensures a return of 1.5 times over all India weighted average cost of production for the season 2019-20.

India continues to be the largest producer of milk in the world. The milk production in the country was 187.7 million tonnes in 2018-19 growing 6.5 per cent over the previous year. The egg production in the country also increased from 95217 million in 2017-18 to 103318 million in 2018-19. Fish production in India has registered an average annual growth rate of more than 7 per cent in the recent years. Total fish production in the country stood at 13.4 million metric tonnes during 2018-19. Of this, the marine fisheries contributed 3.7 million metric tonnes and the inland fisheries 9.7 million metric tonnes. Under agriculture credit a sum of Rs. 9,07,843.4 crore has been disbursed in 2019-20 as on 30th November, 2019.

Prices

Consumer Price Index (Combined) (CPI-C) inflation for 2018-19 declined to 3.4 percent from 3.6 percent in 2017-18 and 4.5 percent in 2016-17. It averaged 4.1 percent in 2019-20 (April to December) and stood at 7.3 percent in December, 2019. Food inflation based on Consumer Food Price Index (CFPI) for 2018-19 declined to 0.1 percent from 1.8 percent in 2017-18 and 4.2 percent in 2016-17. It averaged 5.3 percent in 2019-20 (April to December) and stood at 14.1 percent in December, 2019.

Inflation measured in terms of Wholesale Price Index (WPI) stood at 4.3 percent in 2018-19 as compared to 3.0 percent in 2017-18 and 1.7 percent in 2016-17. It averaged 1.5 percent in 2019-20 (April to December) and stood at 2.6 percent in December 2019. Government has taken various measures from time to time to stabilize prices of essential food items through, inter-alia, trade and fiscal policy instruments like import duty, minimum export price, export restrictions, imposition of stock limits besides advising States for effective action against hoarders & black marketers to regulate domestic availability and moderate prices.



For increasing productivity and production in key segments of agriculture towards moderating prices, government has been incentivizing farmers by announcing minimum support prices and implementing schemes such as Mission for Integrated Development of Horticulture (MIDH) and, National Mission on Oilseeds and Oil Palm (NMOOP), among others. Government is also implementing Price Stabilization Fund (PSF) to help moderate the volatility in prices of agri-horticultural commodities like pulses, onion, and potato.

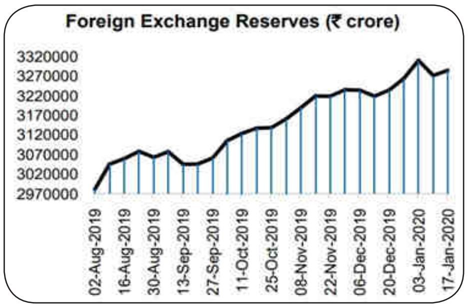
Industry

The Index of Industrial Production (IIP) grew at 0.6 percent during April-November 2019 as compared to 3.8 percent in 2018-19. Mining, manufacturing and electricity sectors in IIP grew at (-)0.1 percent, 0.9 percent and 0.8 percent respectively during April-November 2019. The full year growth in these three sectors in 2018-19 was 2.9 percent, 3.9 percent and 5.2 percent respectively. Under the use-based categories growth in April-November of 2019-20 stood for primary goods at 0.1 percent, capital goods at (-) 11.6 percent, intermediate goods at 12.2 percent and infrastructure/ construction goods at (-) 2.7 percent. The corresponding full year growth of these categories in 2018-19 was 3.5 percent, 2.7 percent, 0.9 percent and 7.3 percent respectively.

The eight core infrastructure supportive industries, viz. coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity that have a total weight of nearly 40 percent in the Index of Industrial Production (IIP) remained stagnant during April-November 2019 as compared to a growth of 4.4 percent in 2018-19. The production of fertilizers, steel, and electricity increased by 4.0 percent, 5.2 percent, 0.7 percent respectively during April-November 2019 while the production of coal, crude oil, natural gas, refinery products and cement contracted by 5.3 percent, 5.9 percent, 3.1 percent, 1.1 percent and 0.02 percent respectively during the same period.

External Sector

Merchandise exports (customs basis) during 2019- 20 (April-December), were US$ 239.3 billion, which declined by 2.0 percent over the level of US$ 244.1 billion in the corresponding period of the previous year. During 2019-20 (April-December), merchandise imports were US$ 357.4 billion, registering a decline of 8.9 percent over the level of US$ 392.3 billion in corresponding period of the previous year. Oil imports declined from US$ 108.5 billion in 2018-19 (April-December) to US$ 95.7 billion in 2019-20. (April-December) Merchandise trade deficit improved from US$ 148.2 billion in 2018-19 (April-December) to US$ 118.1 billion in 2019-20 (April-December).



Following a rise in vulnerabilities in 2018-19, India's external sector has regained some stability in the first half of 2019-20, with improvement in Balance of Payments (BoP) position anchored in narrowing of current account deficit from 2.1 in 2018-19 to 1.5 in H1 of 2019-20, growing inflows of foreign direct investment (FDI), rebounding of portfolio flows from net outflow to net inflow and receipt of robust remittances, all showing up in higher accretion of foreign exchange reserves, which as on end December, 2019 stood at US$ 457.5 billion.

Net FDI inflows have continued to be buoyant in 2019- 20 (April-November) attracting US$ 24.4 billion as against US$ 21.2 billion, which is a reflection of a global sentiment that increasingly believes in India's growth story and reform measures being undertaken by the government.

The average monthly exchange rate of rupee (RBI's reference rate) was Rs. 70.41 per US dollar in 2019- 20 (April-December), as compared to Rs. 69.92 per US dollar during 2018-19. External debt as at end September, 2019 remains low at 20.1 percent of GDP. After witnessing significant decline since 2014-15, India's external liabilities (debt and equity) to GDP has increased at the end of June, 2019 primarily driven by increase in FDI, portfolio flows and external commercial borrowings (ECBs).

Monetary Management and Financial Intermediation

Monetary policy remained accommodative during 2019-20. Five meetings of the Monetary Policy Committee (MPC) have been held so far in financial year 2019-20. In the first four meetings, the MPC decided to cut the policy repo rate. The repo rate was reduced by 110 basis points (bps) from 6.25 percent in April 2019 to 5.15 percent in October 2019. In its fifth bi-monthly monetary policy statement in December 2019, the MPC decided to keep the repo rate unchanged at 5.15 percent.

The growth of reserve money as on December 27, 2019 was 10.2 percent over 17.0 percent in December 27, 2018. The expansion in reserve money was led by Currency in Circulation (CIC). Broad money (M3) growth has been on declining trend since 2009. However, since 2018-19 growth of M3 has picked up and was marginally, mainly driven by the growth in aggregate deposits. The growth of M3 was 10.4 percent as on December 20, 2019 over 10.2 on December 20, 2018. The expansion in M3 so far during the year is attributable to aggregate deposits, which recorded a growth of 10.1 percent as on December 20, 2019 over 9.2 percent in December 20, 2018.

Broad Money to Reserve Money

It is a measure of money multiplier. Money multiplier shows the mechanism by which reserve money creates money supply in the economy. It is again dependent on two variables, namely currency deposit ratio and reserve deposit ratio. Description: M3 is a measure of broad money and includes currency with the public and deposits. The Reserve Money factor shows the reserve money and includes required reserve and the excess reserves of the banking system. If the reserve requirement as stipulated by the RBI increases, the Reserve Money value will increase and the multiplier will fall. Similarly, if banks keep more money as excess reserves, it will have an adverse effect on the money multiplier.

Banking and Non-Banking Sector

During 2019-20, gross non-performing advances (GNPA) ratio of Scheduled Commercial Banks (SCBs) remained unchanged at 9.3 percent in September 2019 as compared to March 2019. Similarly, the restructured standard advances (RSA) ratio of SCBs remained unchanged at 0.4 percent during the same period. The stressed advances (SA) ratio of SCBs followed suit by remaining flat at 9.7 percent. GNPA ratio of public sector banks (PSBs) was also unchanged at 12.3 percent in September 2019 while stressed advances ratios increased from 12.7 percent in March to 12.9 percent in September, 2019.

The growth of non-food credit was 7.2 percent at November 22, 2019 as compared to 13.8 percent at November 23, 2018. The moderation in credit growth was witnessed across all the major segments of nonfood credit except personal loans, which grew at 16.4 percent as on November 22, 2019 as compared to 17.2 percent as on November 23, 2018.

Non-Banking Financial Sector

After growing rapidly in 2017-18 and first half of 2018-19, the NBFC sector has decelerated sharply since then. The growth of loans from NBFCs declined to 3.4 per cent at end September 2019 from 14.6 per cent in December 2018 and 31.9 per cent in September 2018. The balance sheet of the NBFC sector grew by 17.9 per cent from Rs. 26,17,790 crore to Rs. 30,85,480 crore during 2018-19. There is an observable shift in the sources of funding of NBFCs. Borrowings from banks increased from Rs. 5.62 lakh crore in October 2018 to Rs. 7.13 lakh crore in October 2019 registering a growth of 26.8 per cent. However, deployment of credit by Mutual funds to NBFCs has been contracting since October 2018.

Capital Market

The primary market resource mobilization through 85 public and rights issues was Rs. 73,896 crore during 2019-20 (up to December 31, 2019) as against 124 issues which had raised Rs. 44,355 crore during 2018-19 (up to December 31, 2018). Funds raised through private placement of 1,520 issues amounted to Rs. 6.29 lakh crores in 2019-20 (up to December 31, 2019) as compared to Rs. 5.3 lakh crores through 2006 issues in the 2018-19.

India's benchmark indices, namely, Nifty 50 and S&P BSE Sensex index, have continued to grow during 2019-20. The S&P BSE Sensex, the benchmark index of Bombay Stock Exchange (BSE), reached an all time high closing of 41,681 on December 20, 2019, witnessing an increase of 7.2 percent from the level of 38,871 on April 1, 2019. Nifty50 index gained 5.3 per cent over April1, 2019 to close at 12,226 on January 3, 2020. Average annual growth of BSE and Nifty50 in 2019-20 (April-December) was 8.9 percent and 5.7 percent respectively.

Central Government Finances

The fiscal deficit and revenue deficit for 2019-20 were budgeted at 3.3 percent of GDP and 2.3 percent of GDP respectively. The BE 2019-20 envisaged a tax to GDP ratio of 11.7 percent and total expenditure to GDP ratio of 13.2 percent. The envisaged growth for gross tax revenue was 9.5 percent over 2018-19 Revised Estimates (RE). The total expenditure in BE 2019-20 was estimated to increase by 13.4 percent over 2018-19 RE.

As per the data on Union Government Finances released by Controller General of Accounts for April-November 2019, the gross tax revenue increased by 0.8 percent over the corresponding period of the previous year achieving 47.7 percent of the budget estimate. The non-tax revenue increased by 67.8 percent during (April- November 2019) over the corresponding period of the previous year achieving 74.3 percent of the budget estimate. At the end of November 2019, the non-debt capital receipts stood at 24.2 percent of the budget estimate.

Major subsidies (food, nutrient based fertilizers, urea and petroleum) increased by 7.3 percent during April-November, 2019, as compared to April-November 2018. Urea subsidy increased by 52.7 percent and petroleum subsidy increased by 27.7 percent during April-November 2019, as compared to the corresponding period in 2018-19.

During April-November 2019, fiscal deficit reached 114.8 percent of the budgeted amount in 2019-20. During the corresponding period of the previous year the same ratio had prevailed in relation to 2018-19 budgeted amount. The revenue deficit for April-November, 2019 is 128.4 percent of BE and is lower than the corresponding figure of 132.6 percent in the previous year. The Revised Estimates place fiscal and revenue deficits at 3.8 percent of GDP and 2.4 percent of GDP respectively in 2019-20.

Prospects

The growth of the economy appears to have bottomed out and is expected to pick up in 2020-21. The prospects for Indian economy for the year 2020-21 need to be assessed in the light of emerging global and domestic challenges and opportunities. Major challenges for the economy arising from the external front are geo-political tensions in Middle East and rising crude oil prices due to supply disruption which may decelerate growth and increase inflation. Challenges in the domestic front are revival of investments and savings. The 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 Monetary Policy Committee. 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 nominal growth of the economy is expected to be 10 percent in the financial year 2020-21.

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4. MEDIUM TERM FISCAL POLICY CUM FISCAL POLICY STRATEGY STATEMENT

Introduction

The objectives of Fiscal Responsibility and Budget Management Act (FRBM Act) are a guide to the government's fiscal operations and the fiscal deficit target are anticipated to be achieved in the medium – term. Fiscal deficit is expected to decrease to 3.1 per cent of GDP by 2022-23. It is anticipated that there will be a variation in fiscal deficit of 0.5 per cent of GDP in 2019-20 and 2020-21 to provide adequate space for counter-cyclical fiscal measures taken for boosting investments. The target for 2019-20 has been revised to 3.8 per cent of GDP. The fiscal deficit target for 2020-21 has been revised to 3.5 per cent of GDP.

In addition, a stimulus of nearly Rs. 1 lakh crore (0.5 per cent of GDP) has been provided by way of lowering of Corporation Tax rates ensuring that adequate surpluses are available for private investment. A fine balance has been kept in BE 2020-21 by providing adequate resources for meeting revenue expenditure and boosting Capex, while keeping the fiscal deficit at 3.8 per cent and 3.5 per cent for the years 2019-20 and 2020-21 respectively.

Medium-Term prospects about Revenue Receipts

The Gross Tax Revenue is anticipated to grow at the rate of 12.3 per cent in 2021-22 and 12.6 per cent in 2022-23 over previous years. The growth in direct taxes has slowed in 2019-20 due to the cut in corporation tax. While the growth in direct taxes is expected to be 13.6 per cent and 13.8 per cent, the growth rate in indirect taxes are expected to be slightly muted at 10.7 per cent and 11.1 per cent in the years 2021-22 and 2022-23 respectively.

Fiscal indicators

		Revised Estimates 2019-2020	Budget Estimates 2020-2021	(Projections)	
				2021-2022	2022-2023
1.	Fiscal Deficit	3.8	3.5	3.3	3.1
2.	Revenue Deficit	2.4	2.7	2.3	1.9
3.	Primary Deficit	0.7	0.4	0.2	0.0
4.	Gross Tax Revenue	10.6	10.8	10.7	10.7
5.	Non-tax Revenue	1.7	1.7	1.5	1.5
6.	Central Government debt	50.3	50.1	48.0	45.5
7.	Of which				
	Liabilities on account of EBR[1]	0.7	0.8	0.9	0.9

Reasons for Fiscal Deficit

The fiscal deficit target for 2019-20 has been recalibrated to 3.8 per cent of GDP compared to the Budgeted target of 3.3 per cent of GDP. The deviation has been necessitated on account of the structural reforms such as reductions in corporation tax taken by the government. The fiscal expansion is within the provisions of Section 4(2) of the FRBM Act, 2003. A similar variation from the 2020-21 target of 3 per cent of GDP is anticipated on account of the spillover impact of the reforms. It is expected that government will return to the path of fiscal consolidation in the medium term. Fiscal deficit has been limited to the levels of 3.8 per cent of GDP in RE 2019-20 and 3.5 per cent in 2020-21. A vibrant economy like India can scarce afford to lose its growth steam. At the same time, government is committed to keeping deficit at sustainable levels to ensure inter-generational equity in fiscal management.

Fiscal Outlook for RE 2019-20

The target of fiscal deficit is 3.8 per cent of GDP in RE 2019-20 compared to the budgeted level of 3.3 per cent of GDP. There has been a decrease in Gross Tax Revenue estimates mainly on account of lesser than anticipated collection of GST and a reduction in Corporation Tax rates. Receipts anticipated from indirect taxes have been revised to reflect a growth of 5.3 per cent over 2018-19 Provisional Actuals, whereas RE 2019-20 for Direct tax reflects a growth of 2.9 per cent over previous year. Corporate tax shows a decrease of Rs. 1,55,500 crore over BE level. NonTax Revenue Receipts is estimated to increase by Rs. 32,334 crore over BE level.

Non-Debt capital receipts are anticipated to reduce by Rs. 38,224 crore over BE 2019-20, mainly on account of lower disinvestment receipts. Revised estimates for non-debt capital receipts have been kept at Rs. 81,604 crore. The absolute value of Fiscal Deficit has been revised to Rs. 7,66,848 crore in RE which reflects an increase of Rs. 63,087 crore over BE 2019-20.

In RE 2019-20, total expenditure has been estimated at Rs. 26,98,552 crore which reflects a decrease of Rs. 87,797 crore from BE 2019-20. Revenue expenditure in RE 2019-20 is Rs. 23,49,645 crore, while Capital expenditure, estimated at Rs. 3,48,907 crore in RE, show an increase of Rs. 10,338 crore over BE 2019-20.

Fiscal Outlook for BE 2020-21

Fiscal deficit in 2020-21 is expected to be 3.5 per cent of GDP. This is on account of the structural reform measures initiated by the Government, the GTR is budgeted at Rs. 24,23,020 crore in BE 2020-21 which reflects a growth of Rs. 2,59,597 crore (12 percent) over RE 2019-20. Direct taxes are expected to grow at 12.7 per cent over previous year to reach Rs. 13,19,000 crore in BE 2020-21. Indirect taxes are budgeted at Rs. 10,99,520 crore in BE 2020-21 showing an increase of 11.1 percent over RE 2019-20. Non-Tax Revenue collections in 2020-21 are budgeted at Rs. 3,85,017 crore which reflects a growth of 11.4 per cent over RE 2019-20.

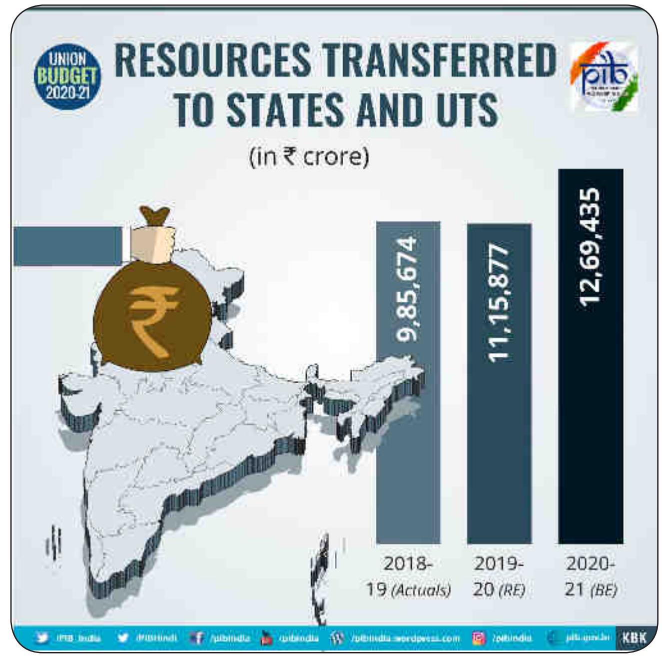
Non-Debt capital receipts have been budgeted at Rs. 2,24,967 crore in BE 2020-21 indicating an increase of Rs. 1,43,363 crore over RE 2019-20. An amount of Rs. 90,000 crore has been budgeted in disinvestment receipts from Public Sector Banks and other Financial Institutions. Total net borrowings in 2020-21 are projected at Rs. 7,96,337 crore as compared to Rs. 7,66,848 crore in RE 2019-20.

Revenue Receipts

Tax-Revenue

Gross Tax Revenue (GTR) has been pegged at Rs. 21,63,423 crore in RE 2019-20 which reflects a decrease of Rs. 2,97,772 crore from BE 2019-20. The reasons for this shortfall are the reductions in Corporation tax. For BE 2020-21, GTR is expected to be Rs. 24,23,020 crore which works out to be 10.8 per cent of GDP. Overall, a year-on-year growth of 4 per cent and 12 per cent is expected in 2019-20 and 2020-21 respectively. In the medium term, GTR is expected to grow at 12.3 per cent in 2021-22 before growth rate picks up to 12.6 per cent in 2022-23 respectively over previous year.

Non-Tax-Revenue – Policy Stance



Non-tax Revenue (NTR) receipts are an important source of government's revenue. In 2018-19, they formed around 15.2 per cent of the total revenue receipts. NTRs comprise dividends from RBI, banks, financial institutions and other public sector enterprises, interest receipts on loans primarily from states. Other NTR receipts include telecom receipts, receipts from offshore oilfields, user charges and fees levied by various Ministries/ Departments for services provided by them. Receipts under NTR are expected to go up in RE 2019-20 and are pegged at Rs. 3,45,513 crore which works out to 1.7 per cent of GDP. In 2020-21, it is estimated at Rs. 3,85,017 crore. NTR are expected to be around 1.5 per cent and 1.5 per cent of GDP in 2021-22 and 2022-23 both.

Devolution to States – Finance Commission

The Fifteenth Finance Commission (XV-FC) was constituted on 27th November 2017 in terms of Article 280 of the Constitution. In 2019, the Commission was mandated to submit two reports. The First Report, which was submitted to the President on 5th December 2019, provides recommendations for financial year 2020-21. The Commission will submit its final report in October 2020 which will contain recommendation for the five years 2021-22 to 2025-26. Finance Commission makes recommendation on the distribution between the Union and the States of the net proceeds of taxes under provisions of Article 280(3) of the Constitution of India. The distribution of these net proceeds, which constitute the divisible pool of taxes, between the Union and the States is called vertical devolution. The Commission has recommended an aggregate share of 41 per cent of the net proceeds of Union taxes (divisible pool) for the States, compared to 42 per cent recommended by the Fourteenth Finance Commission. The reduction of 1 per cent devolution to states is meant to enable the Union Government to provide for the security and other special needs of the Union Territory of Ladakh and Union Territory of Jammu & Kashmir. The level of tax devolution has been maintained by the Commission while noting that tax devolutions are a more objective form of transfer of resources as compared to other forms of transfers which are more discretionary and empirically found to be less progressive.

Devolution to states in RE 2019-20 is based on fourteenth FC recommendations while for BE 2019- 20, devolution to States is on the basis of the first report of XV-FC. For years 2021-22 and 2022-23, the recommendations are not yet available. The recommendations on the percentage of tax devolution in first report have been used for calculating tax devolution in the projection years.

Capital Receipts

Recovery of Loans

The two main components of Non-debt capital receipts are Recovery of Loans and Advances and Disinvestment Receipts. Recovery of loans has been kept at Rs. 16,604 crore in RE 2019-20 and the budgeted amount in 2020-21 is Rs. 14,967 crore. In the medium term, it is estimated at Rs. 15,000 crore in 2021-22 and 2022-23 both.

Other Non-debt Capital Receipts

Disinvestment receipts accrue to the government on sale of public sector enterprises which are owned by the government. It also includes sale of strategic assets. Disinvestments receipts have been revised to Rs. 65,000 crore in RE 2019-20. For BE 2020- 21, disinvestment receipts are budgeted at Rs. 2,10,000 crore which is inclusive of Rs. 90,000 crore from sale of Public Sector Banks and other Financial Institutions. In 2021-22 and 2022-23, disinvestment receipts are expected to be up.

Borrowings – Public Debt and Other Liabilities

In 2019-20, gross and net market borrowing by the Government of India through dated securities, excluding buyback/switches were budgeted at Rs. 7,10,000 crore and Rs. 4,73,972 crore, respectively. Actual gross and net market borrowings through dated securities during the year 2018-19 stood at Rs. 5,71,000crore and Rs. 4,22,735 crore, respectively. Net market borrowings through dated securities were budgeted to finance 60.12 per cent of Gross Fiscal Deficit (BE) in 2019-20. Other sources such as net borrowing from Treasury Bills, NSSF, state provident fund, net external assistance and cash draw down were budgeted to finance the remaining 39.88 per cent of the GFD.

Fiscal Policy Strategy Overview

Indirect Tax Policy

- The basic customs duty rates in general are Nil/2.5 percent/5 percent/7.5 percent on the inputs/intermediate products industrial chemicals, ores and concentrates, fuels, textile fibres and yarns etc. used in industries for manufacturing.
- Finished items of consumption attract higher duty, e.g., items like paper and paper products, marble slabs, auto parts, electronic items etc.
- Concerted efforts have been made to remove inversions in duty structure. Tariff Commission and DPIIT examines the issues of inversion/ negative effective protection to the domestic industry. In majority of cases Tariff Commission did not find any inversion. Appropriate corrections made in few cases recommended by them. The inversion now being spoken about essentially emanates from FTA and ITA, the review of which lies in the domain of Department of Commerce.
- To safeguard the strategic interests of the country, specified defence equipment and their parts, imported by the Ministry of Defence or the Armed Forces, have been exempted from Basic Customs Duty in General Budget 2019-20.
- In line with “Make in India” initiative of the Government, custom duty was increased on certain goods in General Budget 2019-20 to provide level playing field, ensure better capacity utilization and achieve import substitutions.
- A single source fully automated return system.
- Fully electronic refund process through FORM GST RFD-01 and single disbursement.
- Rationalization of cash ledger.
- Generation and quoting of Document Identification Number.
- Sabka Vishwas (Legacy Dispute Settlement) Scheme 2019.
- Electronic invoicing system (einvoice) for all B2B invoices.
- Government is proposing to implement the system of invoice with dynamic QR code for all B2C invoices.
- The Government has exempted the small taxpayers having annual aggregate turnover of Rs. 2 crores and less from filing the annual returns in the format GSTR 9 for the period 2017-18 and 2018- 19.
- To promote clean and sustainable environment friendly vehicles, the government has reduced the GST rate on Electric Vehicles and Electric Vehicle Chargers to 5 per cent.

Direct Tax Policy

The legislative measures for expansion of tax base require to be supplemented by administrative measures to prevent leakage of tax and erosion of tax base. A number of administrative and technological initiatives have been taken in respect of income tax administration to improve compliance, streamline tax payer services, strengthening internal business processes and to augment revenue which are as under:

- Implementation of E-assessment scheme.
- e-Nivaran is the online grievance redressal system of the Income Tax Department. All types of grievances such as PAN application, processing, assessment, appeals, TDS etc., can be filed by tax payers.

- Introduction of quoting Documentation Identification Number (DIN).
- Pre-filling of return.
- Integration of PAN with AADHAAR UIDAI (Aadhaar PAN linking).
- Integrated E-filing & Centralized Processing Center (CPC) 2.0.
- Centralized Processing Cell (Tax Deduction at source) in-short CPC (TDS).
- Online payment of Direct Taxes by taxpayers.
- Refund Banker project has enabled system driven process for determination, generation, issue, dispatch and credit of refunds.

Expenditure Policy

Over the years, government of India has been funding the developmental needs of the country through the Centrally Sponsored Schemes and Central Sector Schemes. In 2016, approximately 66 Centrally Sponsored Schemes were rationalized into 28 Umbrella Schemes. It was also decided that the cycle of these Schemes would be made co-terminus with the Finance Commission cycle, the first of which was to end on 31st March 2020, so that there is clarity on flow of resources available to both the Union and the State Governments over a Finance Commission cycle. Government had also decided that every Scheme would have an evaluation-based outcome review before it is appraised and approved for the next Finance Commission cycle. Accordingly, NITI Aayog is conducting evaluation of the Centrally Sponsored Schemes. Ministries have also been asked to get the Central Sector Schemes evaluated.

The Fifteenth Finance Commission has submitted a Report for the Year 2020-21 and has made recommendations on vertical and horizontal devolutions only for one year. The Commission will make available its final report by 30th October 2020 for the extended period of 2021-22 to 2025-26. In the meantime, the evaluation exercise will be completed. In view of the change in the Finance Commission cycle, to provide stability and clarity in funding, an interim extension beyond 31st March, 2020 or the date till which the schemes are already approved has been given for a period till 31st March, 2021 or till the date the recommendations of 15th FC come into effect, whichever is earlier.

Direct Benefit Transfer (DBT)

DBT is a landmark initiative of the government to ensure that benefits promised under various welfare and subsidy programmes of the country reach eligible and rightful beneficiaries and are delivered to them at their doorstep or in their bank accounts. DBT framework has effectively leveraged digital technology for better targeting of beneficiaries, timely delivery of benefits and removal of middlemen, thereby lending greater transparency and accountability in the public delivery system. Pradhan Mantri Jan Dhan Yojana (PMJDY) aimed at financial inclusion of the poor and the legislative approval for use of Aadhaar as proof of identity for delivery of subsidies, services and benefits under Section 7 of the Aadhaar Act, 2016 have given further fillip to DBT efforts.

DBT in Central Ministries and Departments - DBT since inception continues to be a success story with 433 schemes of 56 Central Ministries and Departments under its ambit today. Under the present DBT framework, schemes are broadly classified into the following categories based on the type of benefit given under the schemes:

i. **Cash Schemes:** This category includes 301 schemes or components of schemes where subsidies/benefits are transferred directly into the bank accounts of the beneficiaries. For example, under PAHAL, beneficiaries buy LPG cylinders at market price and receive subsidy directly in their bank accounts. In MGNREGS, all wage payments to workers are directly transferred into their bank accounts.

ii. **In-kind Schemes:** This category includes 67 schemes or components of schemes where beneficiaries receive subsidies in the form of goods, commodities, etc. after conducting Aadhaar-based authentication preferably at Point of Sale (PoS). For instance, under PDS, foodgrains are distributed at subsidized rates via Fair Price Shops to authenticated beneficiaries. Under Fertilizer Subsidy scheme, fertilizer companies release fertilizers to farmers at subsidised rates after conducting Aadhaar authentication at PoS.

The remaining 65 schemes are composite schemes which have both cash and in-kind components. One such scheme is 'Swacch Bharat Mission-Grameen' of Ministry of Drinking Water & Sanitation, wherein funds (for constructing household latrines) are transferred into the bank accounts of identified beneficiaries in certain areas while in others, latrines are constructed under community approach for beneficiaries without involving any direct fund transfer to beneficiary.

The progress of DBT implementation in the above schemes is being regularly monitored through the DBT Bharat Portal. Since the adoption of DBT in 2013-14 till 30th December, 2019, a sum of Rs. 9,08,011 crore has been transferred through DBT to about ` 140.7 crore eligible beneficiaries under cash and in-kind schemes.

In the Financial Year 2019-20 till 30th December, Rs. 2,04,418 crore has been transferred through DBT to Rs. 140.7 crore eligible beneficiaries under identified DBT schemes.

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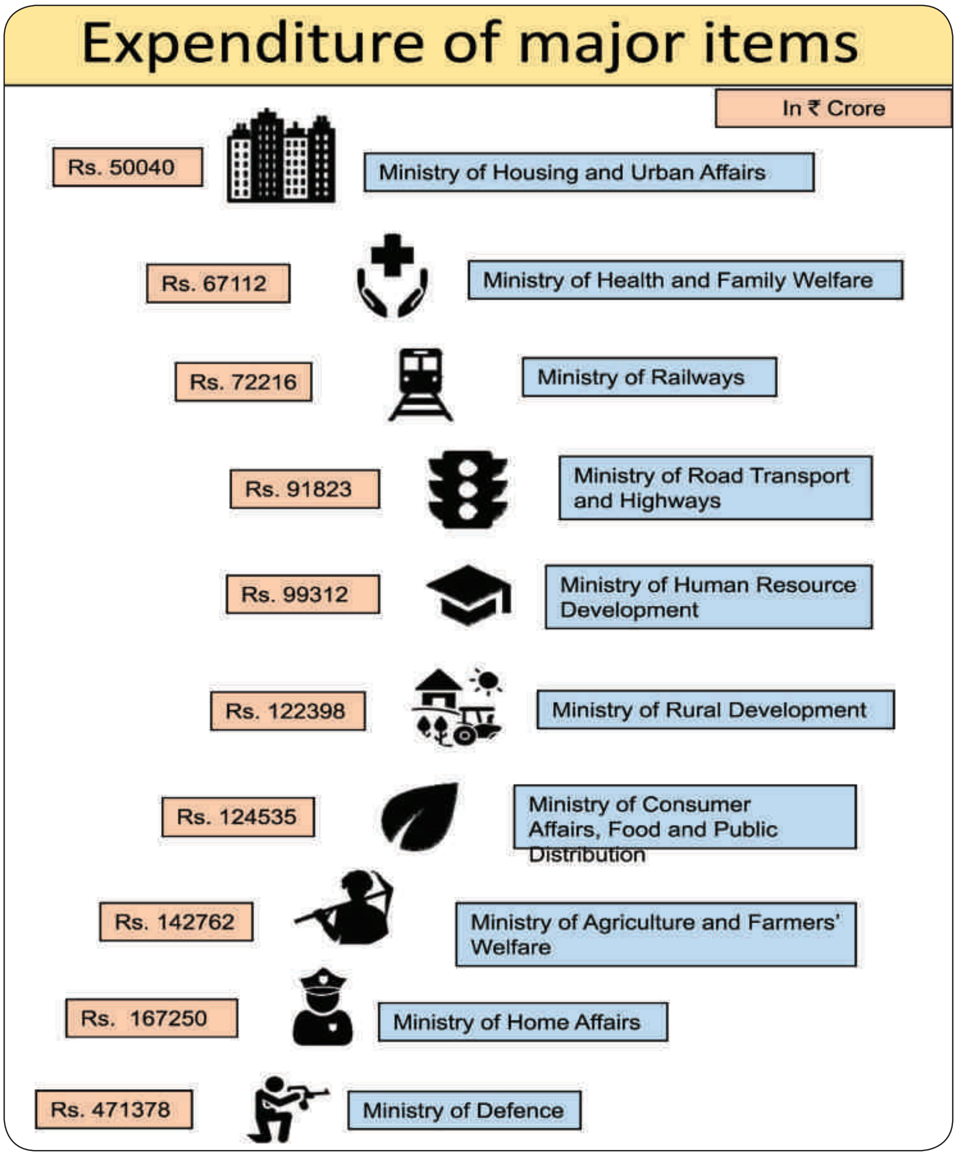
5. OUTPUT OUTCOME FRAMEWORK 2020-2021

Major Expenditure Reforms have been undertaken by the government over the last few years. This not only includes simplification of appraisal and approval processes, but also structural changes in the process of budget making itself, like doing away with Plan / Non-plan distinction. As a result, the cost-centres are being treated in an integrated manner, within only the statutory revenue capital framework. This enables another major structural reform, which is to bring the public schemes and projects under a monitorable Output-Outcome framework.

Since 2017-18, in addition to the financial outlays of schemes of the Ministries being indicated in the Budget document, the expected outputs and outcomes of the schemes are also being presented in a consolidated Outcome Budget document, along with the Budget. These Outlays, Outputs and Outcomes are being presented to the Parliament in measurable terms, bringing-in greater accountability for the agencies involved in the execution of government schemes and projects. Outlay is the amount that is provided for a given scheme or project in the Budget; while Output refers to the direct and measurable product of program activities, often expressed in physical terms or units. Outcomes are the collective results or qualitative improvements brought about in the delivery of these services.



The Outcome Budget presents (a) the financial outlay for the year 2020-21 along with (b) clearly defined outputs and outcomes (c) measurable output and outcome indicators and (d) specific output and outcome targets for FY 2020-21. This will significantly enhance transparency, predictability and ease of understanding of the Government's development agenda.

Through this exercise, the Government aims to nurture an open, accountable, pro-active and purposeful style of governance by transitioning from mere outlays to result-oriented outputs and outcomes. This effort will enable Ministries to keep track of the scheme objectives and work towards the development goals set by them. The document being presented contains Output-Outcome Framework for major Central Sector (CS) Schemes and Centrally Sponsored Schemes (CSS) with outlay Rs. 500 crore and greater in FY 2020-21. Hence, this document covers 160 schemes, covering over 95% of the total CS/CSS budget covered in the Outcome Budget 2020-21.

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6. PROMINENT THEMES OF THE UNION BUDGET 2020-21

Introduction

The Union Budget 2020-21 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 "Sabka Saath, Sabka Vikas, Sabka Vishwas".
- **'Caring Society'** that is both humane and compassionate, where Antyodaya is an article of faith.

Insight into Themes

Aspirational India

The three components of Aspirational India are-

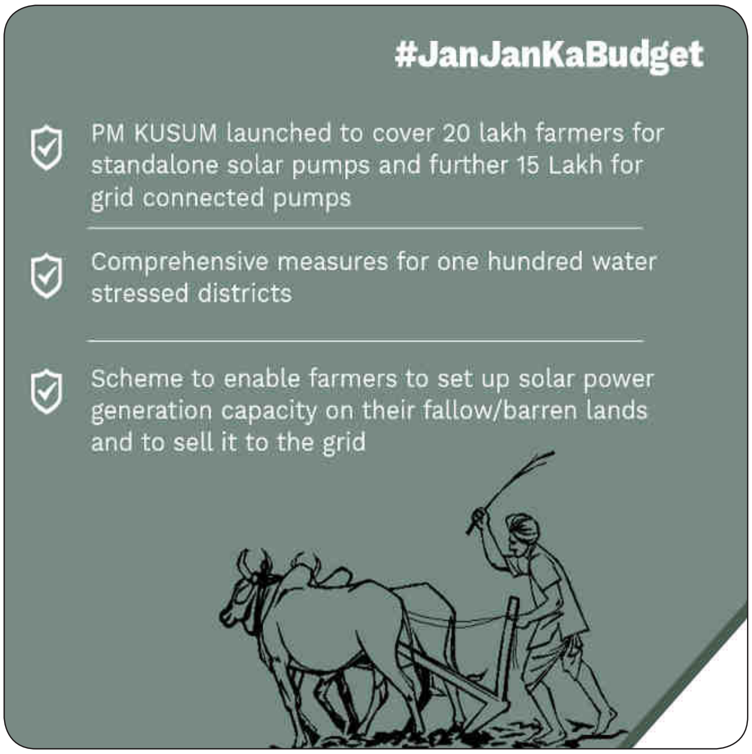
A. Agriculture, Irrigation and Rural Development

B. Wellness, Water and Sanitation and

C. Education and Skills.

A. Agriculture, Irrigation and Rural Development

Budget allocation of 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, 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 been 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 eliminated 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.

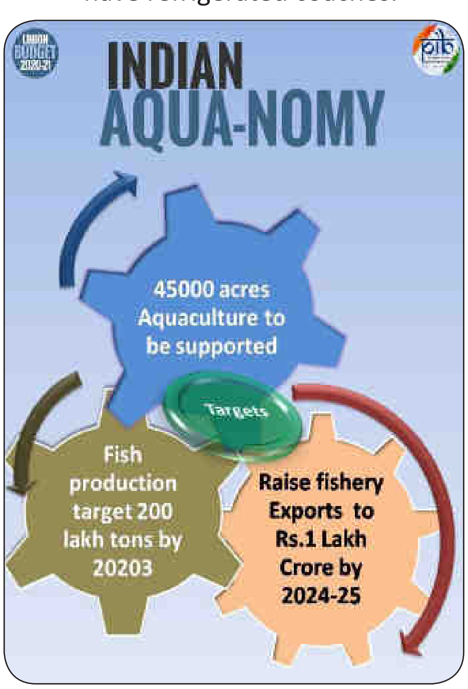
Similarly on the Blue Economy, raising of fish production to 200 lakh tonnes is proposed by 2022-23. Youth to be involved in fishery extension through 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations. Fishery exports hoped to be raised to Rs 1 lakh crore by 2024-25. Deen Dayal Antyodaya Yojana- for alleviation of poverty, half acrore households are mobilized with 58 lakh Self-Help Groups (SHGs) and it will be further expanded.

Key Points

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.

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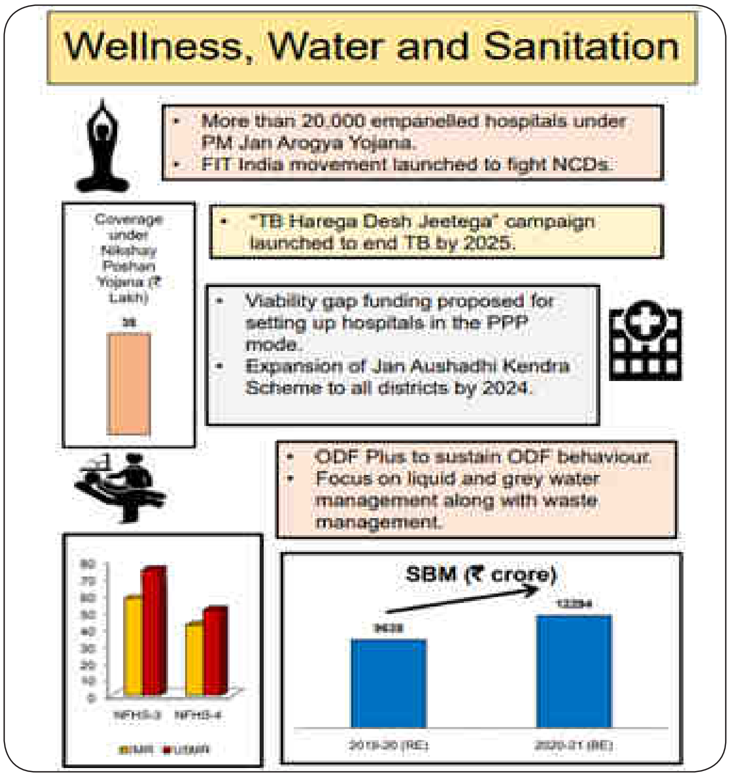
- Foot and Mouth disease, brucellosis in cattle, and also peste des petits ruminants(PPR) in sheep and goat to be eliminatated by 2025
- Coverage of artificial insemination to be increased from the present 30% to 70%
- MNREGS to be dovetailed to develop fodder farms
- Doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025 to be facilitated



- 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.

B. Wellness, Water and Sanitation

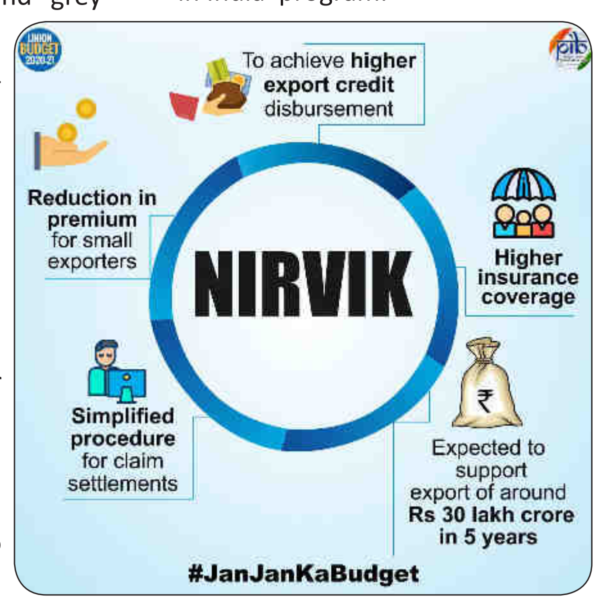
Key Points

- Rs. 69,000 crore allocated for overall Healthcare sector.
- Rs. 6400 crore (out of Rs. 69,000 crore) for PM Jan ArogyaYojana (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 JalJeevan 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:
  - Committment 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.

C. Education and Skills

Key Points

- 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 for All

The three components of Economic Development for All are:

A. Industry, Commerce and Investment

B. Infrastructure

C. New Economy

A. Industry, Commerce and Investment

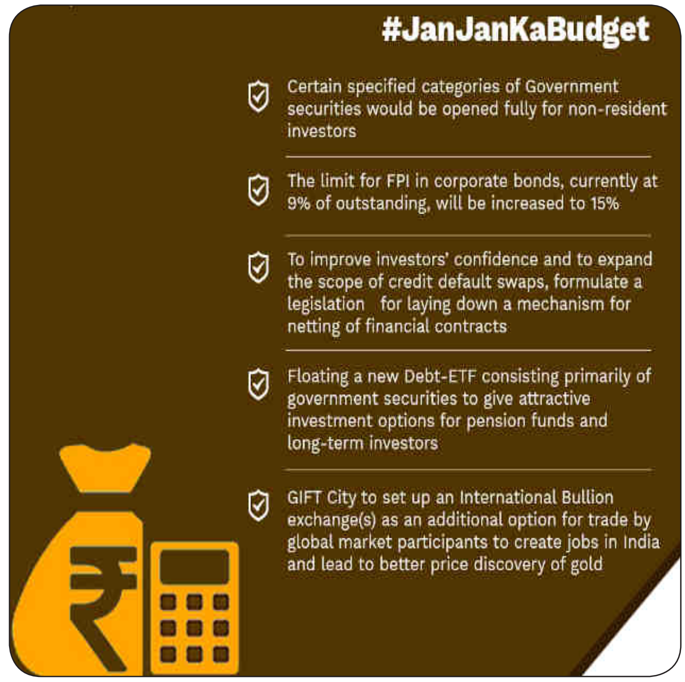
Referring to the theme of Economic Development, the Finance Minister said that Rs 27300 crore would be allocated for development and promotion of Industry and Commerce for the year 2020-21. An 'Investment Clearance Cell' will be set up to provide "end to end" facilitation. It is proposed to develop five 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 eMarketplace (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.

MSME Empowerment

- To provide impetus, the RBI proposes to extend the debt restructuring window for MSMEs by a year to 31 March 2021.
- It is proposed to launch an app-based invoice financing loans product. This will obviate the problem of delayed payments and consequential cash flow mismatches for the MSMEs.
- It is proposed to make amendments to the Factor Regulation Act, 2011 to enable NBFCs to extend invoice financing to the MSMEs.
- It is proposed to introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs. This subordinate debt to be provided by banks would count as quasi equity and would be fully guaranteed through the Credit Guarantee Trust for the Medium and Small Entrepreneurs.
- Restructuring of debt by MSME may extend till 31 March 2021.
- Turnover thres-hold for audit is proposed to be increased from INR 0.01bn to INR 0.05bn for MSME. The increased limit shall apply only to those businesses that carry out less than 5% of their business transactions in cash, thus giving a boost to digital transactions.

GIFT City

- Gujarat International Finance Tec-City (GIFT City) is a business district by Gujarat government. It is India's first operational smart city and international financial services centre. It is located in Gandhinagar Metropolitan region as greenfield development.
- International Bullion exchange(s) proposed to set up in GIFT City, as an additional option for trade by global market participants.



- Rupee derivatives have been permitted by the Government and the RBI to be traded in the IFSC at GIFT City.
- Government has indicated that GIFT City has the potential to serve as a centre for high-end data processing.

Financial Services

Foreign Investments

- To promote greater participation by FPIs, the Government proposes to increase the investment limit for FPI to 15% (currently 9%) of the outstanding stock of corporate bonds.
- To enable sourcing ECB and FDI to deliver higher quality education.
- Certain specified categories of investment in Government securities to be fully opened for NR investors.

Financial Markets

- To formulate legislation to establish a mechanism for netting of financial contracts to expand the scope of credit default swaps.
- A new Debt-ETF consisting primarily of Government securities to be floated, given its recent experience of floating debt-based ETF.

- The Government proposes to sell a part of its holding in LIC through an IPO.
- The Government proposes to sell balance holding of the Government of India in IDBI Bank to private/ retail/ institutional investors through the stock exchange.
- Deposit Insurance Coverage to increase from Rs. 1 lakh to Rs. 5 Lakh per depositor.
- Eligibility limit for NBFCs for debt recovery under SARFAESI Act proposed to be reduced to asset size of Rs. 100 crore or loan size of Rs. 50 Lakh.
- Separation of NPS Trust for government employees from PFRDAI.
- Specified categories of government securities would be opened Specified categories of government securities would be opened for non resident investors
- FPI Limit for corporate bonds to be increased to 15 per cent.

Tax Proposals 2020-2021

Individual Taxation

- Indian Citizens or Person of Indian origin living outside India: Residency test for individuals reduced to 120 days from 182 days in a fiscal year
- Individuals: To qualify as ordinary resident if presence in India is 4 out of 10 fiscal years
- Deemed Residency: Indian citizens deemed to be a resident in India if not liable to tax in any other country or territory by reason of their domicile, residence, etc.

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New Optional Tax Regime Proposed for Personal Income Tax

Taxable Income Slab (₹)	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%

- Around 70 of the existing exemptions and deductions of different nature proposed to be removed for those opting for the new regime
- Substantial tax benefits to accrue to taxpayers, leading to higher disposable income and savings

Personal Tax Rates

The current slab rates, surcharge and health and education cess remain unchanged. However, the Bill proposed to provide for an option to an individual and Hindu Undivided Family (HUF) taxpayers to apply lower tax rates as per a new tax regime. In case an individual or HUF opts for the lower tax regime, certain exemptions, deductions and set-off of losses will not be available to be considered while computing the taxable income.

New tax regime option provided devoid of any deductions and exemptions (including standard deduction, deduction for investments namely LIC, PPF etc.)

Union Budget 2020-21 significantly cut tax rates for the salaried class, giving them relief, but provided they forgo exemptions. For financial year 2020-21, people earning up to Rs 5 lakh will not have to pay any income tax while those with income between Rs 5 lakh to Rs 7.5 lakh will have to pay 10 per cent of income tax, this is half of what they are paying now. Also, there will be 15% tax for income between 7.5 lakh to 10 lakh and 20 per cent tax for income between 10 lakh to 12.5 lakh. The people earning between Rs 12.5 lakh to Rs 15 lakh will have to pay 25 per cent of tax while those with income above Rs 15 lakh will pay 30 per cent tax.

So, as per the new announcements, a person earning Rs 15 lakh per anum and not availing any deductions will pay Rs 1.95 lakh tax in place of Rs 2.73 lakh now. Around Rs 40,000 crore per annum will be revenue foregone from new income tax rates for individuals and that the government has removed 70 exemptions, deductions with a view to further simplify tax regime.

Analysis

The move would have been great if it was tax neutral or left the taxpayers richer for giving up these exemptions. This would have also made the investment universe tax agnostic giving financial products a level-playing field. But the new tax system has not only increased the number of tax slabs that only compounds the confusion, but may also leave less in the hands of the taxpayers. Rather than providing any substantial benefit to the taxpayers (a lot of taxpayers use exemptions and deductions to reduce their tax outgo), they have added to the confusion. They will have to do the assessment every year to understand their tax liability under the two regimes and opt for the one which is providing them more benefits.

As not many people will be able to do the assessment themselves, they may have to take the help of the tax experts. Not many taxpayers will benefit by switching to the new regime despite the fact that the tax slab rates are lower. The new tax regime proposed to do away with the various deductions, including house rent allowance, Section 80C, Section 80D and so on, available under the current regime, which may effectively increase the tax liability for some rather than reducing it. An individual taxpayer will have to do the assessment every year to understand which regime is more beneficial. The same option though is not available to those with business income. They can make the choice only once.

The government has also abolished the dividend distribution tax deducted by the companies and mutual funds before paying dividend but have instead made it taxable in the hands of the taxpayers. This may actually increase the tax paid on dividend income by those who are in the higher tax brackets.

Some experts were disappointed that the budget didn't remove the tax arbitrage in financial products by way of taxability of capital gains.

The changed definition of non-resident Indians (NRIs) didn't go down well either. The budget has reduced the number of days spent in India from 182 to 120 days for a person to get the NRI status. This move may disincentivize people from spending more time in India. Businesses are mobile and with a view to attract entrepreneurs to India, the government should consider restoring the prior threshold.

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

Dividends from Domestic Companies

- On account of the change to the dividend distribution tax regime, additional tax of 10% on individual shareholders abolished.

Dividend Taxation

- Incidence of dividend taxation shifted to the shareholder at applicable rates (as against the domestic company declaring dividends).
- Withhadding Tax (WHT) at 10% if dividend exceeds INR 5,000 for resident shareholders.
- WHT at 20% (plus applicable surcharge or cess) or lower treaty rate for NR shareholders.
- Interest expense deductible to the extent of 20% of such dividend income.

Rationalisation of Provisions for Startups

- Proposal to defer perquisite taxation on exercise of Employee Stock Option (ESOP) to earlier of five years from the said date or date of leaving of employment or the date of actual sale of shares for employees of eligible startups.
- Turnover criteria for eligible startups to qualify for tax holiday increased to INR 100 crore (from the existing INR 25 crore).
- Flexibility provided to eligible startups to claim tax holiday for three consecutive years out of ten years from incorporation (from exiting seven years).

Tax Collection at Source (TCS)

- New provisions introduced to cover remittances made under
  - The 'liberalized remittance scheme' of RBI or sale of overseas tour package at 5% (else at 10% if no PAN/Aadhaar); and
  - Sale of goods (aggregate of value exceeding INR 50 lakhs) subject to TCS at 0.1% of the sale consideration (else at 1% if no PAN/Aadhaar).

Indirect Tax – Customs

- Health cess at 5% proposed to be levied on import of medical devices to support health infrastructure.
- Proposal to review Rules of Origin for sensitive items, in order to arrest undue claims under FTA.

Improving Effectiveness of Tax Administration

- Ambit of Dispute Resolution Panel expanded to cover variations by tax officer that is prejudicial to the interest of a taxpayer (i.e. either a foreign company or any non-resident).
- E-appeal scheme (including e-scheme for imposing penalty) to be notified to bring in greater efficiency, transparency and accountability while eliminating interface with the appellate fora.
- Income Tax Appellate Tribunal to provide stay of demand on deposits of 20% of the amount of tax, interest, fee, penalty, or any other sum payable by a taxpayer.
- To adopt and declare a taxpayer charter within which the tax administrative body (i.e. CBDT) will issue orders, instructions, directions or guidelines to the tax office for effective administration of the Income-tax Act, 1961.
- Dispensation from return filing compliance for NR (without a permanent establishment in India) earning income from royalties or fees for technical service on which WHT at 10% (plus applicable surcharge or cess) is applied.

Withholding tax (WHT) on E-commerce

- E-commerce operator to withhold tax at 1% on proceeds paid to e-commerce participant (i.e. seller); else at 5% if no PAN/Aadhaar.
- E-commerce operator to withhold even if the payment moves directly from the customer to the e-commerce participant.
- No WHT for individual/HUF where sale through the e-commerce operator does not exceed INR 5 lakh.

- Provisions not applicable to amount received by an e-commerce operator for hosting advertisements.

WHT Provisions

- Sunset clause extended up to 1 July 2023 for 5% WHT rate on interest on foreign currency borrowings, masala bonds, and certain bonds to FIIs/QFIs, etc.
- WHT on technical services (excluding professional services) to be reduced to 2% as against the existing 10%.
- WHT under works contract at 2% to cover cases of contract manufacturing where raw material is provided by related parties.

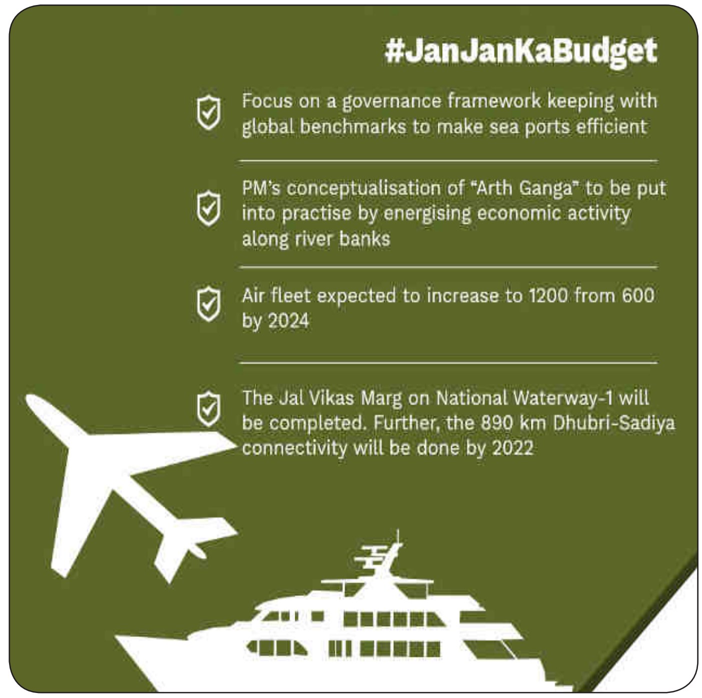
B. Infrastructure

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 and 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.

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.



Transport & Logistics

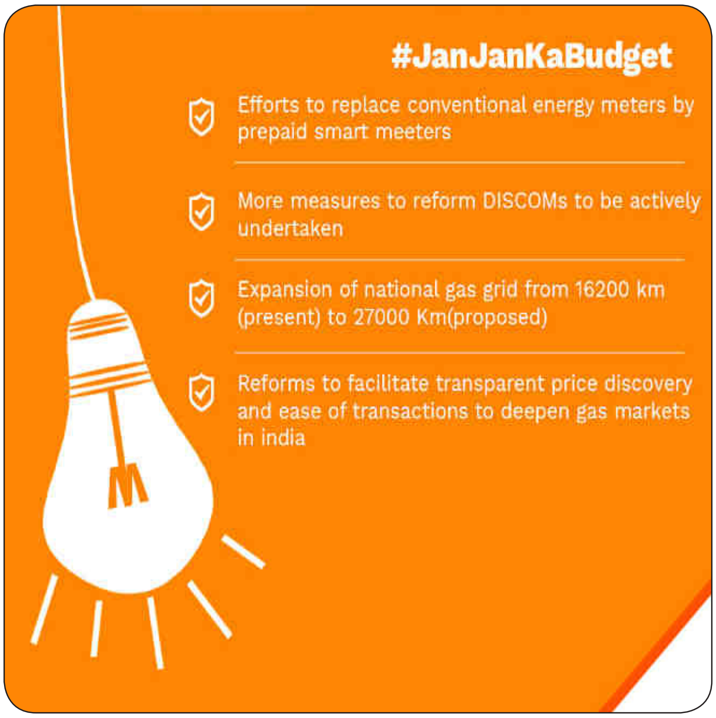
The budget aims to improve overall transport infrastructure such as railways, inland waterways, roads, highways and airports and provide huge impetus to connectivity while bridging the gap between remote and urban areas. Indian logistics, currently estimated to be around US$160 bn, is expected to continue to grow at 8– 10% over the medium term. The scope for improvement in the logistics sector is huge. According to the Department of Commerce, the country spends about 14% of its GDP on logistics, which is far higher than other global economies. To support the growth in the logistics sector, various initiatives such as dedicated freight corridors, inland waterways, Bharatmala, Sagarmala and multi-modal logistics park form a part of the Government's ambitious agenda. To add to this, the Government is also working on a National Logistics Policy and a National Logistics Action Plan, which focus on reducing logistics cost and enhancing the manufacturing sector's competitiveness.

Some announcements include the following:

- To redevelop four railway station projects under PPP. (The railways got a budgetary allocation of Rs. 70,000 crore and an outlay for capital expenditure amounting to Rs. 1.61 lakh crore).
- The budget also proposed setting up of a large solar power capacity alongside the rail tracks on land owned by the railways. Redevelopment of four stations and operation of 150 passenger trains would be done through the public-private-partnership (PPP) mode.
- Indian Railways aims to achieve electrification of 27000 Km of tracks.
- The 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.
- To monetise 10 lots of highway bundles of over 6000 km before 2024.

- In the proposed 148 km Bengaluru Suburban transport project, the Central Government would provide 20% of equity and facilitate external assistance up to 60% of the project cost.
- It is proposed to create warehousing, in line with the Warehouse Development and Regulatory Authority norms.
- Viability Gap Funding (VGF) will also be provided for setting up efficient warehouses at the block/ taluk level.
- It is proposed to corporatise and list atleast one major port on stock exchanges.
- It is proposed to accelerate the development of highways, including the development of 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.
- Develop five new smart cities on PPP basis.
- At least one major port to be corporatised and listed on stock exchanges.
- It is proposed to provide about INR 1,700 bn for transport infrastructure in 2020-21.

The proposed 'Kisan Rail' and 'Krishi Udaan' are good initiatives to improve connectivity and accessibility to help bridge the gap between farms and the agri-produce markets. It would be important to concurrently address gaps in first and last-mile infrastructure and connectivity to ensure end-to-end supply chain. Acknowledging the potential in the sector for employment, the Finance Minister has emphasised that the NSAD will give special impetus to infrastructure-focused skill development opportunities. The proposed setting up of a project preparation facility for infrastructure projects will help address a critical capacity issue for infrastructure sector, as projects often fail to move from concept to implementation because of poor project preparation, resulting in failure to attract funding and project developers. However, these project preparation facilities will need to draw upon experienced manpower resources to help prepare projects, or it could result in suboptimal realisation of objectives. The augmentation of airport capacity under the Udaan Scheme, through the proposed development of 100 new airports by 2024, is a big positive for the aviation sector.



Power

- It is proposed to set-up large solar power capacity alongside rail tracks on railway land.
- It is proposed to allocate INR 220bn for power and renewable energy sector and the government has urged State Governments to implement smart meters.
- It is proposed to operationalise a scheme to enable farmers to set-up solar power generation capacity on their fallow/ barren lands and to sell it to the grid.
- It is proposed to close power plants that are old and exceeding carbon emission norms. The land could be used for alternative purposes.
- Farmers may be able to contribute to solar power generation by utilising barren lands.
- Land alongside rail tracks to be utilised for solar power generation.
- Proposal to expand the national gas grid from the present 16,200 km to 27,000 km.
- Policy to enable private sector to build Data Centre parks to be rolled out soon.
- Current safe harbour of 5% has been enhanced to 10% in cases where the transaction value is less than the stamp duty value.
- For determining cost of acquisition, FMV of land and building as on 1 April 2001 to be restricted to the stamp duty value as on 1 April 2001.

E-commerce

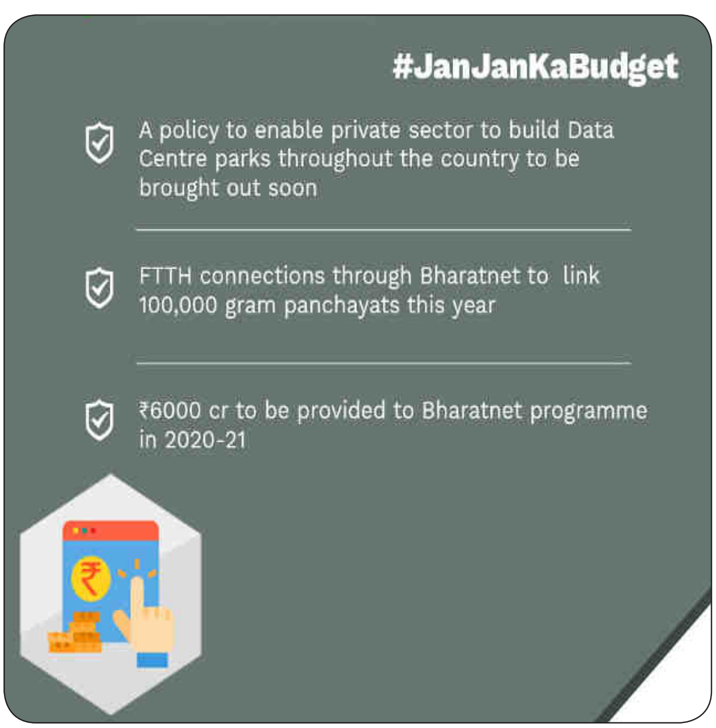
FY19 saw the Indian eCommerce industry record strong growth on the back of an increase in internet users, proliferation of smartphones and improving data affordability. The Indian e-Commerce market is expected to grow from USD 45bn to over USD 100bn by 2022, with online financial services set to grow the fastest. Despite the volatile regulatory environment, India added nine start-ups to the Unicorn club in 2019, a list which continues to be dominated by e-Commerce companies. The year also saw the emergence of new online categories such as food and grocery, fashion and B2B services as offline businesses and e-Commerce players came together to build upon each other's strengths and serve consumers through an omni-channel model. The e-Commerce industry was impacted by significant regulatory developments in FDI guidelines, draft e-Commerce policy, data localisation and privacy norms. The year also saw investors increasingly demand profitability and sustainable business models, thereby encouraging investments in improving operational efficiency, building digital trust and enhancing customer experience using voice-based and AI technologies. While e-Commerce in India has grown substantially in recent years, it accounts for only 2-4% of the total retail sales compared to 14% globally. At a time when consumer sentiment is low due to economic concerns, building a robust physical, digital and payment infrastructure is imperative to spur consumption especially from Tier 2 and 3 cities.

C. New Economy

On New Economy 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.

Key Points

- Data Infrastructure: It is proposed that a policy will soon be announced to enable the private sector to build data centre parks across the country.
- It is proposed to promote knowledge-driven enterprises for the creation and better protection of IP through a digital platform.
- It is proposed to set-up knowledge translation clusters across different technology sectors including new and emerging areas. For designing, fabrication and validation of proof of concept and further scaling up of technology clusters, harbouring such test beds and smallscale manufacturing facilities would also be established.



- The government recognises the potential of quantum technologies in computing, communications and cyber security with widespread applications. It is thus proposed to introduce a National mission on Quantum Technology and Computing with an allocated budget of INR 80 bn for five years.

Caring Society

The three components of caring society are:

A. Women & Child and Social Welfare

B. Culture and Tourism

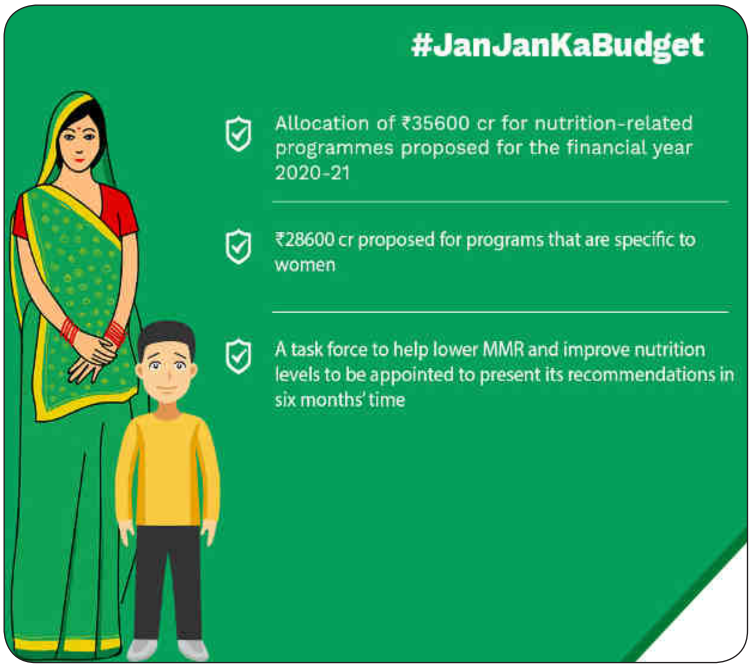
C. Environment and Climate Change

Caring society is third major theme of the Union Budget 2020-21. It focuses on Women & child, Social Welfare and Culture & Tourism. Further, it has been divided into three sections namely women, child and social welfare, culture and tourism and environment and climate change.

A. Women & Child and Social Welfare

Harping on the theme of Caring Society, Rs 35,600 has been 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. 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.

- Nutrition, especially among vulnerable groups such as children, adolescent girls and mothers, has received a major push in the Union Budget 2020-21. The government has announced an allocation of Rs 35,600 crore to various nutrition



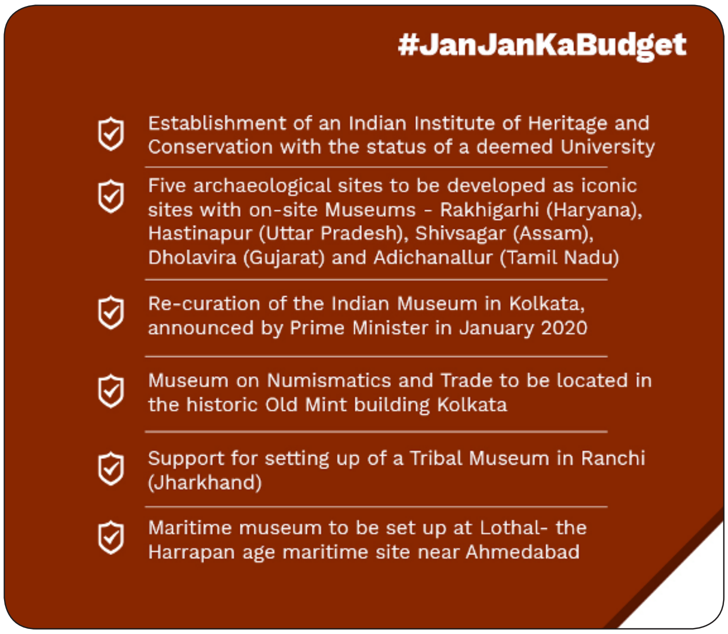
programmes, including 'Poshan Abhiyaan' or 'Nutrition Mission'. Further, under 'Poshan Abhiyaan', launched in 2019, 6 lakh anganwadi workers have been equipped with smartphones to provide nutritional updates for 10 crore households.

- In order to eradicate manual cleaning of sewer systems and septic tanks, the Ministry of Urban Development has been asked to look for alternative technologies to implement mechanised cleaning. The government has, however, not increased the budgetary allocation for the Self-Employment Scheme for Rehabilitation of Manual Scavengers under the Ministry of Social Justice and Empowerment which has remained at Rs 110 crore, the same allocation as in the last Budget.
- The outlay for the Integrated Programme for Rehabilitation of Beggars has been increased from Rs 5 crore in the 2019-20 Budget to Rs 100 crore this year.
- The Budget provides for Rs 28,600 crore for programmes specific to women. The minister also announced a task force to work towards lowering maternal mortality rates and improving nutrition levels.
- While the government said the government's Beti Bachao Beti Padhao Abhiyaan had "yielded tremendous results'', the outlay for the programme had been reduced from Rs 280 crore in the 2019-20 budget to Rs 200 crore in the 2019-20 revised estimates. The government has kept an outlay of Rs 220 crore in the 2020-21 Budget.
- Of the total outlay of Rs 30,000 crore for the Ministry of Women and Child Development, nutrition-specific schemes such as anganwadi services, which form the core of the Integrated Child Development Scheme, have received the bulk of the allocation at Rs 20,532 crore. This is an increase from the 2019-20 revised budget estimates of Rs 17,704 crore.
- The ministry has been allocated Rs 385 crore for One Stop Centres that are aimed at providing integrated support and assistance to women affected by violence.

B. Culture and Tourism

The fund for the Tourism Ministry was Rs. 2,150 crore in the 2018-2019 Budget, it rose to Rs 2,189.22 crore in 2019-2020. The allocation for the Culture Ministry, which was Rs 2,843.32 crore in 2018-2019, increased to Rs 3,042.35 crore for 2019-2020.

- The Ministry of Finance has allocated Rs. 2,500 crore for 2020-21 for tourism promotion. Further, to promote tourism state governments needs 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. India has moved up from rank 65 in 2014 to 34 in 2019 in the World Economic Forum's Travel and Tourism Competitive Index. Foreign exchange earnings grew 7.4% to Rs. 1.88 lakh crore for the period January to November 2019, from Rs. 1.75 lakh crore.
- 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.
- Five archaeological sites would be developed as iconic sites with onsite Museums. They are: Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh) Shivsagar (Assam), Dholavira (Gujarat) and Adichanallur (Tamil Nadu).

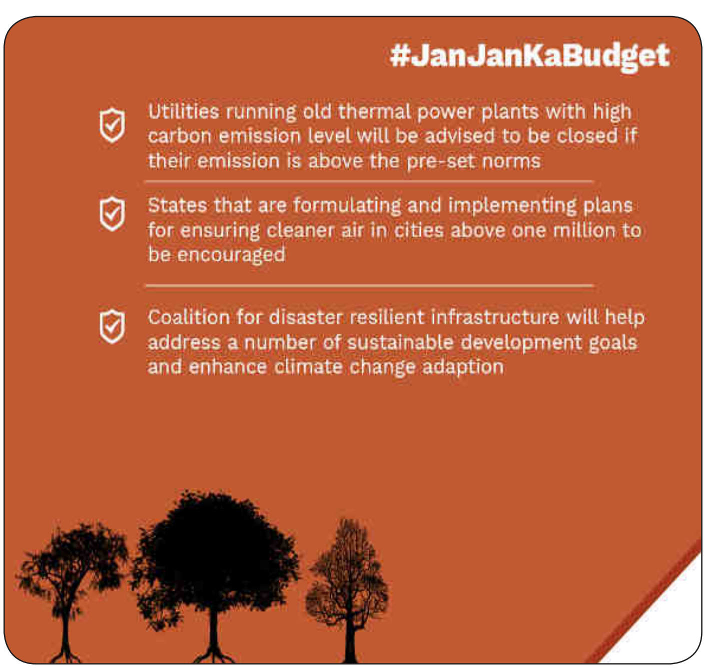


- It also proposed a tribal museum in Ranchi, Jharkhand.
- It also announced re-curation of the Indian Museum in Kolkata, which is the oldest in the country. Towards this, a museum on Numismatics and Trade will also be located in the historic Old Mint building Kolkata. Further, four more museums from across the country have taken for renovation and re-curation. Maritime museum will be set up at Lothal- the Harrapan age maritime site near Ahmedabad. The project is being implemented by the Ministry of Shipping through its Sagarmalaprogramme, with the involvement of the Archaeological Survey of India (ASI), the Indian Navy, the Gujarat State government, and other stakeholders.

C. Environment and Climate Change

In the Union Budget 2020-21, the Ministry of Environment was allocated Rs 3,100 crore, while an amount of Rs 4,400 crore announced to encourage states to formulate plans to ensure clean air in cities with a population of above a million.

- Union Budget earmarked Rs 4,400 cr for National Clean Air Programme. Fifty cities with population of over 1 million will benefit from this decision. However, this announcement does not come with clarity on what the money will be spent on. For instance, subsidies to waste-to-energy plants or investing in smog towers have been the solutions proposed in the past, which are non-starters and wasteful expenditure. Therefore, environmental activists, while welcoming the decisions, said the government needs to come out with the details soon.
- The budgetary allocation for the ministry has been raised by nearly five per cent against the last fiscal but there is no change in the amount allotted to pollution abatement and climate change action plan. Therefore, according to the experts the increase in the funds is not enough to tackle the climate crisis the country is facing.
- The Union government has also announced that all coal-fired power plants not meeting prescribed carbon emission standards will be shut down. Sources in the government said about 80 coal-fired power plants — all below 100 MW capacity — are likely to be affected by the government's decision. India has already said it would not sanction any new coal-fired power plants after 2022.



Connecting Dots

Three broad themes are held together by corruption free, policy-driven 'good governance' and clean and sound 'financial sector'.

Good Governance

Key Points

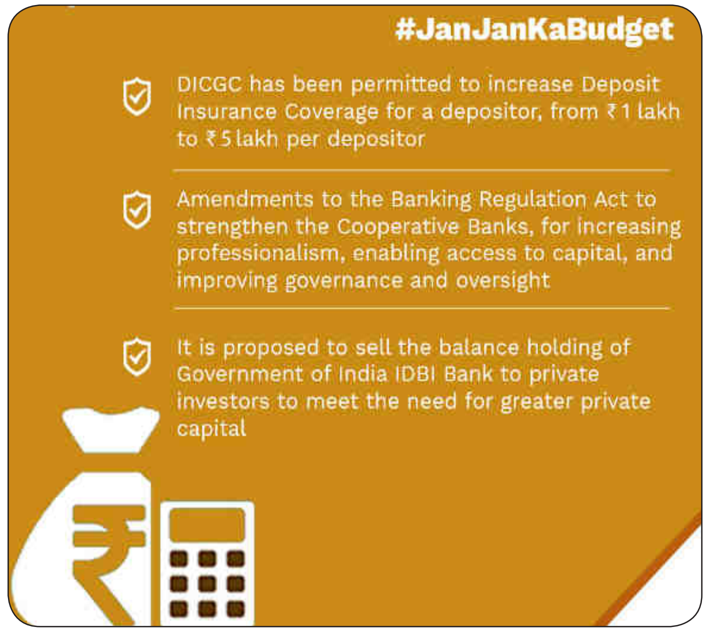
- Taxpayer Charter to be enshrined in the Statute will bring fairness and efficiency in tax administration.
- Companies Act to be amended to build into statues, criminal liability for certain acts that are civil in nature.
- New National Policy on Official Statistics to
  - Promote use of latest technologies 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.

Dwelling on the issue of governance as clean, corruption-free, policy driven and good in intent and most importantly trusting in faith, the Union Budget 2020-21 has 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

Key Points

- Deposit Insurance and Credit Guarantee Corporation (DICGC) permitted to increase Deposit Insurance Coverage to Rs. 5 lakh from Rs.1 lakh per depositor.
- 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.
- 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.
- 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.
- Easier mobility in jobs:
  - Auto-enrolment in Universal Pension coverage.
  - Inter-operability mechanism to safeguard the accumulated corpus.
- 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.



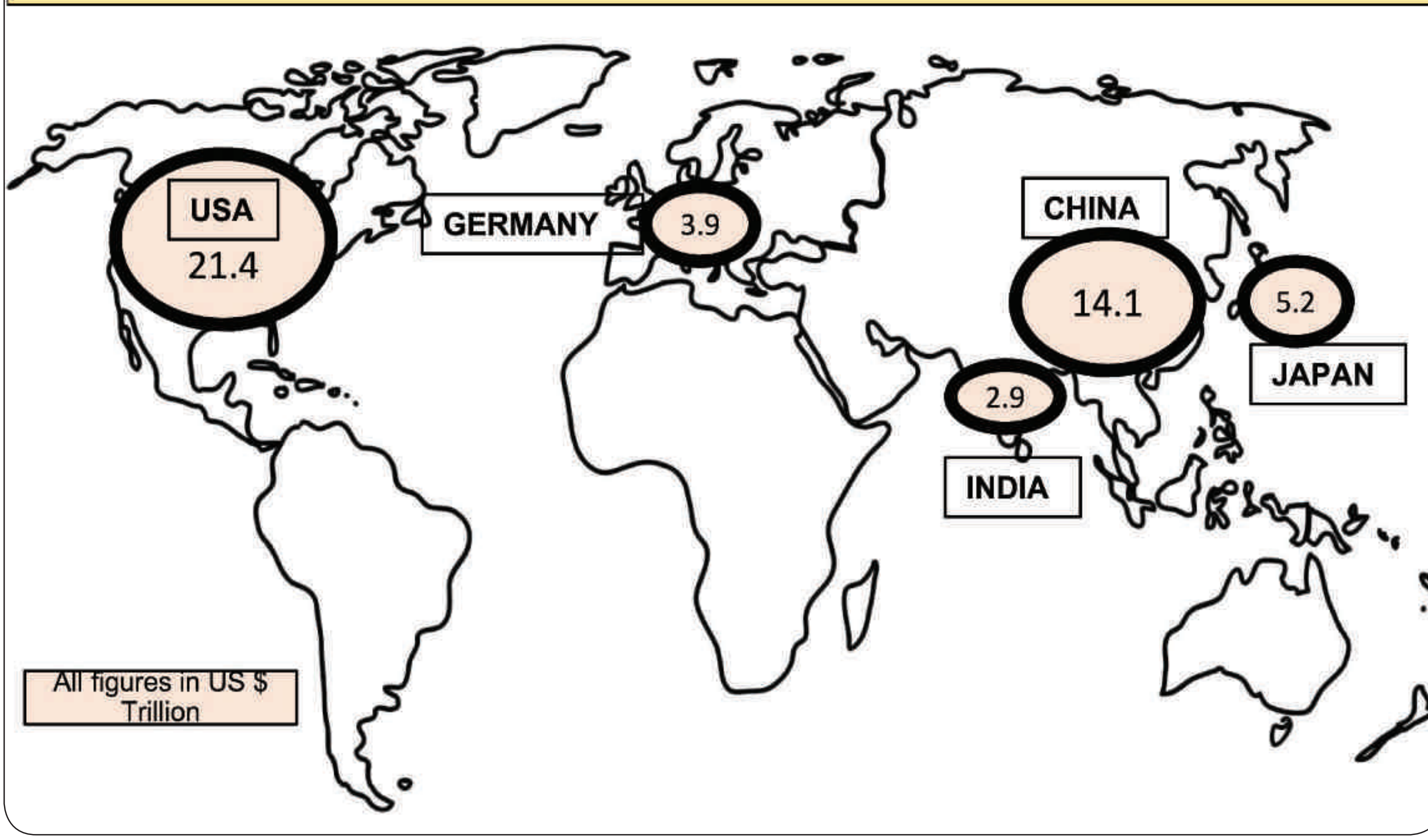
In the last few years, Government of India has infused about Rs 3,50,000 crore by way of capital into Public Sector Banks for regulatory and growth purposes. Governance reforms would be carried out in these banks, so that they become more competitive. Government has already approved consolidation of 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.

Critical Analysis

Amid a rising concern regarding the economic slowdown, the Union Budget 2020 has coupled with rising food inflation and fiscal deficit. Economic activity has been losing momentum for the past five quarters. Growth for FY2020 is forecast at 5 percent, marking it as the lowest growth in a decade. The global economic headwinds arising because of trade uncertainties and stagnant growth in several advanced nations add to these woes. Even though India has relatively low exposure, it is not immune to the global slowdown. Additionally, geopolitical tensions leading to fluctuations in oil prices may further add to the existing economic woes.

Budget 2020 offered a plethora of proposals to boost the flagging economy from improving agriculture infrastructure and a farmer's income

India is the 5th largest economy in the world in terms of GDP at current US $ Trillion.



and well-being to recognising the importance of the small and medium scale industries and startups in creating jobs and promoting innovation were made. Further, the Budget emphasised spending on social infrastructure by allocating funds for education, skill development, health, and environment.

The Budget was surely aspirational but fell short of addressing key structural and institutional factors that have significantly impacted business sentiments and thereby, investments. The government did not address the reforms around land and labour, environmental, and other regulatory clearances adequately. Whether this Budget can aid in immediate growth revival as desired right now is the other question everyone is asking. Given the expectation that infrastructure investment measures may aid in providing the desired boost to the economy, a lot will hinge on the successful and speedy implementation of the massive infrastructure programmes announced by the government. The government has emphasised the use of public-private partnerships (PPP) to meet the infrastructure investment objectives across diverse sectors such as airports, roads, hospitals, etc. However, it is not clear if there is an understanding of the possible funding model, their viability, and so on. The regulatory requirements to implement these models may have to be defined. Secondly, given the window open for sovereign wealth fund of foreign governments to invest in priority sectors with concessions (such as tax exemptions) is limited, these funds should be able to find projects that are ready for investments. Thirdly, currency vulnerabilities result in uncertainties in returns for foreign investors. These issues, unless addressed immediately, will impact investment attractiveness of these massive infrastructure projects.

It is encouraging to see the government's effort to address a few of the long-standing wishes of both the industry and common man. The government has to build on to the momentum through more actions (beyond the Budget) if it wishes to contain the economic slowdown.

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SEVEN IMPORTANT CONCEPTS THROUGH GRAPHICS

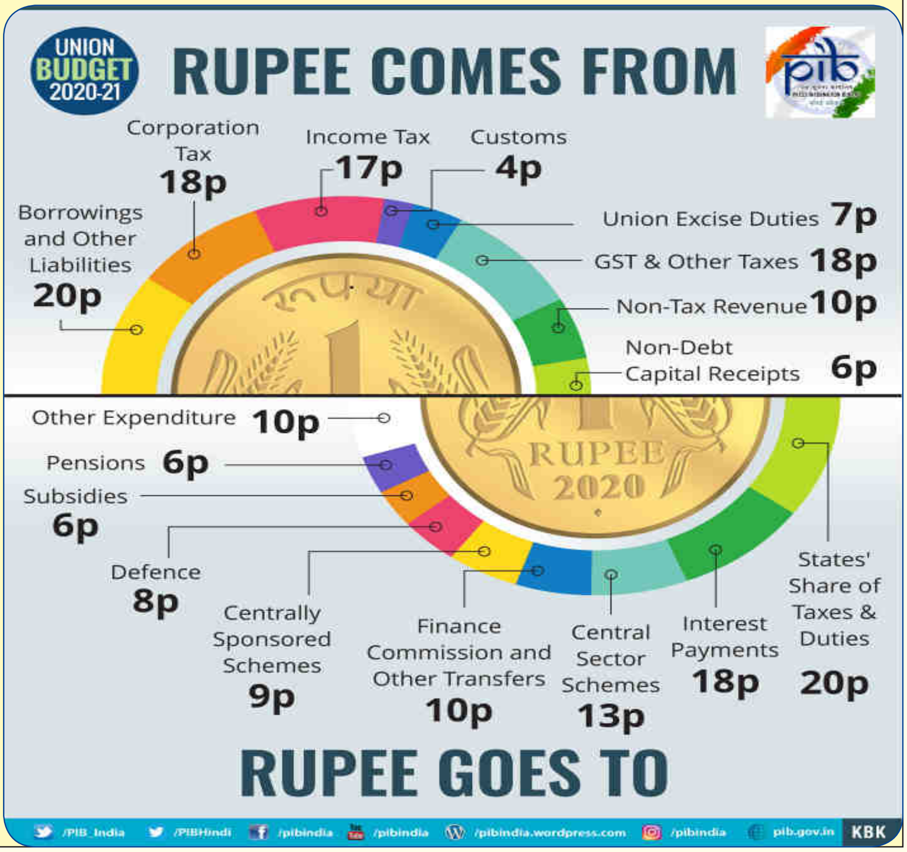
Union Budget 2020-21

1. Budget at a Glance

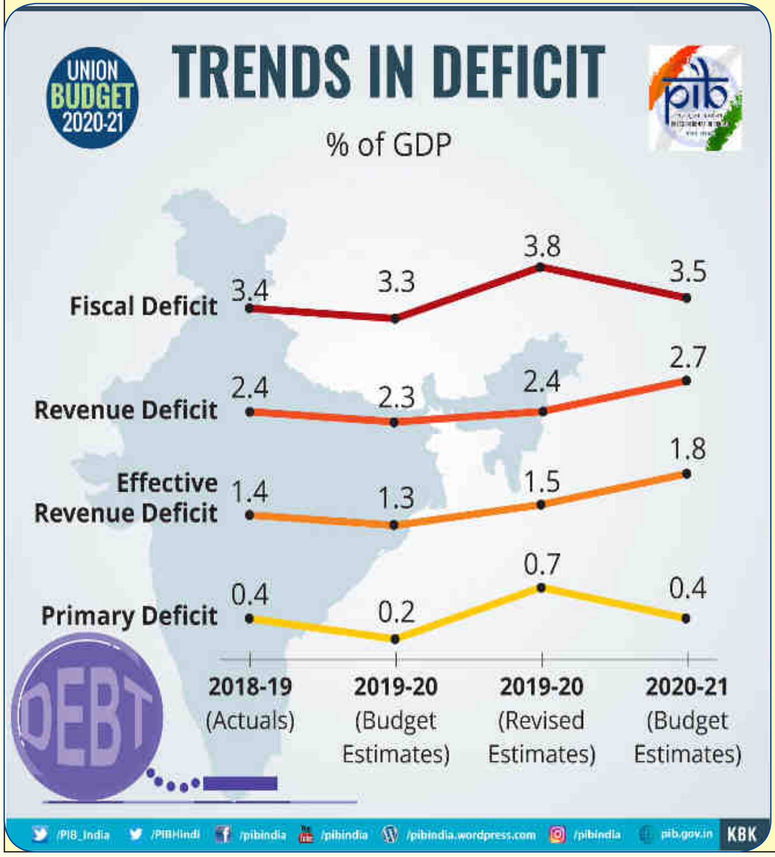
- The total expenditure of Union Budget 2020-21 is Rs 30,42,230 crore. It has increased significantly when compared with revised estimate of the Union Budget 2019-20, where the expenditure figure was 27.86 lakh crore rupees.
- The receipts (other than net borrowings) are expected to increase by 16.3% to Rs 22,45,893 crore, owing to higher estimated revenue from disinvestments. Thus the total expenditure is way higher than the receipts. To balance the expenditure and receipts side of the budget, the Indian government needs to borrow around Rs. 7 lakh crore in the financial year 2019-20 to meet its expenditure.
- The government has assumed a nominal Gross Domestic Product (GDP) growth rate of 10% (i.e., real growth plus inflation) in 2020-21. The nominal growth estimate for 2019-20 was 12%.
- Among the top 13 ministries with the highest allocations, the highest percentage increase is observed in the Ministry of Communications (129%), followed by the Ministry of Agriculture and Farmers' Welfare (30%) and the Ministry of Home Affairs (20%).

2. Rupee Coming and Going

- For every rupee in the government coffer, 64 paise will come from direct and indirect taxes, while the government will spend 20 paise towards state's share of taxes and duties. According to the Union Budget 2020-21 for the every rupee earned, the collection from Corporation Tax and Goods and Services Tax (GST), which collected 19 paise have been pegged at 18 paise, amounting to the largest source of revenue.
- Income tax mobilisation for the next fiscal has been estimated as 17 paise. The collection from borrowing and other liabilities will be 20 paise, while mobilisation from Union Excise duties will be 7 paise. The government intends to earn 10 paise from non-tax revenue like disinvestment, while it plans to mobilise 6 paise from non-debt capital receipts.
- On the expenditure side, the biggest component is states' share of taxes and duties at 20 paise and interest payment of 18 paise. Allocation towards defence has been decreased from 9 paise to 8 paise. Expenditure on central sector schemes will be 13 paise, while allocation for centrally sponsored schemes will be 9 paise.

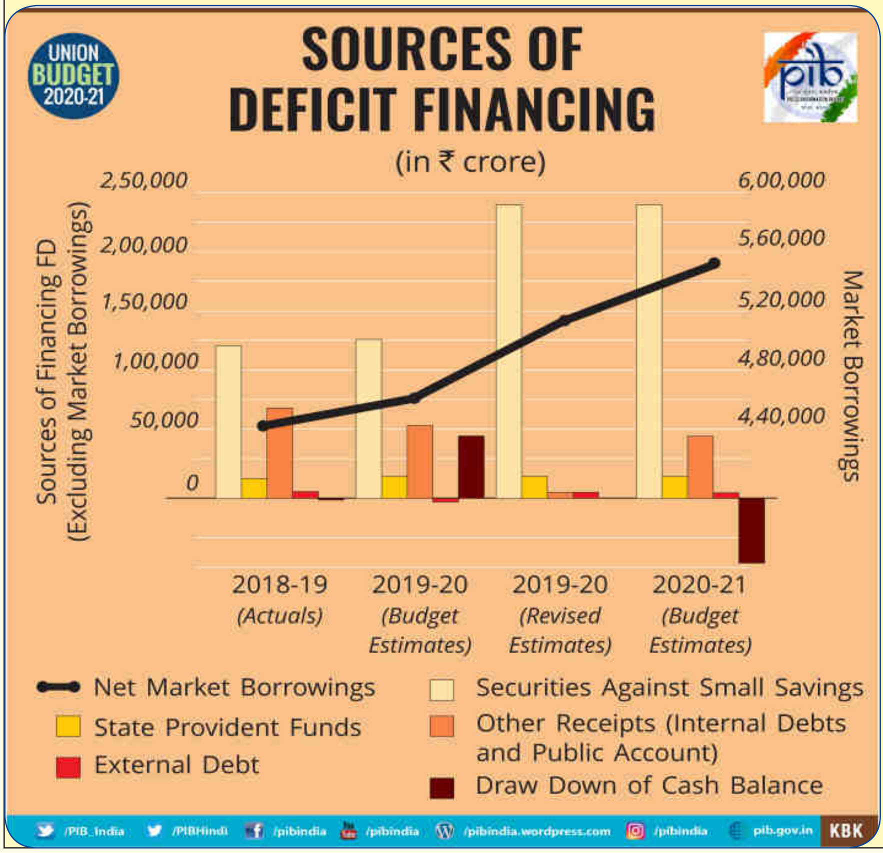


3. Trends in Deficit



- The fiscal deficit (FD) is the excess of total budget expenditure over total budget receipts excluding borrowings during a fiscal year. In simple words, FD is reflective of the total borrowing requirements of government to meet its expenses.
- Revenue deficit is the excess of total revenue expenditure of the government over its total revenue receipts. Alternatively, the shortfall of total revenue receipts compared to total revenue expenditure is defined as revenue deficit.
- Effective Revenue Deficit is the difference between revenue deficit and grants for the creation of capital assets. In other words, the Effective Revenue Deficit excludes those revenue expenditures which were done in the form of grants for the creation of capital assets. Effective Revenue Deficit was introduced in the Budget of 2011-12 for the first time.
- Primary deficit is defined as the fiscal deficit of current year minus interest payments on previous borrowings.
- In Union Budget 2020-21, revenue deficit is targeted at 2.7% of GDP, which is higher than the revised estimate of 2.4% in 2019-20. Fiscal deficit is targeted at 3.5% of GDP, lower than the revised estimate of 3.8% in 2019-20. The government is estimated to breach its budgeted target for fiscal deficit (3.3%) in 2019-20 and the medium term fiscal target of 3% in 2020-21. This does not include off-budget borrowings (0.9% of GDP in 2020-21).

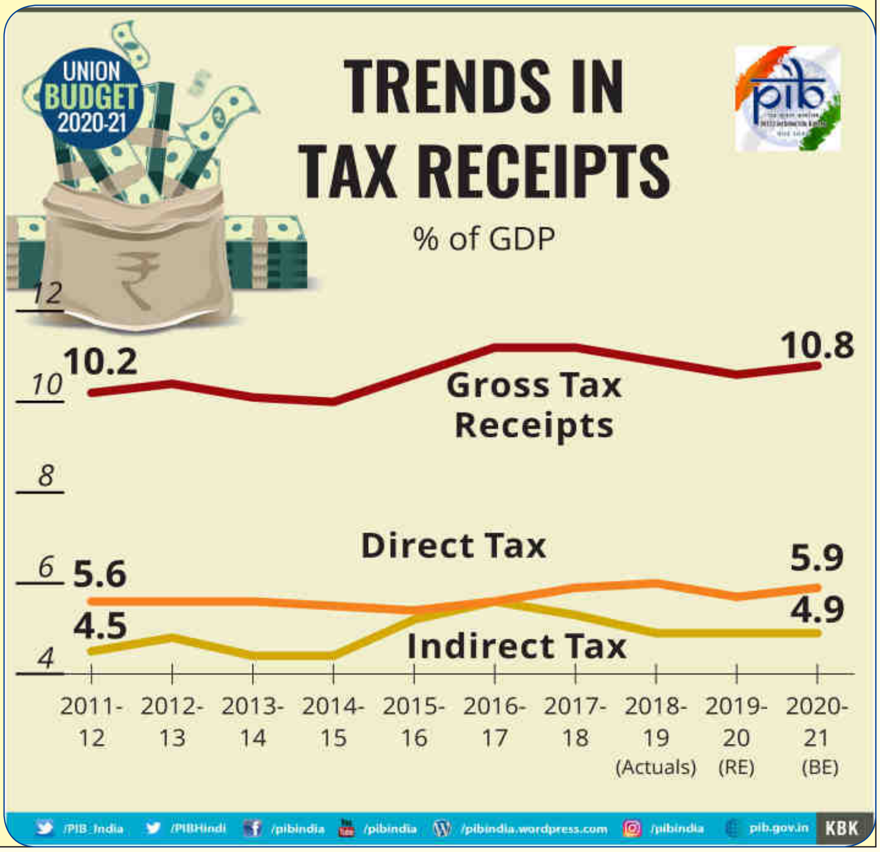
4. Sources of Deficit Financing



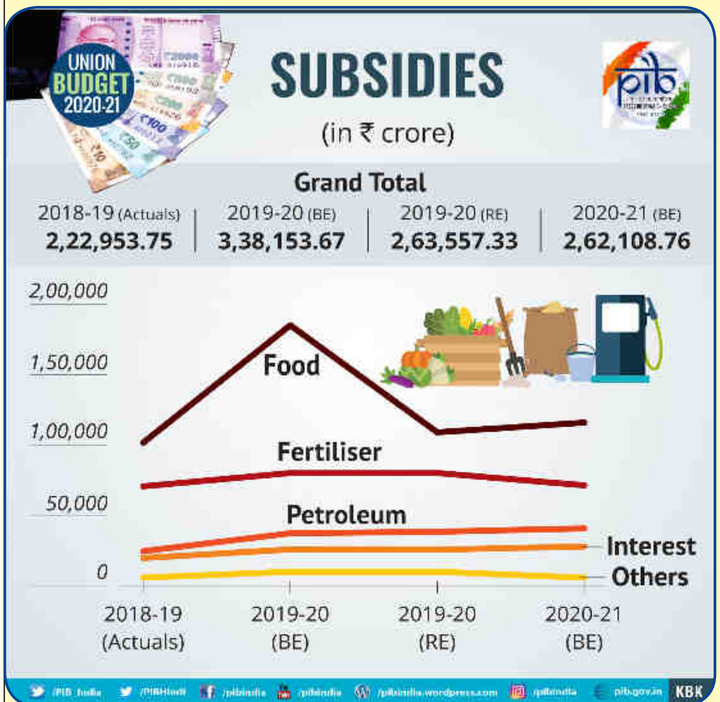
- Deficit financing is the budgetary situation where expenditure is higher than the revenue. It is a practice adopted for financing the excess expenditure with outside resources. The expenditure revenue gap is financed by either printing of currency or through borrowing.
- Nowadays most governments both in the developed and developing world are having deficit budgets and these deficits are often financed through borrowing. Hence the fiscal deficit is the ideal indicator of deficit financing.
- External debt remains low at 20.1% of GDP as at end September, 2019. After significant decline since 2014-15, India's external liabilities (debt and equity) to GDP increased at the end of June, 2019 primarily by increase in FDI, portfolio flows and external commercial borrowings (ECBs).
- In simple terms, debt-to-GDP ratio is the ratio of country's government debt (measured in currency terms) and its GDP, which is the market value of all the final goods and services produced in a financial year. The higher the ratio, the more likelihood of a country of defaulting on its payment.

5. Trends in Tax Receipts

- Gross tax revenue is budgeted to increase by 12% over the revised estimates of 2019-20, which is higher than the estimated nominal GDP growth of 10% in 2020-21.
- Indirect taxes: The total indirect tax collections are estimated to be Rs 10,96,520 crore in 2020-21. Of this, the government has estimated to raise Rs 6,90,500 crore from GST. Out of the total tax collections under GST, 84% is expected to come from central GST (Rs 5,80,000 crore), and 16% (Rs 1,10,500 crore) from the GST compensation cess.
- Corporation tax: The collections from taxes on companies are expected to increase by 11.5% in 2020-21 to Rs 6,81,000 crore. The revised estimates of 2019-20 indicate a 20.3% shortfall in collections from corporation tax over the budget estimates of 2019-20. This shortfall may be due to a cut in the corporate tax rates made earlier during the financial year.
- Income tax: The collections from income tax are expected to increase by 14% in 2020-21 to Rs 6,38,000 crore. The 14% growth is despite a reduction in tax rates. That is, income tax is estimated to grow at 21%, if not for the Rs 40,000 crore revenue foregone due to the reduction in tax rates.



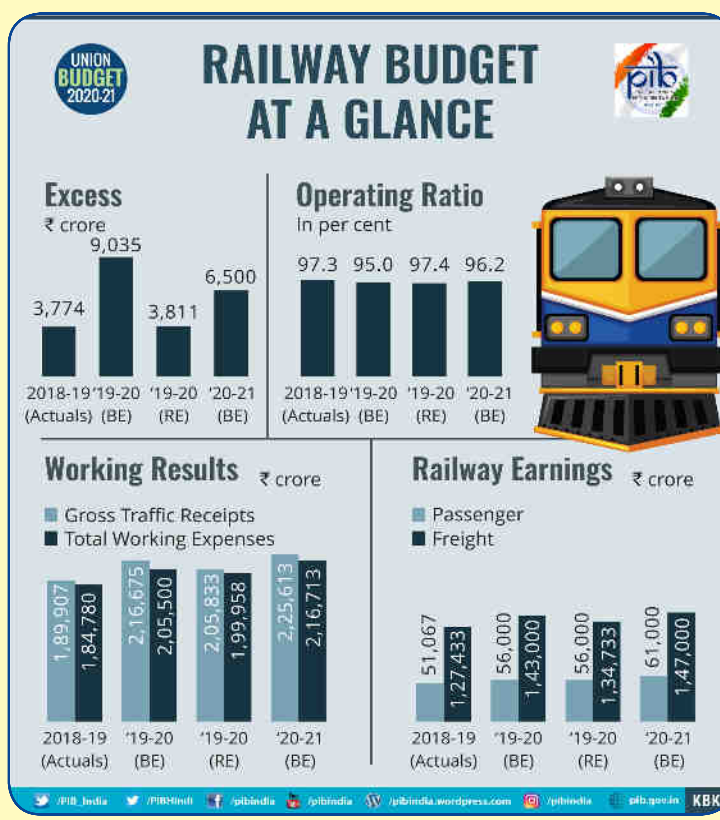
6. Subsidies



- In 2020-21, the total expenditure on subsidies is estimated to be Rs 2,62,109 crore, a decrease of 0.5% from the revised estimate of 2019-20. This is largely due to a decrease in expenditure on fertiliser subsidy.
- Food subsidy: Allocation to food subsidy is estimated at Rs 1,15,570 crore in 2020-21, a 6.3% increase as compared to the revised estimate of 2019-20. In 2019-20 budget, Rs 1,84,220 crore was allocated to food subsidy. However, the revised estimate is much lower than the budgeted estimate at Rs 1,08,688 crore. This is due to a 41% cut (Rs 75,532 crore in amount) in the allocation to food subsidy for 2019-20 from the budgeted stage to the revised stage.
- Fertiliser subsidy: Expenditure on fertiliser subsidy is estimated at Rs 71,309 crore in 2020-21. This is a decrease of Rs 8,689 crore (10.9%) from the revised estimate of 2019-20.
- Petroleum subsidy: Expenditure on petroleum subsidy is estimated to increase by 6.1% to Rs 40,915 crore in 2020-21. Petroleum subsidy consists of subsidy on LPG (Rs 37,256 crore) and kerosene subsidy (Rs 3,659 crore). In 2020-21, while the LPG subsidy is estimated to increase by Rs 3,170 crore over the previous year, kerosene subsidy is estimated to decrease by Rs 824 crore.
- Other subsidies: Expenditure on other subsidies includes interest subsidies for various government schemes, subsidies for the price support scheme for agricultural produce, and assistance to state agencies for procurement, among others. In 2020-21, the expenditure on these other subsidies has decreased by Rs 1,987 crore (5.5%) over the revised estimate of 2019-20. Table 4 provides details of subsidies in 2020-21.

7. Railway Budget at a Glance

- The railways got a budgetary allocation of Rs 70,000 crore and an outlay for capital expenditure amounting to Rs 1.61 lakh crore, a paltry 3 percent more than the previous year.
- The total receipts of the railway comprising earnings from passenger, goods, sundry other heads and railway recruitment boards are targeted to increase by 9.5 percent in the Budget Estimates (BE) of 2020-21 over the Revised Estimates (RE) of 2019-20.
- In the 2020-21 Budget, funds of Rs 12,000 crore have been allocated for construction of new lines, Rs 2,250 crore for gauge conversion, Rs 700 crore for doubling, Rs 5,786.97 crore for rolling stock and Rs 1,650 crore for signalling and telecom.
- The allocation for rail passenger comfort this fiscal is Rs 2,725.63 crore.
- The operating ratio, which was envisaged to be 95 percent in BE 2019-20 and revised to 97.46 percent in RE 2019-2020, now stands at 96.2 percent in BE 2020-21.
- Four railway station re-development projects and operation of 150 passenger trains will be done through public-private partnership mode. The government will encourage states to replace conventional energy meters with prepaid smart meters by 2023. It has been proposed to expand the national gas grid from 16,200 km to 27,000 km.



- With an aim to build a seamless national cold supply chain for "perishables", the government has proposed setting up of a "Krishi Rail" through PPP arrangements. There will be refrigerated coaches in express and freight trains as well.

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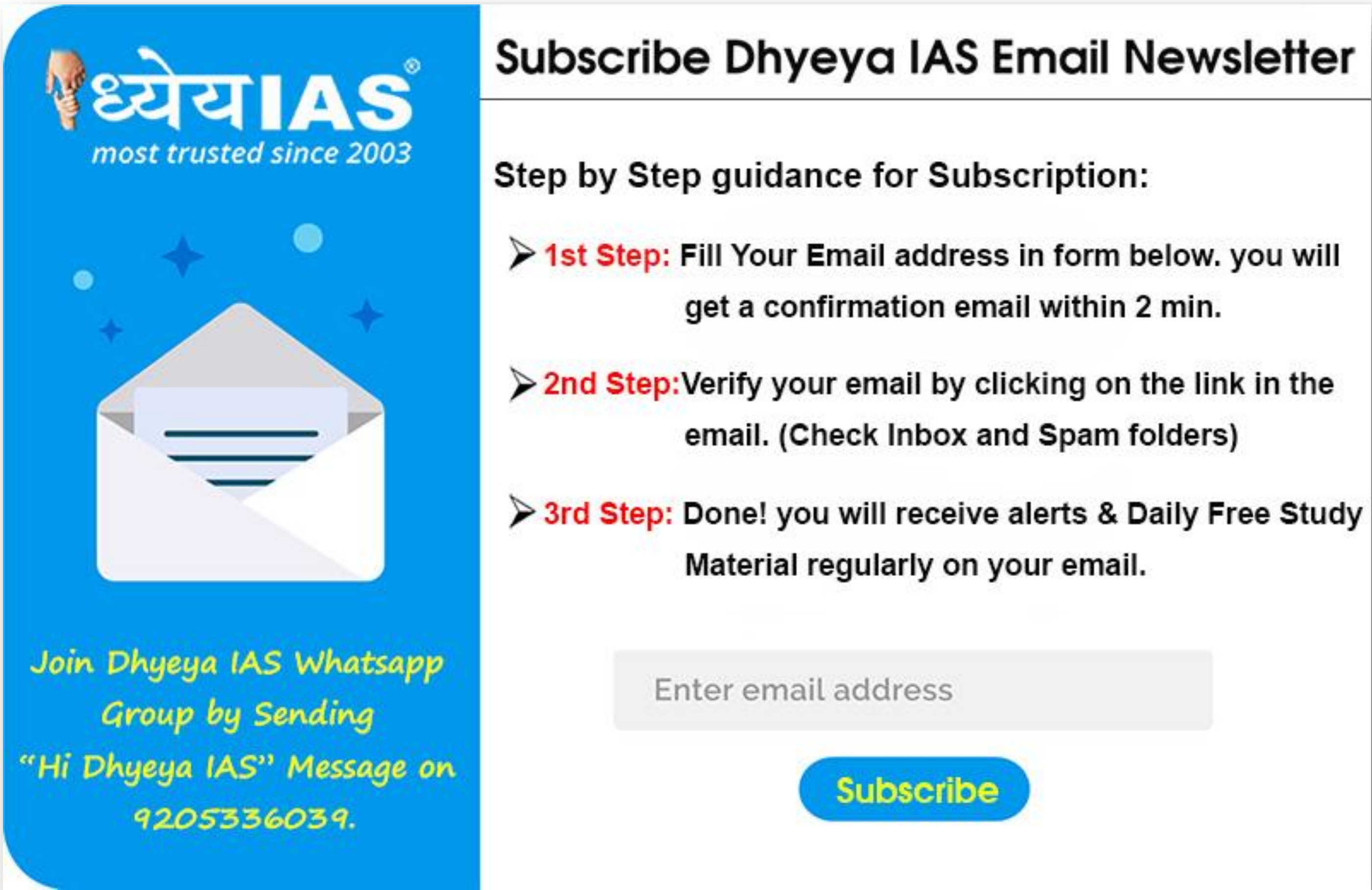
नोट (Note): अगर आपको हिंदी और अंग्रेजी दोनों माध्यम में अध्ययन सामग्री प्राप्त करनी है, तो आपको दोनों में अपनी ईमेल से Subscribe करना पड़ेगा | आप दोनों माध्यम के लिए एक ही ईमेल से जुड़ सकते हैं |



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