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Budget 2020-2021

Speech of

Nirmala Sitharaman

Minister of Finance

February 1, 2020

Hon'ble Speaker,

I rise to present the Budget for the year 2020-2021.

Introduction

In May 2019, Prime Minister Modi received a massive mandate to form the government again. With renewed vigour, under his leadership, we commit ourselves to serve the people of India, with all humility and dedication.

2. People of India have unequivocally given their *jan-aadesh* for not just political stability and also reposed faith in our economic policies. This is the Budget to boost their incomes and enhance their purchasing power. Only through higher growth we can achieve that and have our youth gainfully and meaningfully employed. Let our businesses be innovative, healthy and solvent with use of technology.

3. For today's youth born at the turn of the century, for every member of Scheduled Castes and Scheduled Tribes who seeks a better life, for every woman wishing to stand up and get counted, for every individual from the minority sections of our society – this Budget aims to have your aspirations and hopes addressed.

4. We wish to open up vistas for a vibrant and dynamic economy with a gentle breeze of new technology. This vibrant India shall be a caring society which shall attend to its weak, the old and the vulnerable among its citizens.

5. During 2014-19, our government brought in a paradigm shift in governance. This shift was characterised by a twin focus: fundamental structural reform and inclusive growth.

6. Fundamentals of the economy are strong and that has ensured macroeconomic stability. Inflation has been well contained. Banks saw a thorough cleaning up of accumulated loans of the past decade and then they were recapitalized. Companies were provided an exit through the IBC. Several steps on the formalisation of the economy were taken up.

7. Of the structural reforms, the Goods and Services Tax (GST) has been the most historic in our country. Its chief architect is not with us today. I pay homage to the visionary leader late Shri Arun Jaitley ji. At the time of roll out of GST, he had said and I quote:

"It will be an India where the Centre and States will work harmoniously towards the common goal of shared prosperity. The unanimity of the Constitutional amendment and the consensus of the GST Council highlights that India can rise above narrow politics for the nation's interest. With the GST, neither the state nor the Centre loses its sovereignty. In contrast, they will pool their sovereignty on decisions on indirect taxes."

8. True to this vision for the historic structural reform, the Goods and Services Tax has been gradually maturing into a tax that has integrated the country economically. It has consolidated numerous taxes and cesses to one tax and facilitated formalization of economy. It has resulted in the efficiency gains in logistic and transport sectors. The turnaround time for trucks has witnessed a substantial reduction to the tune of 20% due to abolition of check posts in GST. The dreaded Inspector-Raj has also vanished.

9. It has also led to significant benefits to MSME by way of enhanced threshold and composition limits. The effective tax incidence on almost every commodity came down substantially. Through several rate reductions, an annual benefit of ₹ one lakh crore has been extended to consumers. It amounts to 10% reduction in overall tax incidence. An average household now saves about 4% on its monthly spends on account of reduced GST rates.

10. During this phase of maturing, GST did face certain challenges. This was natural as transition was daunting. GST Council has been proactive in resolving issues during transition. In the last two years we have added more than 60 lakh new taxpayers, a total of about 40 crore returns were

filed, 800 crore invoices were uploaded, and 105 crore e-way bills were generated. There has been extensive engagement with stakeholders. A simplified new return system is being introduced from April 1, 2020.

11. A former Prime Minister had once voiced a concern that the fruits of the welfare schemes were not reaching the intended citizens – the common and deserving citizen was only receiving 15 paisa of every rupee sent for him. Guided by "Sabka Saath, Sabka Vikas, Sabka Vishwas", our government and our Prime Minister added manifold speed and scaled up the implementation of schemes and programmes that directly benefitted the poor and the disadvantaged. I wish to list out only a few as examples: (a) welfare schemes with Direct Benefit Transfer (DBT) embedded in them; (b) sanitation and water as provision of basic needs and as a measure of preventive healthcare; (c) healthcare, through Ayushman Bharat; (d) clean energy through Ujjwala and solar power; (e) financial inclusion, credit support, insurance protection to vulnerable sections and pension scheme; (f) digital penetration with broadband and UPI; (g) Affordable Housing for all through PMAY.

The milestones achieved are unprecedented, globally recognised and benchmarked against international indices.

12. This strategy, changed the established order of a few individuals cornering most of the benefits and was appreciated by the people. This had immensely positive outcomes. We have moved on from a growth rate of just over 4% in 1950s to 6% in 1980s and1990s. However, during 2014-19 we clocked growth of 7.4% on average with inflation, averaging around 4.5%. It is worthwhile to note that inflation was close to 9% in the last two decades of the last millennium and ranged 10.5% during 2009-14. Between 2006-16, India was able to raise 271 million people out of poverty, which we all should be proud of.

13. We are now the fifth largest economy of the world. India's foreign direct investment got elevated to the level of US$ 284 billion during 2014-19 from US$ 190 billioin that came in during the years 2009-14. The Central Government debt that has been the bane of our economy got reduced, in March 2019, to 48.7% of GDP from a level of 52.2%in March 2014.

14. With this backdrop, our government shall work towards taking the country forward so that we can leapfrog to the next level of health, prosperity and well-being. We shall strive to bring Ease of living for every citizen.

15. I am mindful of presenting this budget in the backdrop of two cross-cutting developments:

a) Proliferation of technologies, specially analytics, machine learning, robotics, bio-informatics and Artificial Intelligence; and

b) The number of people in the productive age group i.e. 15-65 years in India, being at its highest.

16. This combination is special to contemporary India. Across the world, if there is a shrinking of globalisation, equally, there is a debate on the efficacy of monetary policy too. The efforts we have made in the last five years and the energy, enthusiasm and the innovation of our youth are the ignition required to push forward. The Indian spirit of entrepreneurship which weathered several storms over the centuries inspire and motivate us. We recognise the need to support and further energise this spirit.

17. This budget is woven around three prominent themes:

One: **Aspirational India** in which all sections of the society seek better standards of living, with access to health, education and better jobs.

Two: **Economic development** for all, indicated in the Prime Minister's exhortation of "Sabka Saath , Sabka Vikas , Sabka Vishwas". This would entail reforms across swathes of the economy. Simultaneously, it would mean yielding more space for the private sector. Together, they would ensure higher productivity and greater efficiency.

AND

Three: Ours shall be a **Caring Society** that is both humane and compassionate. Antyodaya is an article of faith.

18. The digital revolution which has placed India in a unique leadership position globally will see the next wave. We shall aim:

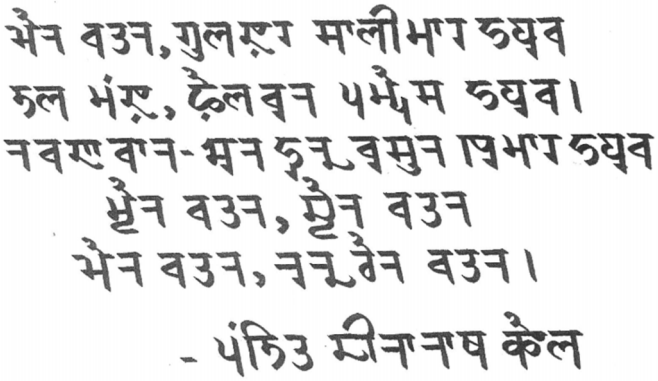
- To achieve seamless delivery of services through **Digital governance**
- To improve physical quality of life through **National Infrastructure Pipeline**
- Risk mitigation through **Disaster Resilience**
- Social security through **Pension and Insurance penetration**.

Each one of these initiatives and their components would be bench-marked to international standards and the indices would be announced soon.

19. To Summarize my introductory remarks, this Budget Speaker Sir, is dedicated to provide "Ease of Living" to all citizens. As mentioned, a little earlier, the details under the three broad themes – Aspirational India, Economic Development and Caring India are the flowers in the bouquet that is Ease of Living. Holding this bouquet together are two hands – *one*, Corruption free, policy-driven good governance and *two*, clean and sound financial sector.

20. The three themes described earlier form the basis of my subsequent presentation. They are the flowers of the bouquet that underline the overall concept of **"Ease of Living"** and need to uplift Governance, as pronounced by our Prime Minister Shri Narendra Modi. The chapter on Finances and subsequent Part B on Taxes provide the necessary underpinning to the Budget that lays the guide map for next year and beyond.

Before, I move to elaborate on each of the three themes, I wish to recite a small verse in Kashmiri:



Saun Watan Gulzar Shalamaar Hyur

Dal Manz Pholvun Pamposh Hyuv

Navjavan-an-hund, Vushun Khumaar Hyuv

Myon Watan, Chyon Watan

Saun Watan, Nundbony Watan

(Everything that we do, all of us do, is for this beautiful country)

Poem by Pandit Dinanath Koul

Aspirational India

21. I shall cover programmes and plans related to: (1) Agriculture Irrigation and Rural development (2) Wellness, Water and Sanitation and (3) Education and Skills

Agriculture, Irrigation and Rural Development

22. Our government is committed to the goal of doubling farmers' incomes by 2022. We have provided energy sovereignty through KUSUM and input sovereignty through Paramparagat Krishi Vikas Yojana. We have provided resilience for 6.11 crores farmers insured under PM Fasal Bima Yojana. Focus on cultivation of pulses, expansion of micro-irrigation through Krishi Sinchai Yojana, have raised the self-reliance of the country. Provision of any annual supplement of the income to the farmer, directly is done through PM-KISAN. Connectivity through PMGSY, financial inclusion have helped raise farm incomes.

22 (1). Prosperity to farmers can be ensured by making farming competitive. For this, farm markets need to be liberalised. Distortions in farm and livestock markets need to be removed. Purchase of farm produce, logistics and agri-services need copious investments. Substantial support and hand-holding of farm-based activities such as livestock, apiary, and fisheries need to be provided for. Farmers desire integrated solutions covering storage, financing, processing and marketing.

23. Adopting sustainable cropping patterns and bringing in more technology are integral to our plan. All this and more can be achieved through working with and in cooperation with the States.

The following 16 action points indicate our focus:

23 (1). We propose to encourage those State governments who undertake implementation of following model laws already issued by the Central government:

a) Model Agricultural Land Leasing Act, 2016

b) Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017;, and

c) Model Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018

23 (2). Water stress related issues are now a serious concern across the country. Our government is proposing comprehensive measures for one hundred water stressed districts.

23 (3). In the Budget speech of July 2019, I had stated that “annadata” can be “urjadata” too. The PM-KUSUM scheme removed farmers’ dependence on diesel and kerosene and linked pump sets to solar energy. Now, I propose to expand the scheme to provide 20 lakh farmers for setting up stand-alone solar pumps; further we shall also help another 15 lakh farmers solarise their grid-connected pump sets. In addition, a scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid would be operationalized.

23 (4). Our government shall encourage balanced use of all kinds of fertilizers including the traditional organic and other innovative fertilizers. This is a necessary step to change the prevailing incentive regime, which encourages excessive use of chemical fertilisers.

பூமி திருத்தி உண்

ஆத்திச்சூடி - 82

Bhumi tiruthi Unn

- Wise, Old Tamil Woman Saint poet Aauvaiyar – Sangam Era
"Aaathichoodi" verse 81

The meaning of this saying is that one must “first tend to till one's land and then eat”. One must eat only after work.

23 (5). India has an estimated capacity of 162 million MT of agri-warehousing, cold storage, reefer van facilities etc. NABARD will undertake an exercise to map and geo-tag them. In addition, we propose creating warehousing, in line with Warehouse Development and Regulatory Authority (WDRA) norms. Our government will provide Viability Gap Funding for setting up such efficient warehouses at the block/taluk level. This can be achieved, where States can facilitate with land and are on a PPP mode. Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) shall undertake such warehouse building on their land too.

23 (6). As a backward linkage, a Village Storage scheme is proposed to be run by the SHGs. This will provide farmers a good holding capacity and reduce their logistics cost. Women, SHGs shall regain their position as "Dhaanya Lakshmi".

23 (7). To build a seamless national cold supply chain for perishables, inclusive of milk, meat and fish, the Indian Railways will set up a "Kisan Rail" – through PPP arrangements. There shall be refrigerated coaches in Express and Freight trains as well.

23 (8). Krishi Udaan will be launched by the Ministry of Civil Aviation on international and national routes. This will immensely help improve value realisation especially in North-East and tribal districts.

23 (9). Horticulture sector with its current produce of 311million MT exceeds production of food grains. For better marketing and export, we propose supporting States which, adopting a cluster basis, will focus on "one product one district".

23 (10). Integrated farming systems in rainfed areas shall be expanded. Multi-tier cropping, bee-keeping, solar pumps, solar energy production in non-cropping season will be added. Zero-Budget Natural Farming (mentioned in July 2019 budget) shall also be included. The portal on "jaivik kheti" – online national organic products market will also be strengthened.

23 (11). Financing on Negotiable Warehousing Receipts (e-NWR) has crossed more than₹6000 crore. This will be integrated with e-NAM.

23 (12). Non-Banking Finance Companies (NBFCs)and cooperatives are active in the agriculture credit space. The NABARD re-finance scheme will be further expanded. Agriculture credit target for the year 2020-21 has been set at ₹ 15 lakh crore. All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme.

23 (13). Our government intends to eliminate Foot and Mouth disease, brucellosis in cattle and also *peste des petits ruminants* (PPR) in sheep and goat by 2025. Coverage of artificial insemination shall be increased from the present 30% to 70%. MNREGS would be dovetailed to develop fodder farms. Further, we shall facilitate doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025.

23 (14). Blue Economy: Our government proposes to put in place a framework for development, management and conservation of marine fishery resources.

23 (15). Youth in coastal areas benefit through fish processing and marketing. By 2022-23, I propose raising fish production to 200 lakh tonnes. Growing of algae, sea-weed and cage Culture will also be promoted.

Our government will involve youth in fishery extension through 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations. We hope to raise fishery exports to ₹ 1 lakh crore by 2024-25.

23 (16). Under Deen Dayal Antyodaya Yojana for alleviation of poverty, 58 lakh SHGs have been mobilised. We shall further expand on SHGs.

24. Now, for the fund allocation for the 16 different steps mentioned above, they are being stated under two different categories:

For the sector comprising of Agriculture and allied activities, Irrigation and Rural Development an allocation of about ₹ 2.83 lakh crore has been made for the year 2020-21 . Its divided, inter-alia;

a) **For Agriculture, Irrigation & allied activities - ₹ 1.60 lakh crore**

b) **For Rural development & Panchayati Raj - ₹ 1.23 lakh crore**

<u>Wellness, Water and Sanitation</u>

Under Aspirational India, I shall now speak about Wellness, Water and Sanitation.

25. We have a **holistic vision of healthcare** that translates into wellness of the citizen. Mission Indradhanush has been expanded to cover 12 such diseases, including five new vaccines. **FIT India movement** is a vital part of fight against Non communicable diseases coming out of life style issues . A very focused safe water (Jal Jeevan Mission) and comprehensive sanitation program (Swachch Bharat Mission) have been launched to support the health vision. That would reduce the disease burden on the poor.

26. Presently, under PM Jan Arogya Yojana (PMJAY) ,there are more than 20,000 empanelled hospitals. We need more in Tier-2 and Tier-3 cities for poorer people under this scheme.

26 (1). It is proposed to set up Viability Gap funding window for setting up hospitals in the PPP mode. In the first phase, those Aspirational Districts will be covered, where presently there are no Ayushman empanelled hospitals. This would also provide large scale employment opportunities to youth. Proceeds from taxes on medical devices would be used to support this vital health infrastructure

26 (2). Using machine learning and AI, in the Ayushman Bharat scheme, health authorities and the medical fraternity can target disease with an appropriately designed Preventive regime.

27. "TB Harega Desh Jeetega" campaign has been launched. I propose to strengthen these efforts realise our commitment to end Tuberculosis by 2025.

28. I propose to expand Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024.

I have provided for the health sector about ₹69,000 crores that is inclusive of ₹ 6400 crores for Prime Minister Jan Arogya Yojana (PMJAY)

29. Our government is committed to ODF Plus in order to sustain ODF behaviour and to ensure that no one is left behind. Now, more needs to be done towards liquid and grey water management. Focus would also be on Solid waste collection, source segregation and processing.

Total allocation for Swachh Bharat Mission is about ₹12,300 crore in 2020-21.

30. Aiming to provide piped water supply to all households, Prime Minister announced from the Red Fort the **Jal Jeevan Mission**. Our government has approved ₹3.60 lakh crore for this Mission. This scheme also places emphasis on augmenting local water sources, recharging existing sources and will promote water harvesting and de-salination. Cities with over a million population will be encouraged to meeting this objective during the current year itself.

During the year 2020-21 the scheme would be provided budget of ₹ 11,500 crore.

Education and Skills

The third and the final item under **Aspirational India is Education and Skills.**

31. By 2030, India is set to have the largest working-age population in the world. Not only do they need literacy but they need both job and life skills. Dialogues have been held with State Education Ministries, Members of Parliament and other stake-holders about Education policy. Over 2 lakh suggestions were also received. **The New Education Policy will be announced soon**.

32. It is felt that our education system needs greater inflow of finance to attract talented teachers, innovate and build better labs. Therefore steps would be taken to enable sourcing External Commercial Borrowings and FDI so as to able to deliver higher quality education.

33. Students in the general stream (vis-à-vis services or technology stream) need their employability improved. About 150 higher educational institutions will start apprenticeship embedded degree/diploma courses by March 2021.

34. The government proposes to start a programme whereby urban local bodies across the country would provide internship opportunities to fresh engineers for a period up to one year.

35. In order to provide quality education to students of deprived section of the society as well as those who do not have access to higher education, it is proposed to start degree level full-fledged online education programme. This shall be offered only by institutions who are ranked within top 100 in the National Institutional Ranking framework. Initially, only a few such institutions would be asked to offer such programmes.

36. India should be a preferred destination for higher education. Hence, under its "Study in India" programme, Ind-SAT is proposed to be held in Asian and African countries. It shall be used for benchmarking foreign candidates who receive scholarships for studying in Indian higher education centres.

37. A National Police University and a National Forensic Science University are being proposed in the domain of policing science, forensic science, cyber-forensics etc.

38. There is a shortage of qualified medical doctors, both general practitioners as well as specialists. In order to meet this requirement;

38 (1). It is proposed to attach a medical college to an existing district hospital in PPP mode. Those states that fully allow the facilities of the hospital to the medical college and wish to provide land at a concession, would be able to receive Viability Gap Funding. Details of the scheme would be worked out.

38 (2). National Board of Examination imparts PG medical qualifications ; Diploma and fellow of National Board (DNB/FNB). The Government will, therefore encourage large hospitals with sufficient capacity to offer resident doctors DNB/FNB courses under the National Board of Examinations.

39. There exists a huge demand for teachers, nurses, para-medical staff and care-givers abroad. However, their skill sets, many a time, do not match the employer's standards and therefore need to be improved. I propose that special bridge courses be designed by the Ministries of Health, Skill Development together with professional bodies to bring in equivalence. Language requirements of various countries need also to be included. All these should be achieved through special training packages.

Our Government proposes to provide about ₹ 99,300 crore for education sector in 2020-21 and about ₹ 3,000 crores for skill development.

<u>Economic Development</u>

<u>Industry, Commerce and Investment</u>

The guilds of Saraswati-Sindhu civilization & the Harappan seals are remarkable. They belong to 3300 BCE. Words from the Indus Script-hieroglyphs have been deciphered. Commerce and trade related words show how India for a millennia is continuing as rich in skills, metallurgy, trade etc. "Takara Kolimi=Tin smithery", " Sreni "= Guild ," Sethi"= wholesale merchant, "Poddar"= Assayer of metal into treasury.

40. Entrepreneurship has always been the strength of India. Even today, young men and women have given up greener pastures elsewhere to contribute to India's growth. They are risk-taking and come up with disruptive solutions to festering challenges. Equally, established old industries are resetting themselves in a changing global and domestic situation. We recognise the knowledge, skills and risk-taking capabilities of our youth. He is no longer the job seeker. He is creator of jobs. Now we wish to create more opportunities and remove road-blocks from his path.

I propose to set up an Investment Clearance Cell that will provide "end to end" facilitation and support, including pre-investment advisory, information related to land banks and facilitate clearances at Centre and State level. It will work through a portal.

41. There is a case for maximising the benefits of three separately developing economic activities: (1) the upcoming economic corridors; (2) revitalisation of manufacturing activities; and (3) Technology and the demands of aspirational classes. We have to benefit from their convergence. Hence, it is proposed to develop **five new smart cities** in collaboration with States in PPP mode. Such sites would be chosen that offer the best choices in terms of aforementioned principles.

42. India needs to manufacture Networked products. That will make it a part of global value chains. This in turn gets more investment and generates more employment for our youth.

42 (1). Electronics manufacturing industry is very competitive and India has shown its cost advantages. The potential of this industry in job creation is immense. India needs to boost domestic manufacturing and attract large investments in the electronics value chain. Here, I propose a scheme focussed on encouraging manufacture of mobile phones, electronic equipment and semi-conductor packaging. Details would be announced later.

42(2). With suitable modifications, this scheme can be adapted for manufacture of medical devices too

43. India imports significant quantity of technical textiles worth US$ 16 billion every year. To reverse this trend and to position India as a global

leader in Technical Textiles, a National Technical Textiles Mission is proposed with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of ₹ 1480 crore.

44. From the Red Fort, our Prime Minister spoke about quality and standards when he spoke of "Zero Defect-Zero Effect" manufacturing. In September last year, I had called for a time-bound adoption by industry of all necessary, mandatory technical standards and their effective enforcement. All Ministries, during the course of this year, would be issuing quality standard orders.

45. To achieve higher export credit disbursement, a new scheme, NIRVIK is being launched, which provides for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements.

46. It is proposed to digitally refund to exporters, duties and taxes levied at the Central, State and local levels, such as electricity duties and VAT on fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism. *This Scheme for Reversion of duties and taxes on exported products will be launched this year.*

47. It is the vision of the Prime Minister that each District should develop as an export hub. Efforts of the Centre and State governments are being synergised and institutional mechanisms are being created.

48. Government e-Marketplace (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 offers a great opportunity for Medium, Small and micro Enterprises(MSMEs). 3.24 lakh vendors are already on this platform. Its proposed to take its turnover to ₹ 3lakh crores.

I propose to provide about ₹ 27,300 crore for development and promotion of Industry and Commerce for the year 2020-21.

Under the theme <u>"Economic Development", the second focus is on Infrastructure.</u>

Infrastructure

49. Hon'ble Speaker, Sir, in his Independence Day speech 2019, Prime Minister had highlighted that **₹ 100 lakh crore** would be invested on infrastructure over the next 5 years. As a follow up measure, I had launched the National Infrastructure Pipeline on 31st December 2019 of ₹ 103 lakh crore. It consists of more than 6500 projects across sectors and are classified as per their size and stage of development.

These new projects will include housing, safe drinking water, access to clean and affordable energy, healthcare for all, world-class educational institutes, modern railway stations, airports, bus terminals, metro and railway transportation, logistics and warehousing, irrigation projects, etc. The National Infrastructure Pipeline envisions improving the ease of living for each individual citizen in the country. It's also will bring in generic and sectoral reforms in development, operation and maintenance of these infrastructure projects.

A huge employment opportunity exists for India's youth in construction, operation and maintenance of infrastructure. National Skill Development Agency will give special thrust to infrastructure-focused skill development opportunities.

50 (1). I propose to set up a project preparation facility for infrastructure projects. This programme would actively involve young engineers, management graduates and economists from our Universities.

50 (2). It is also proposed to direct all infrastructure agencies of the government to involve youth-power in start-ups. They will help in rolling out value added services in quality public infrastructure for citizens.

51. A National Logistics Policy will be released soon. *Inter alia*; it will clarify the roles of the Union Government, State Governments and key regulators. It will create a single window e-logistics market and focus on generation of employment, skills and making MSMEs competitive.

52. 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 would be completed by 2023 . Chennai-Bengaluru Expressway would also be started.

53. FASTag mechanism encourages us towards greater commercialisation of our highways so that NHAI can raise more resources. I propose to monetise at least **twelve lots of highway bundles** of over 6000 Km before 2024.

54. In carrying out its duty, the Indian Railways performs a service to the nation.

a) Within 100 days of assumption of this government, it has commissioned 550 wi-fi facilities in as many stations.

b) Eliminated unmanned crossings

c) Aims to achieve electrification of 27000 Km of tracks.

This will call for optimisation of costs. Railways has small operating surplus. About Indian Railways, there are five measures, among others, that I wish to highlight:

- Setting up a large solar power capacity alongside the rail tracks, on the land owned by the railways. A proposal is under consideration.

- 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.

- 148 km long Bengaluru Suburban transport project at a cost of ₹ 18600 crore, would have fares on metro model. Central Government would provide 20% of equity and facilitate external assistance up to 60% of the project cost.

55. Our sea-ports need to be more efficient. Technology has to used to improve performance. A governance framework keeping with global benchmarks needs to be put in place.

This government would consider corporatizing at least one major port and subsequently its listing on the stock exchanges.

56. Inland Waterways received a boost in the last five years. The Jal Vikas Marg on National Waterway-1 will be completed. Further, the 890 Km Dhubri-Sadiya connectivity will be done by 2022.

Developing waterways has its impact on the eco-system on both the banks of the river. Our Prime Minister has conceptualised **"Arth Ganga**". Plans are afoot to energise economic activity along river banks.

57. Air traffic has been growing rapidly in the country as compared to global average. One hundred more airports would be developed by 2024 to support Udaan scheme. It is expected that the air fleet number shall go up from the present 600 to 1200 during this time.

I propose to provide about ₹ 1.70 lakh crore for transport Infrastructure in 2020-21.

58. Taking electricity to every household has been a major achievement. However, the distribution sector, particularly the DISCOMS are under financial stress. The Ministry intends to promote "smart" metering. I urge all the States and Union Territories to replace conventional energy meters by prepaid smart meters in the next 3 years. Also, this would give consumers the freedom to choose the supplier and rate as per their requirements.

Further measure to reform DISCOMs would be taken.

I propose to provide about ₹ 22,000 crore to power and renewable energy sector in 2020-21

59. In the upstream sector of oil and gas, the Open Acreage Licensing Policy (OALP) is a success having awarded 1,37,000 sq km for exploration to private sector and to the CPSEs. City gas distribution rights are also awarded.

60 (1). Further, it is proposed to expand the national gas grid from the present 16200 km to 27000 km, and

60 (2). To deepen gas markets in India, further reforms will be undertaken to facilitate transparent price discovery and ease of transactions.

New Economy

61. The new economy is based on innovations that disrupt established business models. Artificial intelligence, Internet-of-Things (IoT), 3D printing, drones, DNA data storage, quantum computing, etc., are re-writing the world economic order. India has already embraced new paradigms such as the sharing economy with aggregator platforms displacing conventional businesses. Government has harnessed new technologies to enable direct benefit transfers and financial inclusion on a scale never imagined before.

62. It is now a cliché – "data is the new oil" and it is true that Analytics, Fintech and Internet of Things (IOT) are changing the way we deal with our lives. To take advantage of this, I propose:

62 (1). To bring out soon a policy to enable private sector to build Data Centre parks throughout the country. It will enable our firms to skilfully incorporate data in every step of their value chains.

62 (2). Our vision is that all "public institutions" at Gram Panchayat level such as Anganwadis, health and wellness centres, government schools, PDS outlets, post offices and police stations will be provided with digital connectivity. So, Fibre to the Home (FTTH) connections through Bharatnet will link 100,000 gram panchayats this year.

It is proposed to provide ₹ 6000 crore to Bharatnet programme in 2020-21.

63. We need to expand the base for knowledge-driven enterprises. Intellectual property creation and protection will play an important role. Several measures are proposed in this regard, which will benefit the Start-ups.

63 (1). A digital platform would be promoted that would facilitate seamless application and capture of IPRs. Also, in an Institute of Excellence, a Centre would be established that would work on the complexity and innovation in the field of Intellectual Property.

63 (2). Knowledge Translation Clusters would be set up across different technology sectors including new and emerging areas.

63 (3). For designing, fabrication and validation of proof of concept, and further scaling up Technology Clusters, harbouring such test beds and small scale manufacturing facilities would be established.

63 (4). Mapping of India's genetic landscape is critical for next generation medicine, agriculture and for bio-diversity management. To support this development, we will initiate two new national level Science Schemes, to create a comprehensive database.

63 (5). The government proposes to provide early life funding, including a seed fund to support ideation and development of early stage Start-ups.

64. Quantum technology is opening up new frontiers in computing, communications, cyber security with wide-spread applications. It is expected that lots of commercial applications would emerge from theoretical constructs which are developing in this area.

It is proposed to provide an outlay of ₹ 8000 crore over a period five years for the National Mission on Quantum Technologies and Applications.

Caring Society

In our third theme we focus on Women & Child, Social Welfare; Culture and Tourism and also on Environment and Climate Change.

Women & Child, Social Welfare

65. I am pleased to inform the House that "Beti Bachao Beti Padhao" has yielded tremendous results. Gross enrolment ratio of girls across all levels of education is now higher than boys. At elementary level, it is 94.32 % as against 89.28% for boys. At Secondary level, it is 81.32 % as compared to 78 %, At higher secondary level girls have achieved a level of 59.70 % as compared to 57.54 % for boys.

66. Health of mother and child are closely corelated. Nutrition is the critical component of health. To improve the nutritional status of children (0-6 years), adolescent girls, pregnant women and lactating mothers, our Prime Minister launched a "Poshan Abhiyan" in 2017-18. More than six lakh anganwadi workers are equipped with smart phones to upload the nutritional status of more than 10 crore households. The scale of these developments is unprecedented.

67. Women's age of marriage was increased from fifteen years to eighteen years in 1978, by amending erstwhile Sharda Act of 1929. As India progresses further, opportunities open up for women to pursue higher education and careers. There are imperatives of lowering MMR as well as improvement of nutrition levels. Entire issue about age of a girl entering motherhood needs to be seen in this light. I propose to appoint a task force that will present its recommendations in six months' time.

I propose to provide ₹ 35600 crore for nutrition-related programmes for the financial year 2020-21.

68. In continuing with our government's commitment to the welfare of women, this budget provides for about ₹ 28,600 crore for programs that are specific to women.

69. Our government is determined that there shall be no manual cleaning of sewer systems or septic tanks. Suitable technologies for such tasks have been identified by the Ministry of Housing and Urban Affairs. The Ministry is working with urban local bodies for the adoption of these technologies. We will now take this to its logical conclusion through legislative and institutional changes. Financial support for wider acceptance of such technologies will be provided.

70 In furthering this government's commitment towards the welfare of Scheduled Castes and Other Backward classes, I propose a budget provision of about ₹ 85,000 crore for 2020-21.

71. In furthering development and welfare of Scheduled tribes, I provide in the Budget for the year 2020-21 an amount of about ₹ 53,700 crore.

72. This government is mindful of the concerns of senior citizens and Divyang. Accordingly, an enhanced allocation of about ₹ 9,500 crore is being provided for 2020-21.

Culture & Tourism

73. Our government proposes to establish an Indian Institute of Heritage and Conservation under Ministry of Culture; it shall have the status of a deemed University to start with. Acquisition of knowledge in disciplines such as museology and archaeology are essential for collecting and analysing scientific evidence of such findings and for dissemination through high quality museums. Currently lack of trained man-power is a handicap for both these disciplines. This also affects tourism.

74. Five archaeological sites would be developed as iconic sites with on-site Museums. They are: Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh) Shivsagar (Assam), Dholavira (Gujarat) and Adichanallur (Tamil Nadu).

75. Our Prime Minister in January 2020 announced re-curation of the Indian Museum in Kolkata, which is the oldest in the country.

75 (1). In the historic Old Mint building Kolkata, a museum on Numismatics and Trade will also be located. Four more museums from across the country shall be taken up for renovation and re-curation so that a world class experience can be offered to visitors. Our government shall also supportsetting up of a Tribal Museum in Ranchi (Jharkhand).

75 (2). A maritime museum would be set up at Lothal - the Harrapan age maritime site near Ahmedabad, by Ministry of Shipping.

I propose to provide ₹ 3,150 crore for Ministry of Culture for 2020-21.

76. India has moved up from rank 65 in 2014 to 34 in 2019 in the Travel & Tourism Competitive Index (World Economic Forum). Foreign exchange earnings grew 7.4% to ₹1.88 lakh crores for the period January to November 2019 from ₹1.75 lakh crores

Growth of tourism directly relates to growth and employment. States have a critical role to play. I expect the State governments 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.

For purpose of tourism promotion, I propose to allocate ₹ 2,500 crore for 2020-21.

Environment & Climate Change

77. In September 2019, the Prime Minister has launched the Coalition for Disaster Resilient Infrastructure (CDRI) with its Secretariat in Delhi. This global partnership is the second such international initiative after the launch of International Solar Alliance in 2015. This Global Partnership will help in addressing a number of Sustainable Development Goals (SDGs), as also the aims of Sendai framework. It will enhance climate change adaptation with a focus on disaster resilient infrastructure

78. India submitted its Nationally Determined Contribution, under the Paris Agreement in 2015 on a "best effort" basis, keeping in mind the development imperative of the country. Its implementation effectively begins on 1st January 2021. Our commitments as action will be executed in various sectors by the Departments/Ministries concerned through the normal budgeting process.

79. There are yet, thermal power plants that are old and their carbon emission levels are high.

For such power plants, we propose that utilities running them would be advised to close them, if their emission is above the pre-set norms. The land so vacated can be put to alternative use.

80. In large cities having population above one million, clean air is a matter of concern. The government proposes to encourage such States that are formulating and implementing plans for ensuring cleaner air in cities above one million. Parameters for the incentives would be notified by the Ministry of Environment, Forests and Climate change. Allocation for this purpose is ₹4400 crore for 2020-21.

நல்ல நாடு

பிணியின்மை, செல்வம் விளைவின்பம் ஏமம் அணியென்ப நாட்டிவ் வைந்து.

குறள் - 738

(The meaning of this kural is that Freedom from illness, wealth, produce, happiness and protection (to subjects); these five, are the ornaments of a kingdom).

Governance

81. Hon'ble Speaker, Sir, all the while I have explained the colour and composition of the bouquet of flowers – schemes and programmes. They were grouped under Aspirational India, Economic Development and Caring India. Now I speak about the two hands that will hold them. One such hand is Governance – clean, corruption-free, policy driven and good in intent and most importantly trusting in faith. Trusting every citizen, the aspirational youth, the hard-working women, the risk-taking entrepreneur, the ever hopeful and untiring farmer or the wise and old senior citizen. Many among them are taxpayers. Others may not be taxpayers today. Our Prime Minister has laid before us Ease of Living as a goal to be achieved on behalf of all citizens. An important aspect of both ease of living and ease of doing business is fairness and efficiency of tax administration. We wish to enshrine in the statutes a "taxpayer charter" through this budget. Our government would like to reassure taxpayers that we remain committed to taking measures so that our citizens are free from harassment of any kind.

82. There has been a debate about building into statutes, criminal liability for acts that are civil in nature. Hence, for Companies Act, certain amendments are proposed to be made that will correct this. Similarly, other laws would also be examined, where such provisions exist and attempts would be made to correct them.

83. The Government intends to introduce major reforms in recruitment to Non-Gazetted posts in governments and public sector banks. At present, candidates have to appear for multiple examinations conducted by multiple agencies at different points of time, for similar posts This places enormous

burden on time, effort and cost of young people. To mitigate their hardship faced, it is proposed to set up 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 be set up.

84. For speedy disposal of commercial and other disputes, Government has constituted various Tribunals and specialised bodies. It is proposed to evolve a robust mechanism for appointment including direct recruitment to these bodies to attract best talents and professional experts.

85. A stable and predictable business environment is a key objective of this government. There is also a strong argument for ensuring that contracts are honoured. India has a sound framework related to Contracts Act. We shall deliberate upon strengthening it.

86. There is a growing need for the Indian Statistical system to meet the challenges of real time monitoring of our increasingly complex economy. Data must have strong credibility. The proposed new National Policy on Official Statistics would use latest technology including AI. It would lay down a road-map towards modernised data collection, integrated information portal and timely dissemination of information.

87. I am happy to inform that India will host G 20 presidency in the year 2022 - the year of 75th anniversary of independence of Indian Nation. During this presidency, India would be able to drive considerably the global economic and development agenda. For this historic occasion, I allocate a sum of ₹ 100 crore to begin the preparations.

88. North Eastern region has a very high priority in Government's Developmental agenda. Government is ensuring smooth access to financial assistance from multilateral and bilateral funding agencies to help introduce innovative and global best practices. Central Government has effectively used an online portal to reduce gestation period of online. This has improved the flow of funds to the northeast region.

89. The Government is fully committed to supporting the all-round development of the newly formed Union Territories of J&K and the Union

Territory of Ladakh. Accordingly, an amount of ₹30,757 crore has been provided for the Financial Year 2020-21. An amount of ₹5,958 crore has been provided for the Union Territory of Ladakh

Financial Sector

90. If Governance was described as one of the pair of hands holding the bouquet consisting of Aspirational India, Economic Development and Caring India, the other is the Financial Sector. A clean, reliable and robust financial sector is critical to the economy. In our efforts to achieve the USD 5 trillion economy, the financial architecture should keep evolving and move from strength to strength.

91. We had earlier approved consolidation of 10 banks into four. In the last few years, Government of India has infused about ₹ 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.

A few among them will be encouraged to approach capital market to raise additional capital.

92. I wish to inform this august House that robust mechanism is in place to monitor the health of all Scheduled Commercial Banks and that depositors' money is safe.

Further, the Deposit Insurance and Credit Guarantee Corporation (DICGC) has been permitted to increase Deposit Insurance Coverage for a depositor, which is now ₹ one lakh to ₹ five lakh per depositor.

93. To strengthen the Cooperative Banks, amendments to the Banking Regulation Act are proposed for increasing professionalism, enabling access to capital and improving governance and oversight for sound banking through the RBI.

94. 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 ₹ 500

crore to asset size of ₹ 100 crore or loan size from existing ₹ 1 crore to ₹ 50 lakh.

95. In the last few years, the government has taken concrete steps to bring our banking system to be robust. However, there is a need for greater private capital. Accordingly, it is proposed to sell the balance holding of Government of India IDBI Bank to private, retail and institutional investors through the stock exchange.

96. There is a need to take further steps to bring in transparency and greater professionalism in Public Sector Banks. The government will take appropriate measures.

97. To help easy mobility while in jobs, we wish to infuse into the Universal Pension coverage with auto enrolment; also, we wish to place such mechanisms which can enable inter-operability and provide safeguards for the accumulated corpus.

Regulating role of PFRDAI requires strengthening. Necessary amendments would be carried out in Pension Fund Regulatory Development Authority of India Act that will also facilitate separation of NPS trust for government employees from PFRDAI. This would also enable establishment of a Pension Trust by the employees other than Government. I am confident that this will motivate citizens to plan for their old age.

98. MSMEs are vital to keep the wheels of economy moving. They also create job, innovate and are risk takers. Several measures for the MSMEs have been taken in the past few years. There are more steps proposed in this budget also.

98(1). I propose to make necessary amendments to the Factor Regulation Act 2011. This will enable NBFCs to extend invoice financing to the MSMEs through TReDS, thereby enhancing their economic and financial sustainability.

98(2). Working capital credit remains a major issue for 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 Medium and Small Entrepreneurs (CGTMSE). The corpus of the CGTMSE would accordingly be augmented by the government.

98(3). 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.

98(4). An app-based invoice financing loans product will be launched. This will obviate the problem of delayed payments and consequential cash flows mismatches for the MSMEs.

99. Many mid-size companies are successful domestically but not in export markets. For selected sectors such as pharmaceuticals, auto components and others, we propose to extend handholding support – for technology upgradations, R&D, business strategy etc. A scheme of ₹ 1000 crore will be anchored by EXIM Bank together with SIDBI. Both these institutions would contribute ₹ 50 crore each. This ₹ 100 crore would be achieved towards equity and technical assistance. Debt funding of ₹900 crore from banks would be made available.

Financial Markets

100. Last year, in the budget speech, I had mentioned about deepening the bond market. To achieve the aspirational growth rate, we would require flow of capital in our financial system. A lot of work has been done on this in consultation with the RBI.

Hon'ble Speaker, Sir, I am pleased to inform this House of the developments:

100 (1). Certain specified categories of Government securities would be opened fully for non-resident investors, apart from being available to domestic investors as well.

100 (2). The limit for FPI in corporate bonds, currently at 9% of outstanding stock, will be increased to 15% of the outstanding stock of corporate bonds.

100(3). To improve investors' confidence and to expand the scope of credit default swaps, we propose to formulate a legislation, to be placed soon before the House, for laying down a mechanism for netting of financial contracts.

101. The Debt-based Exchange Traded Fund (ETF) recently floated by the government was a big success. Government proposes to expand this by floating a new Debt-ETF consisting primarily of government securities.

This will give retail investors access to government securities as much as giving an attractive investment for pension funds and long-term investors.

102. To address the liquidity constraints of the NBFCs/HFCs, post the Union budget 2019-20, the government formulated a Partial Credit Guarantee scheme for the NBFCs. To further this support of providing liquidity, a mechanism would be devised. Government will offer support by guaranteeing securities so floated.

Infrastructure Financing

103. Government's commitment for investment in infrastructure was reiterated when ₹103 lakh crore National Infrastructure Pipeline projects were announced. I would also like to inform that about ₹ 22,000 crore has already been provided, as support to Infrastructure Pipeline. This would cater for equity support to Infrastructure Finance Companies such as IIFCL and a subsidiary of NIIF. They would leverage it, as permissible, to create financing pipeline of more than ₹1,00,000 crore. This would create a major source of long term debt for infrastructure projects and fulfil a long awaited requirement.

104. IFSC, GIFT city has the potential to become a centre of international finance as well as a centre for high end data processing:

104 (1). GIFT IFSC has an approved Free Trade zone for housing vaults. It already has 19 insurance entities, 40 banking entities. It has also provided for setting up of precious metals testing laboratories and refining facilities. With the approval of the regulator, GIFT City would set up an International Bullion exchange(s) in GIFT-IFSC as an additional option for trade by global

market participants. This will enable India to enhance its position worldwide, create jobs in India and will lead to better price discovery of gold.

104 (2). In recent years there has been a surge in trading volumes of Indian rupee in the offshore financial centres. The Government and RBI has taken various measures to permit Rupee derivatives to be traded in the International Financial Services Centre at GIFT city, Gujarat.

Disinvestment

105. Listing of companies on stock exchanges discipline a company and provides access to financial markets and unlocks its value. It also gives opportunity for retail investors to participate in the wealth so created. The government now proposes to sell a part of its holding in LIC by way of Initial Public Offer (IPO).

Fiscal Management

106. XV Finance Commission has given its first report pertaining to Financial Year 2020-21. In the spirit of co-operative federalism, I am pleased to announce that we have, in substantial measure, accepted the recommendations of the Commission. The commission would submit its final report to the President during the latter part of the year, for five years beginning 2021-22.

107. It is decided to transfer to the GST Compensation Fund balances due out of collection of the years 2016-17 and 2017-18, in two instalments. Hereinafter, transfers to the fund would be limited only to collection by way of GST compensation cess.

108. A fundamental overhaul of Centrally Sponsored Schemes and Central Sector Schemes is necessary, to align them with emerging social and economic needs of tomorrow, and **to ensure that scarce public resources are spent optimally.**

109. Recently there has been a debate over transparency and credibility of the projected fiscal numbers. Let me assure the House that the

procedure adopted is compliant with the FRBM Act. This is also consistent with the practices hitherto followed.

However, for greater clarity, I have enumerated those central Government debt that are not part of market borrowing and are used to fund the expenditure at the annexes. Servicing of interest and repayment of these debts as hitherto, are done out of Consolidated fund of India.

110. Revised Estimates of Expenditure for the Financial Year 2019-20 are at a level of ₹ 26.99 lakh Crore and the receipts are estimated at ₹19.32 lakh crore.

We have estimated nominal growth of GDP for year 2020-21, on the basis of trends available, at 10%. Accordingly, receipts for the year 2020-21 are estimated at ₹ 22.46 lakh cr and, keeping in mind commitment of the Government towards various schemes and need for improvement in quality of life, level of expenditure has been kept at ₹ 30.42 lakh crore.

During the year Government has unfailingly worked towards keeping up the capital expenditure. Actually, there is substantial enhancement. All the flagship schemes of the government have been fully provided for. Details may be seen at the annexes to the printed copy of my speech.

111. Every budget must appropriately address the issue of fiscal deficit. Recently Government has undertaken very significant tax reforms for boosting investments. However, expected tax buoyancy will take time.

We estimate a fiscal deficit of 3.8% in RE 2019-20 and 3.5% for BE 2020-21. This estimation is consistent with Government's abiding commitment to macroeconomic stability. It comprises of,

(a) 3.3% for year 2019-20, and 3% for the 2020-21 budget estimate;

(b) Section 4 (2) of the FRBM Act provides for a trigger mechanism for a deviation from the estimated fiscal deficit on account of structural reforms in the economy with unanticipated fiscal implications. Therefore, I have taken a deviation of 0.5%, consistent with Section 4(3) of FRBM Act, both for RE 2019-20 and BE 2020-21.

Accordingly, the return path is being laid before the parliament as a part of Medium Term Fiscal Policy cum Strategy Statement. This fiscal path commits us to the path of fiscal consolidation without compromising the needs of investment out of public funds.

Accordingly, net market borrowings for the year 2019-20 would be ₹ 4.99 lakh crore and for the year 2020-21, it would be ₹ 5.36 lakh crore.

112. A good part of the borrowings for the financial year 2020-21 would go towards Capital expenditure of the Government that has been scaled up by more than 21%. As, I had previously mentioned another about ₹ 22,000 crore have been allocated for equity to fund certain specified infrastructure finance companies, who would leverage it manifold and provide much needed long-term finance to Infrastructure sector**. That should spur growth impulses in the economy.**

I would, now, move to Part B of my speech.

PART B

Direct Tax

113. Mr Speaker, Sir, our Government has spearheaded radical fiscal measures to ensure that India's economy continues to tread the path of high growth. These are times when countries are competing with each other like never before to become the most attractive destination for doing business. Therefore, to make sure that India stays globally competitive and a favoured destination for investment, we took a bold historic decision of reducing the corporate tax rate for new companies in the manufacturing sector to an unprecedented level of 15%. Similarly, for the existing companies, the rate has also been brought down to just 22%. As a result, our corporate tax rates are now amongst the lowest in the world. This will enable companies to expand their businesses and make fresh investments in the coming future. Though we will have loss of substantial revenue due to these measures in the short-run, I am certain that our economy will reap huge returns on this score in due course.

प्रजानामेवभूत्यर्थंसताभ्योबलिमग्रहीत्।
सहस्रगुणमुत्स्रष्टुमादत्तेहिरसंरविः॥

Surya, the Sun, collects vapour from little drops of water. So does the King. They give back copiously. They collect only for people's wellbeing.
[Verse 18, Sarga 1 Raghuvamsa by Kalidasa]

114. In continuation of the reform measures already taken so far, the tax proposals in this budget will introduce further reforms to stimulate growth, simplify tax structure, bring ease of compliance, and reduce litigations.

115. Personal Income Tax and simplification of taxation

- In the interim Budget of 2019, our government exempted individuals having income up to ₹ 5 Lakh from paying any income tax. Presently, an individual pays 20% on income between ₹ 5 Lakh to ₹ 10 Lakh and 30% on income above ₹ 10 Lakh. Further, currently the Income Tax Act is riddled with various exemptions and deductions which make compliance by the taxpayer and administration of the Income Tax Act by the tax authorities a

burdensome process. It is almost impossible for a taxpayer to comply with the Income-tax law without taking help from professionals.

- In order to provide significant relief to the individual taxpayers and to simplify the Income-tax law, I propose to bring a new and simplified personal income tax regime wherein income tax rates will be significantly reduced for the individual taxpayers who forgo certain deductions and exemptions.

- Under the new regime, an individual shall be required to pay tax at the reduced rate of 10% for income between ₹ 5 Lakh to ₹ 7. 5 Lakh against the current rate of 20%.

- For income between ₹ 7.5 Lakh to ₹ 10 Lakh he will pay at the reduced rate of 15% against the current rate of 20 %.

- Similarly for the income between ₹ 10 Lakh to ₹ 12.5 Lakh the taxpayer will pay at the reduced rate of 20% against the current rate of 30 %.

- The income between ₹ 12.5 Lakh to ₹ 15 Lakh will be taxed at the reduced rate of 25% against the existing rate of 30 %. Incomes above ₹ 15 lakh will be continued to be taxed at the rate of 30 %.

- Those earning up to ₹ 5 lakhs shall not pay any tax either in the old regime or in the new regime.

- The proposed tax structure will provide significant relief to taxpayers and more so to those in the middle class.

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%

- In the new tax regime, substantial tax benefit will accrue to a taxpayer depending upon exemptions and deductions claimed by him. For example, a person earning ₹ 15 lakh in a year and not availing any deductions etc. will pay only ₹, 1,95,000 as compared to ₹, 2,73,000 in the old regime. Thus his tax burden shall be reduced by 78,000 in the new regime. He would still be the gainer in the new regime even if he was taking deduction of ₹ 1.5 Lakh under various sections of Chapter- VI-A of the Income Tax Act under the old regime.

- The new tax regime shall be optional for the taxpayers. An individual who is currently availing more deductions & exemption under the Income Tax Act may choose to avail them and continue to pay tax in the old regime.

- The new personal income tax rates will entail estimated revenue forgone of ₹ 40,000 crore per year. We have also initiated measures to prefill the income tax return so that an individual who opts for the new regime would need no assistance from an expert to file his return and pay income tax.

- *In order to simplify income tax system, I have reviewed all the exemptions and deductions which got incorporated in the income tax legislation over the past several decades. It was surprising to know that currently more than one hundred exemptions and deductions of different nature are provided in the Income-tax Act. I have removed around 70 of them in the new simplified regime. We will review and rationalise the remaining exemptions and deductions in the coming years with a view to further simplifying the tax system and lowering the tax rate.*

116. Dividend Distribution Tax

- Currently, companies are required to pay Dividend Distribution Tax (DDT) on the dividend paid to its shareholders at the rate of 15% plus applicable surcharge and cess in addition to the tax payable by the company on its profits.

- It has been argued that the system of levying DDT results in increase in tax burden for investors and especially those who are liable to

pay tax less than the rate of DDT if the dividend income is included in their income.

- Further, non-availability of credit of DDT to most of the foreign investors in their home country results in reduction of rate of return on equity capital for them. In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors, I propose to remove the DDT and adopt the classical system of dividend taxation under which the companies would not be required to pay DDT. The dividend shall be taxed only in the hands of the recipients at their applicable rate.

- Further, in order to remove the cascading effect, I also propose to allow deduction for the dividend received by holding company from its subsidiary. The removal of DDT will lead to estimated annual revenue forgone of ₹ 25,000 Crore.

- This is another bold move which will further make India an attractive destination for investment.

117. Concessional tax rate for Electricity generation companies

- In order to give boost to the manufacturing sector, new provisions were introduced in September 2019 offering a concessional corporate tax rate of 15% to the newly incorporated domestic companies in the manufacturing sector which start manufacturing by 31st March, 2023.

- In order to attract investment in power sector, I propose to extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.

118. Tax concession for foreign investments

- In order to incentivise the investment by the Sovereign Wealth Fund of foreign governments in the priority sectors, I propose to grant 100% tax exemption to their interest, dividend and capital gains income in respect of investment made in infrastructure and other

notified sectors before 31st March, 2024 and with a minimum lock-in period of 3 years.

- In order to make available foreign funds at a lower cost, I propose to extend the period of concessional withholding rate of 5% under section 194LC for interest payment to non-residents in respect of moneys borrowed and bonds issued up to 30th June, 2023.

- I also propose to extend the period up to 30th June, 2023 for lower rate of withholding of 5% under section 194LD for interest payment to Foreign Portfolio Investors (FPIs) and Qualified Foreign Investors (QFIs) in respect of bonds issued by Indian companies and government securities.

- I further propose to extend the concessional rate of withholding of 5% under section 194LD to the interest payment made on the Municipal Bonds.

- In order to incentivise listing of bonds at IFSC exchange, I propose to further reduce the withholding rate from 5% to 4% on interest payment on the bonds listed on its exchange.

119. Start-ups

Start-ups have emerged as engines of growth for our economy. Over the past year, our Government has taken several measures to hand-hold them and support their growth. During their formative years, Start-ups generally use Employee Stock Option Plan (ESOP) to attract and retain highly talented employees. ESOP is a significant component of compensation for these employees. Currently, ESOPs are taxable as perquisites at the time of exercise. This leads to cash-flow problem for the employees who do not sell the shares immediately and continue to hold the same for the long-term. In order to give a boost to the start-up ecosystem, I propose to ease the burden of taxation on the employees by deferring the tax payment by five years or till they leave the company or when they sell their shares, whichever is earliest.

- Further, an eligible Start-up having turnover up to 25 crores is allowed deduction of 100% of its the profits for three consecutive assessment years out of seven years if the total turnover does not exceed 25 crore rupees. In order to extend this benefit to larger start-ups, I propose to increase the turnover limit from existing ₹ 25 crore to ₹ 100 crores. Moreover, considering the fact that in the initial years, a start-up may not have adequate profit to avail this deduction, I propose to extend the period of eligibility for claim of deduction from the existing 7 years to 10 years.

120. Concessional tax rate for Co-operatives

- Co-operative societies play an extremely important role in our economy in facilitating access to credit, procurement of inputs and marketing of products to their members. These cooperatives are currently taxed at a rate of 30% with surcharge and cess. As a major concession and in order to bring parity between the co-operative societies and corporates, I propose to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge and 4% cess with no exemption/deductions. Further, I also propose to exempt these co-operative societies from Alternative Minimum Tax (AMT) just like companies under the new tax regime are exempted from the Minimum Alternate Tax (MAT).

121. Medium, Small and Micro Enterprises (MSME)

- Currently, businesses having turnover of more than one crore rupees are required to get their books of accounts audited by an accountant. In order to reduce the compliance burden on small retailers, traders, shopkeepers who comprise the MSME sector, I propose to raise by five times the turnover threshold for audit from the existing ₹ 1 crore to ₹ 5 crore. Further, in order to boost less cash economy, I propose that the increased limit shall apply only to those businesses which carry out less than 5% of their business transactions in cash.

122. Affordable housing

- For realisation of the goal of 'Housing for All' and affordable housing, in the last budget I had announced an additional deduction

of up to one lakh fifty thousand rupees for interest paid on loans taken for purchase of an affordable house. The deduction was allowed on housing loans sanctioned on or before 31st March, 2020. In order to ensure that more persons avail this benefit and to further incentivise the affordable housing, I propose to extend the date of loan sanction for availing this additional deduction by one more year.

- Further, in order to boost the supply of affordable houses in the country, a tax holiday is provided on the profits earned by developers of affordable housing project approved by 31st March, 2020. In order to promote the affordable housing projects, I propose to extend the date of approval of affordable housing projects for availing this tax holiday by one more year.

123. Concession to real estate transactions

- Currently, while taxing income from capital gains, business profits and other sources in respect of transactions in real estate, if the consideration value is less than circle rate by more than 5 percent, the difference is counted as income both in the hands of the purchaser and seller. In order to minimize hardship in real estate transaction and provide relief to the sector, I propose to increase the limit of 5% to 10%.

124. Charity institutions

- Acknowledging the important role played by the charitable institutions in the society, the income of these institutions is fully exempt from taxation. Further, donation made to these institutions is also allowed as deduction in computing the taxable income of the donor.

- Currently, a taxpayer is required to fill the complete details of the donee in the income tax return for availing deduction.

- In order to ease the process of claiming deduction for donation, it is proposed to pre-fill the donee's information in taxpayer's return on the basis of information of donations furnished by the donee. This

would result in hassle-free claim of deduction for the donation made by the taxpayer.

- Further, in order to claim the tax exemption, the charity institutions have to be registered with the Income Tax Department. In the past, the process of the registration was completely manual and scattered all over the country.

- In order to simplify the compliance for the new and existing charity institutions, I propose to make the process of registration completely electronic under which a unique registration number (URN) shall be issued to all new and existing charity institutions. Further, to facilitate the registration of the new charity institution which is yet to start their charitable activities, I propose to allow them provisional registration for three years.

125. Faceless appeals

Our government is committed to bringing in transformational changes so that maximum governance is provided with minimum government. In order to impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. Currently, most of the functions of the Income Tax Department starting from the filing of return, processing of returns, issuance of refunds and assessment are performed in the electronic mode without any human interface. In order to take the reforms initiated by the Department to the next level and to eliminate human interface, I propose to amend the Income Tax Act so as to enable Faceless appeal on the lines of Faceless assessment.

126. No Dispute but Trust Scheme – '*Vivad Se Vishwas*'Scheme

- Sir, in the past our Government has taken several measures to reduce tax litigations. In the last budget, *Sabka Vishwas Scheme* was brought in to reduce litigation in indirect taxes. It resulted in settling over 1,89,000 cases. Currently, there are 4,83,000 direct tax cases pending in various appellate forums i.e. Commissioner (Appeals), ITAT, High Court and Supreme Court. This year, I propose to bring a scheme similar to the indirect tax *Sabka Vishwas* for reducing litigations even in the direct taxes.

- 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 avail this scheme after 31st March, 2020 will have to pay some additional amount. The scheme will remain open till 30th June, 2020.

- Taxpayers in whose cases appeals are pending at any level can benefit from this scheme.

- I hope that taxpayers will make use of this opportunity to get relief from vexatious litigation process.

127. Losses of merged banks

- As a part of consolidation of the financial sector, our Government has brought out schemes for merger and amalgamation of public sector banks. In order to ensure that the amalgamated entities are able to take the benefit of unabsorbed losses and depreciation of the amalgamating entities, I propose to make necessary amendments to the provisions of the Income-tax Act.

128. Taxpayer's Charter

- Any tax system requires trust between taxpayers and the administration. This will be possible only when taxpayer's rights are clearly enumerated. Towards this end, and with the objective of enhancing the efficiency of the delivery system of the Income Tax Department, I propose to amend the provisions of the Income Tax Act to mandate the Central Board of Direct Taxes (CBDT) to adopt a Taxpayers' Charter. The details of the contents of the charter shall be notified soon.

129. Instant PAN through Aadhaar

- In the last Budget, I had introduced the interchangeability of PAN and Aadhaar for which necessary rules were already notified. In order to further ease the process of allotment of PAN, soon we will launch a system under which PAN shall be instantly allotted online on the basis of Aadhaar without any requirement for filling up of detailed application form.

130. Our Government brought in the GST as a historic reform of the indirect taxes in 2017. We also took a path-breaking step of simplifying and rationalising corporate tax in September, 2019. More importantly, we offered a rate of corporate tax, which perhaps is the lowest in the world. Continuing on this path, we have now put the personal income tax at its lowest ever rate and totally removed DDT at the company's hands. Further, the direct taxes are now the lowest, simplest, and smoothest. Direct tax on the Start-ups also has seen many reformatory steps in quick succession. Even ease of compliance is seeing unprecedented changes. Last but not the least, personal interface with tax administration is at the minimum ever.

Indirect Tax

131. As I mentioned earlier in Part A of my speech, reforms are continuing in GST. A simplified return shall be implemented from the 1st April, 2020. This is under pilot run. It will make return filing simple with features like SMS based filing for nil return, return pre-filling, improved input tax credit flow and overall simplification.

132. Refund process has been simplified and has been made fully automated with no human interface.

133. Electronic invoice is another innovation wherein critical information shall be captured electronically in a centralized system. It will be implemented in a phased manner starting from this month itself on optional basis. It will facilitate compliance and return filing.

134. Several measures have been taken for improving compliance. Aadhaar based verification of taxpayers is being introduced. This will help in weeding out dummy or non-existent units. Dynamic QR-code is proposed for consumer invoices. GST parameters will be captured when payment for purchases is made through the QR-code. A system of cash reward is envisaged to incentivise customers to seek invoice. Deep data analytics and AI tools are being used for crackdown on GST input tax credit, refund, and other frauds and to identify all those who are trying to game the system. Invoice and input tax credit matching is being done wherein returns having mismatch more than 10 percent or above a threshold are identified and pursued. Significant policy level changes have also been made. GST rate structure is also being deliberated so as to address issues like inverted duty structure.

135. On Customs side, a number of measures have been taken for ease of doing business. India's quantum leap in the Trading Across Border parameter of Ease of Doing Business rankings by the World Bank is a testimony to these efforts. India's rank on this parameter improved from 146 to 80 in 2018 and further to 68 in 2019. Measures have also been taken for providing a level playing field to our domestic manufacturers, particularly the MSME sector and for securing borders.

136. It has been observed that imports under Free Trade Agreements (FTAs) are on the rise. Undue claims of FTA benefits have posed threat to domestic industry. Such imports require stringent checks. In this context, suitable provisions are being incorporated in the Customs Act. In the coming months we shall review Rules of Origin requirements, particularly for certain sensitive items, so as ensure that FTAs are aligned to the conscious direction of our policy.

137. We are also strengthening provisions relating to safeguard duties which are applied when surge in imports causes serious injury to domestic industry. Amended provisions shall enable regulating such surge in imports in a systematic way. The provisions for checking dumping of goods and imports of subsidized goods are also being strengthened for ensuring a level playing field for domestic industry. These changes are in line with the international best practices.

138. Exemptions from customs duty have been given in public interest from time to time. However, a number of these have outlived their utility or have become outdated. On review, certain such exemptions are being withdrawn. Remaining custom duty exemptions shall be comprehensively reviewed by September, 2020 for taking a view on their relevance. I propose to crowd source suggestions for such reviews. Suggestions would also be invited in respect of the Customs laws and procedures for aligning them with the needs of changing times and ease of doing business.

139. Labour intensive sectors in MSME are critical for employment generation. Cheap and low-quality imports are an impediment to their growth. Special attention has been taken to put measured restraint on import of those items which are being produced by our MSMEs with better quality. Keeping in view the need of this sector, customs duty is being raised on items like footwear and furniture.

140. Our policy of Make in India has started giving dividends. India is now making world class goods and exporting such products. We have made considerable progress in medical equipment too. Till few years back we

were dependent on imports for medical equipment. Now, not only we are manufacturing medical equipment but also exporting them in large quantities. This sector deserves further fillip. Government has also been committed to provide health services to all. Ayushman Bharat has made it possible. To achieve the twin objectives of giving impetus to the domestic industry and also to generate resource for health services, I propose to impose a nominal health cess, by way of a duty of customs, on the imports of medical equipment keeping in view that these goods are now being made significantly in India. The proceed from this cess shall be used for creating infrastructure for health services in the aspirational districts.

141. Under Make in India initiative, well laid out customs duty rates were pre-announced for items like mobile phones, electric vehicles and their components. This has ensured gradual increase in domestic value addition capacity in India. Customs duty rates are being revised on electric vehicles, and parts of mobiles as part of such carefully conceived Phased Manufacturing Plans.

142. In other changes, customs duty is being reduced on certain inputs and raw materials while it is being revised upward on certain goods which are being made domestically. In the previous budget, basic custom duty of 10% was imposed on the news print and lightweight coated paper. However, since then I have received several references that this levy has put additional burden on print media at a time when it is going through a difficult phase. I, therefore, propose to reduce basic customs duty on imports of news print and light-weight coated paper from 10% to 5%.

143. Chemicals are crucial feed stocks for downstream users. PTA, for example, is a critical input for textile fibres and yarns. Its easy availability at competitive prices is desirable to unlock immense potential in textile sector which is a significant employment generator. Therefore, in the larger public interest, anti-dumping duty on PTA is being abolished.

144. As a revenue measure, I propose to raise excise duty, by way of National Calamity Contingent Duty on Cigarettes and other tobacco products. However, no change is being made in the duty rates of bidis.

145. Finally, continuing the tax reform is an ongoing challenge and we propose to pursue them with full vigour.

146. Details of my budget proposals relating to direct and indirect taxes are in the Annexure to my speech.

147. Mr. Speaker Sir, with these words I commend the Budget to this august House.

Annex-I

Budget Outlay for Major Sectors

(₹ *crore*)

Sl. No.	Sector Name	BE 19-20	RE 19-20	BE 20-21
I	**Aspirational India**	**4,67,517**	**4,36,913**	**4,82,401**
a	Agriculture & Allied, Irrigation & Rural Development	2,76,380	2,49,910	2,83,202
b	Wellness, Water, Sanitation	93,294	89,618	96,885
c	Education & Skill Development	97,843	97,385	1,02,314
II	**Economic Development**	**2,23,695**	**2,24,941**	**2,37,604**
a	Industry & Commerce	27,043	28,608	27,227
b	Transport Infrastructure	1,57,437	1,58,207	1,69,637
c	Energy	39,215	38,127	40,740
III	**New Economy**	**40,534**	**34,724**	**42,852**
a	Information Technology & Space Technology	19,127	18,979	20,379
b	Communication (Bharat Net)	8,350	3,000	8,000
c	Science & Technology	13,056	12,745	14,473
IV	**Caring Society**	**59,036**	**54,831**	**62,626**
a	Women & Child Development and Social welfare	50,850	48,210	53,876
b	Culture & Tourism	5,232	3,963	5,650
c	Environment & Climate Change	2,955	2,658	3,100
V	**Financial Sector**	**19,002**	**23,686**	**40,433**
a	Banking, Insurance, Financial Market and Infra Finance	19,002	23,686	40,433

Annex – II

Major Scheme Allocation

(₹ crore)

S. No.	Name of the Scheme	BE 2019-20	RE 2019-20	BE 2020-21
1	National Social Assistance Progam	9,200	9,200	9,197
2	Mahatma Gandhi National Rural Employment Guarantee Program	60,000	71,002	61,500
3	Umbrella Scheme for Development of Schedule Castes	5,445	5,568	6,242
4	Umbrella Programme for Development of Scheduled Tribes	3,810	4,194	4,191
5	Umbrella Programme for Development of Minorities	1,590	1,709	1,820
6	Umbrella Programme for Development of Other Vulnerable Groups	1,818	1,846	2,210
7	National Ganga Plan	750	353	800
9	Pradhan Mantri Gram Sadak Yojna	19,000	14,070	19,500
10	Pradhan Mantri Awas Yojna (PMAY)	25,853	25,328	27,500
11	Jal Jeevan Mission (JJM)	10,001	10,001	11,500
12	Swachh Bharat Mission	12,644	9,638	12,294
13	National Health Mission	33,651	34,290	34,115
14	National Education Mission- Samgra Shiksha	38,547	37,672	39,161
15	PMJAY-Ayushman Bharat	6,556	3,314	6,429
16	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	75,000	54,370	75,000
17	Deen Dayal Antyodaya Yojana- National Livelihood Mission - Ajeevika	9,774	9,774	10,005
18	Pardhan Mantri Swasthya Suraksha Yojana	4,000	4,733	6,020
19	Umbrella Integrated Child development Scheme	27,584	24,955	28,557
20	National Programme of Mid Day Meal in Schools	11,000	9,912	11,000

Annex – III

Transfer of Resources to States and Union Territories with Legislature

(₹ crore)

	BE 2019-20	RE 2019-20	BE 2020-21
I. Devolution of States share in taxes	**8,09,133**	**6,56,046**	**7,84,181**
II. Some Important Items of Transfer	**54,581**	**57,344**	**73,275**
1. Assistance to States from NDRF	10,000	20,000	25,000
2. Central Pool of Resources for North Eastern Region and Sikkim	392	380	407
3. Externally Added Projects - Grants	4,500	3,000	4,000
4. Externally Aided Projects-Loan	19,723	25,000	25,000
5. Schemes of North East Council	326	324	287
6. Schemes under Provision to Article 275(1) of the Constitution	2,321	2,321	1,199
7. Special Assistance under the demand - Transfers to States	15,000	4,000	15,000
8. Special Central Assistance to Scheduled Castes under Demand- Department of Social Justice and Empowerment	1,074	1,074	1,172
9. Special Central Assistnace to Tribal Area under the Demand - Ministry of Tribal Affairs	1,245	1,245	1,210
III. Finance Commission Grants	**1,20,466**	**1,23,710**	**1,49,925**
1. Grant for local bodies - Rural Bodies	52,558	58,616	69,925
2. Grants for Urban Local Bodies	23,359	25,843	30,000
3. Grants-in-Aid for SDRF	10,344	10,938	20,000
4. Post Devolution Revenue Deficit Grants	34,206	28,314	30,000
IV. Total Transfer to States [Other than (I)+(II)+(III)]	**3,35,220**	**3,22,443**	**3,35,878**
1. Under Centrally Sponsored Schemes (Revenue)	2,92,003	2,83,057	2,95,269
2. Under Central Sector Schemes (Revenue)	42,076	38,227	39,451
3. Under Other Categories of Expenditure (Revenue)	1,033	1,055	1,066
4. Capital Transfers	109	104	93
V. Total Transfer to Delhi and Puducherry	**10,028**	**28,419**	**47,408**
1. Under Centrally Sponsored Schemes (Revenue)	2,026	1,999	5,603
2. Under Central Sector Schemes (Revenue)	89	222	299
3. Under Other Categories of Expenditure (Revenue)	7,613	25,972	41,355
4. Capital Transfers	300	225	150
Total Transfer to States/UTs	**13,29,428**	**11,87,961**	**13,90,666**

Annex – IV

Allocation for Major Ministries/ Departments

(₹ crore)

Sl. No.	Ministry/Department	BE 2019-20	RE 2019-20	BE 2020-21
1	Department of Agriculture, Cooperation and Farmers' Welfare	1,30,485	1,01,904	1,34,400
2	Department of Agricultural Research and Education	8,079	7,846	8,363
3	Atomic Energy	16,926	17,426	18,229
4	Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	1,940	1,857	2,122
5	Department of Fertilisers	80,035	80,035	71,345
6	Ministry of Civil Aviation	4,500	3,700	3,798
7	Department of Commerce	6,219	7,219	6,219
8	Department for Promotion of Industry and Internal Trade	5,675	6,490	6,606
9	Department of Posts	11,299	12,398	15,525
10	Department of Telecommunications	27,338	23,350	66,432
11	Department of Consumer Affairs	2,272	2,050	2,300
12	Department of Food and Public Distribution	1,92,240	1,15,240	1,22,235
13	Ministry of Culture	3,042	2,547	3,150
14	Defence Services (Revenue)	2,01,902	2,05,902	2,09,319
15	Capital Outlay on Defence Services	1,03,394	1,10,394	1,13,734
16	Defence Pensions	1,12,080	1,17,810	1,33,825
17	Ministry of Development of North Eastern Region	3,000	2,670	3,049
18	Ministry of Earth Sciences	1,902	1,810	2,070
19	Ministry of Electronics and Information Technology	6,654	5,839	6,899
20	Ministry of Environment, Forests and Climate Change	2,955	2,658	3,100
21	Ministry of External Affairs	17,885	17,372	17,347
22	Department of Economic Affairs	14,312	15,952	29,308
23	Department of Financial Services	4,690	7,734	11,125
24	Department of Revenue	1,02,048	1,22,066	1,36,640
25	Interest Payments	6,60,471	6,25,105	7,08,203
26	Pensions	48,565	50,565	61,169
27	Transfers to States	1,55,447	1,55,447	2,00,447
28	Department of Fisheries	805	700	825
29	Department of Animal Husbandry and Dairying	2,932	2,790	3,289
30	Ministry of Food Processing Industries	1,197	1,043	1,233
31	Department of Health and Family Welfare	62,659	62,659	65,012
32	Department of Health Research	1,900	1,950	2,100

Sl. No.	Ministry/Department	BE 2019-20	RE 2019-20	BE 2020-21
33	Ministry of Home Affairs	4,896	19,955	8,002
34	Ladakh	...	...	5,958
35	Transfers to Jammu and Kashmir	...	...	30,757
36	Ministry of Housing and Urban Affairs	48,032	42,267	50,040
37	Department of School Education and Literacy	56,537	56,537	59,845
38	Department of Higher Education	38,317	38,317	39,467
39	Ministry of Information and Broadcasting	4,375	4,065	4,375
40	Department of Water Resources, River Development and Ganga Rejuvenation	8,245	7,518	8,960
41	Department of Drinking Water and Sanitation	20,016	18,360	21,518
42	Ministry of Labour and Employment	11,184	11,184	12,065
43	Ministry of Micro, Small and Medium Enterprises	7,011	7,011	7,572
44	Ministry of Minority Affairs	4,700	4,700	5,029
45	Ministry of New and Renewable Energy	5,255	3,892	5,753
46	Ministry of Panchayati Raj	871	500	901
47	Ministry of Petroleum and Natural Gas	42,901	42,901	42,901
48	Ministry of Power	15,875	15,875	15,875
49	Ministry of Railways	68,019	69,967	72,216
50	Ministry of Road Transport and Highways	83,016	83,016	91,823
51	Department of Rural Development	1,17,647	1,22,649	1,20,147
52	Department of Land Resources	2,227	1,900	2,251
53	Department of Science and Technology	5,580	5,481	6,302
54	Department of Biotechnology	2,580	2,381	2,787
55	Department of Scientific and Industrial Research	4,896	4,883	5,385
56	Ministry of Shipping	1,903	1,523	1,800
57	Ministry of Skill Development and Entrepreneurship	2,989	2,531	3,002
58	Department of Social Justice and Empowerment	8,885	8,885	10,104
59	Department of Empowerment of Persons with Disabilities	1,205	1,100	1,325
60	Department of Space	12,473	13,139	13,479
61	Ministry of Statistics and Programme Implementation	5,231	5,231	5,444
62	Ministry of Textiles	4,831	4,831	3,515
63	Ministry of Tourism	2,189	1,416	2,500
64	Ministry of Tribal Affairs	6,895	7,340	7,411
65	Ministry of Women and Child Development	29,165	26,185	30,007
66	Ministry of Youth Affairs and Sports	2,217	2,777	2,827

Annex-V

Statement of Extra Budgetary & Other Resources (Govt. fully serviced bonds, NSSF etc.)

(₹ crore)

Part-A – EBRs mobilised through issue of Govt. fully serviced bonds

Demand No.	Name of the Ministry/Department and Name of the Scheme	BE 2019-20	RE 2019-20	BE 2020-21
42	**Department of Health & Family Welfare** Pradhan Mantri Swasthya Suraksha Yojana	5,000.00	2,700.00	3,000.00
57	**Ministry of Housing & Urban Affairs** Pradhan Mantri Awas Yojana (PMAY) - Urban	20,000.00	10,000.00	10,000.00
59	**Department of Higher Education** Revitalising Infrastructure and Systems in Higher Education (RISE)	5,000.00	1,000.00	3,000.00
61	**Department of Water Resources, River Development & Ganga Rejuvenation** (i) Polavaram Irrigation Project (ii) Pradhan Mantri Krishi Sinchai Yojana (AIBP & other Projects)	 --- 4,882.00	 1,850.00 3,033.96	 5,000.00
62	**Department of Drinking Water & Sanitation** (i) Swachh Bharat Mission (Rural) (ii) Jal Jeevan Mission/National Rural Drinking Water Programme	 5,000.00 6,300.00	 5,000.00 2,000.00	 12,000.00
70	**Ministry of New & Renewable Energy** Pradhan Mantri-Kisan Urja Sanrakshan Evam Utthan Mahabhiyan (PM-KUSUM)	822.00	500.00	1,000.00
77	**Ministry of Power** Deen Dayal Upadhyaya Gram Jyoti Yojana/SAUBHAGYA	9,000.00	8,500.00	5,500.00
85	**Department of Rural Development** Pradhan Mantri Awas Yojana (PMAY) - Rural	---	10,000.00	10,000.00
90	**Ministry of Shipping** Inland Waterways Authority of India (IWAI) Projects	1,000.00	---	---
	Total	**57,004.00**	**44,583.96**	**49,500.00**

Part-B – Financial support extended through loans from NSSF

Sl. No.	Name of the Ministry/Department/ Name of the Entity	BE 2019-20	RE 2019-20	BE 2020-21
1	**Department of Food & Public Distribution** Food Corporation of India	---	1,10,000.00	1,36,600.00
2.	**Ministry of Housing & Urban Affairs** Building Materials & Technology Promotion Council(BMTPC)	----	15,000.00	---
3.	**Department of Fertilizers** (i) Rashtriya Chemicals & Fertilizers Ltd. (ii) Metals & Minerals Trading Corporation	 --- ---	 1,805.00 1,310.00	 --- ---
	Total	**---**	**1,28,115.00**	**1,36,600.00**
	Grand Total (A+B)	**57,004.00**	**1,72,698.96**	**1,86,100.00**

Notes:

(i) *Estimates of financial support through NSSF as indicated in RE 2019-20 & BE 2020-21 is arrived on the basis of gap between total requirement for funds (including repayment of NSSF loan in FY 2019-20 & FY 2020-21), proposed by Department of Food & Public Distribution during these years and budgetary provision made in RE 2019-20 & BE 2020-21.*

(ii) ***Capital Infusion in Public Sector Banks:*** *Capital to the extent of `80,000 crore in 2017-18 and ₹ 1,06,000 crore in 2018-19 was infused for Recapitalization of Public Sector Banks to enable them to maintain their Regulatory Capital, Growth Capital and Prompt Corrective Action (PCA) at desirable levels. For this purpose, a provision of ₹ 70,000 crore has also been made available in the 2019-20. Currently, the capital infusion is made through issuance of GoI special Securities carrying a fixed coupon. In the current Financial Year, so far ₹64,612 crore has been infused as Government's fresh capital.*

(iii) Statement of liability on annuity projects is given in Part-B of the Receipt Budget 2020-21.

Annex to Part B of Budget Speech

Direct Tax Proposals:

1. Tax Incentives

1.1 Relief in personal income-tax and simplification of taxation: **In order** to provide relief and simplify the taxation regime, it is proposed to provide an option to individual and Hindu undivided family to be taxed at following lower rates if they do not avail specified exemption/deductions:

Total Income (Rs)	Rate (%)
Upto 2,50,000	Nil
From 2,50,001 to 5,00,000	5
From 5,00,001 to 7,50,000	10
From 7,50,001 to 10,00,000	15
From 10,00,001 to 12,50,000	20
From 12,50,001 to 15,00,000	25
Above 15,00,000	30

Surcharge and cess shall be continued to be levied at the existing rates.

1.2 Relief and simplification for co-operative societies: In order to provide relief and simplify the taxation regime, it is proposed to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge plus 4% cess, if they do not avail certain specified deduction/exemption. Further, it is also proposed to exempt these cooperative societies from Alternative Minimum Tax (AMT).

1.3 Tax concession for foreign investments: In order to promote investment of sovereign wealth fund, including the wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA),it is proposed to

grant tax exemption to interest, dividend and capital gains income of Sovereign Wealth Fund and wholly owned subsidiary of the ADIA subject to fulfilment of certain conditions, in respect of investment made in the infrastructure sector or other deserving notified sectors before 31st March, 2024 and with a minimum lock-in period of 3 years.

1.4 Removal of Dividend Distribution Tax: At present dividend is taxed in the hands of company distributing such dividend. This is found to be iniquitous. It is proposed to shift to classical system of taxing dividend in the hands of shareholders.

1.5 Incentives for IFSC, municipal bonds and offshore borrowing: The concessional rate of Tax Deductible at Source (TDS) at five per cent currently available under section 194LC and 194LD for borrowing from overseas is proposed to be extended for three years to 30th June 2023. Further, specified municipal bonds would also be eligible for such concession on overseas borrowing. It is also proposed to provide that the withholding tax rate shall be four per cent on fresh overseas borrowing on or after the 1st day of April, 2020 but before the 1st day of July, 2023 which is listed only on a recognised stock exchange located in any IFSC.

1.6 Incentives to Affordable Housing: Currently, an additional deduction up to one lakh fifty thousand rupees is allowed for interest paid on loans sanctioned upto 31st March, 2020 for purchase of an affordable house. In order to incentivise the purchase of affordable housing, it is proposed to extend the date of sanction of loan to 31st March, 2021. Hence, this deduction will also be available in respect of housing loans sanctioned by 31st March, 2021.

Further, in order to boost the supply of affordable houses in the country, a tax holiday is provided on the profits earned by developers of affordable housing project approved by 31st March, 2020. In order to promote the affordable housing projects, it is proposed to extend the date of approval of affordable housing projects for availing this tax holiday by one more year. Accordingly, developers of affordable housing projects approved by 31st March, 2021 can also avail of the tax holiday.

1.7 Concession to Real Estate sector: Currently, safe harbour of 5% is allowed for computation of income in respect of transaction of

immovable property where the consideration is less than the circle rate. In order to boost housing sector, it is proposed to increase this safe harbour to 10%.

1.8 Incentives to start-up: In order to encourage the start-ups to employ highly talented employees at a relatively low salary by granting them Employee Stock Option Plan (ESOPs), it is proposed to defer the tax payment on these ESOPs granted by start-up to their employees by five years or till the employee leaves the company or when the said employee sells those shares, whichever is earliest.

Further, in order to extend benefit of tax holiday to larger start-ups, it is proposed to increase the turnover threshold for claiming tax holiday from existing Rs. 25 crore to Rs. 100 crores. Further, in order to address the concerns of start-ups which may not have adequate profit in initial years for availing this holiday, it is proposed to extend the period of eligibility for claim of 100% deduction from the existing 7 years to 10 years.

1.9 Allowing carry forward of losses or depreciation in certain amalgamations: It is proposed to provide that the amalgamated public sector banks and insurance companies shall be eligible to take the benefit of unabsorbed losses and depreciation of the amalgamating entities.

1.10 Widening the definition of "business trust": In order to encourage unlisted Infrastructure Investment Trust (InvIT) or a Real Estate Investment Trust (REIT), it is proposed to extend the same taxation regime as available to listed InvITs and listed REIT to unlisted REIT and InvIT.

1.11 Exemption to Indian Strategic Petroleum Reserves Limited**:** It is proposed to provide exemption to Indian Strategic Petroleum Reserves Limited (ISPRL) in respect of income accruing or arising as a result of an arrangement for replenishment of crude oil stored in its storage facility in pursuance to directions of the Central Government in this behalf subject to the condition of replenishment of crude oil within three years.

1.12 Concessional tax rate for electricity generation companies: In order to attract investment in the power sector, it is proposed to extend the concessional corporate tax rate of 15% provided by the Taxation Laws (Amendment) Act, 2019 to new domestic companies that are engaged in the generation of electricity subject to the condition that they start generating electricity by 31st March, 2023.

2. Measures to provide tax certainty

2.1 Widening the scope of Safe Harbour Rules and Advance Pricing Agreement: In order to provide tax certainty to taxpayers in the matter of attribution of profit to permanent establishment (PE), it is proposed to widen the scope of Advanced Pricing Agreement (APA) and Safe Harbour Regime (SHR), by providing that determination of attribution of profit to PE shall also be in the scope of SHR and APA.

2.2 Rationalisation of deduction to insurance companies: It is proposed to provide that expenses disallowed in the hands of insurance companies for late payment of statutory dues shall be allowed in the year of payment.

2.3 Reduction in rate of Tax Deduction at Source (TDS): In order to reduce litigation, it is proposed to reduce rate for TDS in case of fees for technical services (other than professional services) to two per cent from existing ten per cent in order to align the same with the rate of TDS on works contract.

2.4 Vivad se Vishwas Scheme: It is proposed to bring out a scheme for reducing the direct tax litigation. Taxpayers in whose case appeals are pending at any level can take the benefit from this scheme. Under the scheme, taxpayer would be required to pay only the amount of the disputed taxes and there will be complete waiver of interest and penalty provided they make payment by 31st March, 2020. For disputed penalty, interest and fee not connected with the disputed tax, the taxpayer would be required to pay only 25% of the same for settling the dispute. A tax payer shall be required to pay 110% of the disputed tax (the excess 10% shall be limited to the amount of related penalty and interest, if any) and 30% of penalty, interest and fee in case of payment after 31st March, 2020.

3. WIDENING AND DEEPENING OF TAX BASE

3.1 TDS on E-commerce transactions**:** In order to widen and deepen the tax net, it is proposed to provide that e-commerce operator shall deduct TDS on all payments or credits to e-commerce participants at the rate of 1% in PAN/Aadhaar cases and 5% in non-PAN/Aadhaar cases. In order to provide relief to small businessman, it is proposed to provide exemption to an individual and HUF who receives less than Rs. 5 lakh and furnishes PAN/Aadhaar.

3.2 Enlarging the scope of TDS on interest: It is proposed to extend the TDS on interest paid by certain large co-operative societies whose gross receipts exceeds fifty crore rupees during the last financial year.

3.3 Widening the scope of TCS: It is proposed to provide for tax collection at source (TCS) on remittance under Liberalised Remittance Scheme of Reserve Bank of India exceeding seven lakh rupees in a year and on sale of overseas tour package. Further, TCS is also proposed on sale of goods in excess of fifty lakh rupee in a year by a seller whose turnover is more than 10 crore rupees.

3.4 Limit on exemption of Employer's contribution to certain funds: It is proposed to put an upper cap of seven lakh and fifty thousand rupees in a year on tax exempt employer's contribution in recognized provident fund, superannuation fund and NPS in the accounts of an employee.

4. IMPROVING EFFECTIVENESS OF TAX ADMINISTRATION

4.1 Faceless appeal: In order to impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. In order to ensure that the reforms initiated by the Income Tax Department to eliminate human interface from the system reach the next level, it is proposed to provide enabling power for launching of Faceless appeal on the lines of Faceless assessment.

4.2 Widening the scope of Dispute Resolution Panel(DRP): It is proposed to widen the scope of references to DRP by including all non-residents

as eligible assessee and to clarify that all variation which are prejudicial to the assessee shall be within the scope of DRP.

4.3 Taxpayer's Charter: With the objective of enhancing the efficiency of the delivery system of the Income Tax Department, it is proposed to provide that the CBDT shall adopt a Taxpayer's Charter and issue necessary direction for the implementation of the Charter.

4.4 Modification in the scope of faceless assessment: It is proposed to widen the scope of faceless assessment scheme to cover those cases in which assessment is being completed *ex-parte.*

5. EASE OF COMPLIANCE

5.1 Raising of limit for tax audit: In order to help small and medium enterprises, it is proposed to raise the turnover threshold for compulsory tax audit from existing Rs. 1 crore to Rs. 5 crore in a case where cash receipt is not more than 5% of total receipt and cash payment is not more than 5% of total payment. Further, in order to reduce the compliance cost, it is also proposed to provide that tax audit report to be filed a month before the due date of filing income-tax return. Accordingly, the said due date for filing of income-tax returns is proposed to be changed from 30th September to 31st October of the relevant assessment year so that there is no change in the date of finalisation of tax audit.

5.2 Exempting non-resident from filing of Income-tax return on certain conditions: In order to reduce compliance burden of non-residents, it is proposed to exempt them from filing income-tax return on their income of the nature of royalty or fee for technical services, if tax has been deducted at the rate given in section 115A.

6. RATIONALISATION OF PROVISIONS OF THE INCOME-TAX ACT, 1961

6.1 It is proposed to withdraw the exemption on certain perquisites and allowances provided to Chairman and members of Union Public Service Commission and to Chief Election Commissioner and Election Commissioners.

6.2 It is proposed to rationalise the definition of 'taxable commodities transactions' for the purposes of levy of Commodity Transaction Tax.

6.3 It is proposed to enable the Central Government for notifying scheme for levying penalty in a faceless manner.

6.4 To increase transparency in survey operation, it is proposed to provide that if the survey is not based on information provided by prescribed authority, then approval of Commissioner or Principal Commissioner of Income-tax is required.

6.5 It is proposed to provide that Income Tax Appellate Tribunal can grant stay of demand only if the taxpayer has either paid twenty per cent of amount of demand or have provided security for an equal amount.

6.6 It is proposed to reduce the time of stay in India from 182 days to 120 days for an Indian citizen or person of Indian origin to become resident in India. Consequently, it is proposed to relax the provision of "resident but not ordinarily resident" so that a resident who has been non-resident in seven out of ten previous years would be resident but not ordinarily resident. It is also proposed to provide that an Indian citizen who is not liable to tax anywhere would be deemed to be resident in India.

6.7 It is proposed to amend the definition of "work" for the purpose of TDS under section 194C to provide that in a contract manufacturing, the raw material provided by the assessee or its associate shall fall within the purview of the 'work' under section 194C.

6.8 To discourage taxpayers to manipulate their books of accounts by recording false entries including fake invoices to claim wrong input credit in GST, it is proposed to provide for penalty for these malpractices.

6.9 It is proposed to amend the provision allowing India to enter into Double Taxation Avoidance Agreements (DTAA) with other countries or territories or association, to align with the new preamble mandated by Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (commonly referred to as MLI), as India has already ratified MLI.

6.10 It is proposed to defer the enactment of Significant Economic Presence (SEP) to Financial Year 2021-22 as G-20 OECD report on digital economy is expected by that time. It is also proposed to provide for source rule for revenue from advertisement targeted to India customers and revenue from sale of Indian sourced data.

6.11 It is proposed to align exemption from the provision of indirect transfer to Foreign Portfolio Investors in line with new SEBI FPI regulations. It is also proposed to rationalise the definition of royalty.

6.12 It is proposed to rationalise the provisions of section 115BAA and section 115BAB to provide that any domestic company (both existing as well as new) opting for concessional tax regime will not be allowed to claim any deduction under Chapter VI-A of the Act except deductions specifically allowed under said sections.

6.13 The conditions for setting up of offshore fund are proposed to be rationalised so as to facilitate setting up of fund management activity in India.

6.14 It is proposed to clarify that in case of a capital asset, being land or building or both, the fair market value of such an asset on 1st day of April, 2001 shall not exceed the stamp duty value of such asset as on 1st day of April, 2001, where such stamp duty value is available.

6.15 It is proposed to rationalise the process of registration in the case of trusts, institutions, funds, university, hospital etc. and approval in the case of association, university, college, institution or company etc. It is also proposed to provide filing of statement of donation by donee so that the deduction claimed by the donor in its tax return can be pre-filled.

6.16 It is proposed to rationalise the provision regarding uploading of Form 26AS so as to include all the prescribed information.

6.17 It is proposed to rationalise the provisions relating to cost of acquisition and period of holding with respect to segregated portfolios to provide clarity to taxpayers holding such portfolios.

6.18 It is proposed to authorise Board to prescribe person who can verify the return of income in the cases of a company and a limited liability partnership. It is also proposed to authorise Board to prescribe person who can appear as an authorised representatives. This will help companies under Insolvency proceedings and in liquidation. It is also proposed to align the due date of Partner and Firm.

6.19 In order to facilitate opting for new concessional tax regime by the domestic companies, it is proposed to rationalise the provisions of section 35AD so as to provide an option for claiming deduction under section 35AD.

6.20 In order to rationalise the provisions of section 94B, it is proposed to exclude payment of interest to a branch of non-resident bank in India from interest deductibility rule under section 94B.

Annex to Part B of Budget Speech

Indirect Tax Proposals:

A. Legislative Changes in Customs:

1. Major Amendments in the Customs Act, 1962:

S. No.	Amendment
A	**For improving compliance**
1.	A new Chapter VAA (a new section 28DA) is being incorporated in the Customs Act to provide enabling provision for administering the preferential tariff treatment regime under Trade Agreements. The proposed new section seeks to specifically provide for certain obligations on importer and prescribe for time bound verification from exporting country in case of doubt. Pending verification preferential tariff treatment shall be suspended and goods shall be cleared only on furnishing security equal to differential duty. In certain cases, the preferential tariff treatment may be denied without further verification.
B	**For reducing litigation**
1.	An explanation is being inserted in section 28 to explicitly clarify that any notice issued under the said section, prior to the enactment of the Finance Act, 2018, shall continue to be governed by the section 28 as it existed before the said enactment, notwithstanding order of any Appellate Tribunal, Court or any other law to the contrary.
C	**Other enabling provisions**
1.	Clause (f) of the section 11(2) empowers the Central Government, for prevention of injury to the economy of the country by the uncontrolled import or export of gold or silver, to prohibit their import or export. This clause is being amended to include “any other goods” (in addition to gold and silver) in its ambit.
2.	A new section (section 51B) is being incorporated to provide for creation of an Electronic Duty Credit Ledger in

	the customs system. This will enable duty credit in lieu of duty remission to be given in respect of exports or other such benefit in electronic form for its usage, transfer etc. In this regard, enabling provisions for issuance of suitable regulations are also being inserted in section 157(2) of the Customs Act,1962. The provisions for recovery of duties provided under section 28AAA of Customs Act, 1962 are also being expanded to include such electronic credit of duties.

2. Amendments to the Customs Tariff Act, 1975:

S. No.	Amendment
A	**Amendment in the Customs Tariff Act, 1975**
1.	Section 8B of the Customs Tariff Act, 1975, which provided for imposition of safeguard duty as a trade remedy against surge in imports of a commodity, is being amended to make provisions for application of other safeguard measures such as Tariff Rate Quota and other safeguard measure as the Central Government may deem necessary to protect the domestic industry from injury due to significant surge in imports.
B	**Amendment in the First Schedule of the Customs Tariff Act, 1975**
1.	First Schedule to the Customs Tariff Act, 1975 is being amended to: (i) Create new tariff item 8414 51 50 for "Wall fans". The tariff rate for this item is 20% and BCD on wall fans is being increased from 7.5% to 20% (ii) Create new tariff item 8529 90 30 for "Open Cell of television set". The tariff rate for this item is 15%. However, these items will continue at 'Nil' BCD. (iii) Create tariff items 8541 40 11 for "Solar Cells, not assembled" and tariff item 8541 40 12 for "Solar Cells assembled in modules or made up into panels". The tariff rate for these items is 20%. However, these items will continue at 'Nil' BCD.

3. Amendment in Countervailing Duty Rules and Anti-Dumping Duty Rules:

These rules provide for manner and procedure for investigation into cases of imports of subsidized goods and cases of dumping of goods, respectively, that cause injury to domestic industry. Following amendments are being made in these rules:

S. No.	Rules	Amendment
1	Anti-Dumping Rules	Changes are being made in the Rules to strengthen the anti-circumvention measures by making them more comprehensive and wider in scope to take care of all types of circumventions of antidumping duty in line with best international practice. Certain other changes are being made in these Rules for bringing clarity in the scope of these rules.
2	Countervailing Duty Rules	At present, there is no provision for investigation in case of circumvention of countervailing duties. A provision is being incorporated in the Countervailing Duty Rules to enable investigation into case of circumvention of countervailing duty for enabling imposition of such duty. Certain other changes are being made for bringing clarity in the Rules.

B. Review of Customs duty exemption for certain imported goods:

1. Customs exemption have been reviewed to weed out such entries that are redundant, outdated or have outlived their utility. On such review, 80 exemptions are being withdrawn by making suitable amendment/rescission of relevant notifications. The exemptions being pruned on review, inter-alia, include withdrawal of exemption/ concessional rates on the following goods, namely:

S. No.	Category of goods	Specific items
1.	**Agro and animal based products**	Tuna bait, skimmed milk and certain milk products, sugar beet seeds, raw sugar, certain alcoholic beverages, whey and isolated soya protein, soya fibre, etc.

2.	**Items of Metal**	a. Lead bars, rods and wire b. Zinc tubes, pipes and tubes c. Tin plates, sheets and strips
3.	**Machinery**	Machinery imported for use in certain projects such as specified electricity generation projects, specified Metro projects, certain other specified purposes; Specified goods required for construction of roads
4.	**Electronic items**	Copper and articles thereof used in manufacturing of specified electronic items; Parts for manufacture of printers, CD Writers, MP3 or MP4 or MPEG 4 players, pre-recorded cassettes, audio cassettes, colour television tubes, etc.
5.	**Miscellaneous**	a. Peanut butter, preserved potatoes b. Instant print film, exposed cinematographic films c. A few redundant and outdated customs duty exemptions are being withdrawn. Further, a few exemptions are being re-aligned for consistency.

C. Changes in Customs duty for creating a level playing field for MSME and promoting MAKE IN INDIA:

1. Level playing field for domestic producers:

Customs duty is being increased on the following goods:

S. No.	Category of goods	Specific items	Rate of Duty	
			From	To
1.	**Household goods and appliances**	Tableware and kitchenware of porcelain or china, ceramic, clay, iron, steel, copper and	10%	20%

		aluminium, glassware, padlocks, brooms, hand-sieves, combs, vacuum flasks, etc.		
2.	**Electrical Appliances**	Fans, food grinders/mixers, shavers and hair removing appliances, water heaters, hair/hand drying apparatus, ovens, cookers, toasters, coffee/ tea makers, insect repellents, heaters, irons, etc.	10%	20%
3.	**Footwear**	a. Footwear b. Parts of footwear	25% 15%	35% 20%
4.	**Furniture goods**	Seats, articles of bedding including mattresses, lamps, lighting, illuminated signs, and other articles of furniture	20%	25%
5.	**Stationery items**	Filing cabinets, paper trays, binders, clips, staples, sign-plates, name plates, numbers and symbols etc. made from base metal	10%	20%
6.	**Toys**	Tricycles, scooters, scale models, dolls, etc.	20%	60%
7.	**Machinery**	a. Specified goods used in high voltage power transmission project	5%	7.5%
		b. Railway carriage fans	7.5%	10%
		c. Compressors of refrigerators and air conditioners	10%	12.5%

		d. Commercial freezers	7.5%	15%
		e. Welding and plasma cutting machine	7.5%	10%
		f. Rotary tillers/weeder	2.5%	7.5%
8.	**Other miscellaneous items**	a. Glass beads b. Artificial flowers c. Bells, gongs, statuettes, trophies and like, statuettes, ornaments, photograph, frames, mirrors etc. of base metal.	10%	20%

2. **Changes in Customs duty to promote MAKE IN INDIA under Phased Manufacturing Programme (PMP) for Electric Vehicles and Cellular Mobile Phones:**

a.	**Changes in customs duty under Phased Manufacturing Programme for Electric Vehicles**	**Rate of Duty**	
		From	**To**
1.	Completely Built Units of Bus and Trucks (with effect from 01.04.2020)	25%	40%
2.	Semi Knocked Down (SKD) units of bus, trucks and two wheelers (with effect from 01.04.2020)	15%	25%
3.	Semi Knocked Down (SKD) units of passenger vehicles and three wheelers (with effect from 01.04.2020)	15%	30%
4.	Completely Knocked Down (CKD) units of passenger vehicles, three wheelers, two wheelers, bus and trucks (with effect from 01.04.2020)	10%	15%
b.	**Changes in customs duty under Phased Manufacturing Programme for Cellular Mobile Phones**		
1.	PCBA of Mobile phones (with effect from 01.04.2020)	10%	20%
2.	Vibrator/Ringer of Mobile phones (with effect from 01.04.2020)	Nil	10%

3.	Display Panel and Touch Assembly (with effect from 01.10.2020)	Nil	10%

3. Changes in Customs duty to promote MAKE IN INDIA in Electronics sector:

S. No.	Specific Items	Rate of Duty	
		From	To
1.	Motors like Single Phase AC motors, Stepper motors, Wiper Motors etc.	7.5%	10%
2.	Specified chargers and power adapters	Applicable Rate	20%
3.	Fingerprint readers for use in cellular mobile phones	Nil	15%
4.	Earphones and headphones	Applicable Rate	15%

4. Reduction in Customs duty on raw materials and inputs imported by Domestic Manufacturers:

S. No.	Category of Inputs/ Raw materials	Specific Items	Rate of duty	
			From	To
1.	**Fuels, Chemicals and Plastics**	Very low sulphur fuel oil meeting ISO 8217:2017 RMG380 Viscosity in 220-400 CST standards/Marine Fuel 0.5% (FO)	10%	Nil
		Calcined Petroleum Coke	10%	7.5%
		Calendared plastic sheets used in manufacturing of smart cards	10%	5%
		Polyester Liquid Crystal Polymers for use in manufacture of connectors	7.5%	Nil
2.	**Precious Metals**	Platinum or Palladium used in manufacture of: a) Colloidal precious metals, inorganic or organic compounds of precious metal, amalgams of precious metals b) Catalyst with precious metal or precious metal compounds as the active substance	12.5%	7.5%

		Spent Catalyst or Ash containing precious metal, subject to specified conditions	12.5%	11.85%
3.	**Machinery and Electronic Goods**	Following parts of Microphone for use in manufacture of Microphone namely, a) microphone cartridge b) microphone holder c) microphone grill d) microphone body	10%	Nil
		Micro-fuse base, sub-miniature fuse base, Micro-fuse Cover and sub-miniature fuse cover for use in manufacture of micro fuse and sub-miniature fuse.	7.5%	Nil
4.	**Sports Goods**	Willow is being included in the list of items allowed duty free import up to 3% of FOB value of sports goods exported in the preceding financial year	Applicable Rate	Nil
5.	**Newsprint**	a) Newsprint, when imported by importer registered with Registrar of Newspapers, India. b) Uncoated paper used for printing newspaper, when imported by importer registered with Registrar of Newspapers, India. c) Lightweight coated paper used for printing magazines subject to actual user condition.	10%	5%

5. Other changes in Customs duty:

S. No.	Category of Goods	Specific Items	Rate of Duty	
			From	To
1.	**Food processing**	Walnuts, shelled	30%	100%
2.	**Chemicals and Plastics**	Colloidal precious metals, inorganic or organic compounds of precious metal, amalgams of precious metals	7.5%	10%
		Butyl Acrylate	5%	7.5%

		Other prepared binders for foundry moulds or cores; Chemical products and preparations of the chemical or allied industries	10%	17.5%
3.	**Auto and auto parts**	Catalytic converter	10%	15%
		Noble metal solutions and noble metal compounds used in manufacture of catalytic converter and its parts	5%	10%
		Platinum or Palladium used in manufacturing of catalytic converter and its parts	5%	Applicable Rate
		Parts and other specified inputs for manufacture of catalytic converters.	5%	7.5%
		Completely Built Units (CBUs) of commercial vehicles (other than electric vehicles) (with effect from 01.04.2020)	30%	40%

D Imposition of Health cess on specified medical equipment:

Health Cess at the rate of 5% is proposed to be imposed on the import of medical devices. This Health Cess shall be a duty of Customs. Health Cess shall not apply to medical devices which are exempt from BCD. Further, inputs/parts used in the manufacture of medical devices shall also be exempt from Health Cess. The proceeds of Health Cess shall be used for financing the health infrastructure and services.

E. Revocation of Anti-Dumping Duty on Purified Terephthalic Acid:

Revocation of Anti-dumping duty on import of Purified Terephthalic Acid originating in or exported from: -

1. South Korea and Thailand imposed vide notification No. 28/2019-Customs (ADD) dated 24.7.2019
2. China, Iran, Indonesia, Malaysia and Taiwan imposed vide notification No. 28/2016-Customs (ADD) dated 5.7.2016

F. Increase in National Calamity Contingent duty (NCCD) on Cigarettes and tobacco products:

National Calamity Contingent Duty is levied as a duty of excise on certain manufactured goods specified under the Seventh Schedule of Finance Act, 2001. NCCD is being proposed to be increased on tobacco products (except bidi) as detailed below:

1. On cigarettes, NCCD is being increased ranging from Rs. 200 – 735 per thousand, depending upon length of cigarette and on filter/non-filter basis.
2. On smoking mixtures for pipes and cigarettes, NCCD is being increased from 45% to 60%.
3. On other forms of smoking tobacco (other than smoking mixtures for pipes and cigarettes) and forms of chewing tobacco, NCCD is being increased from 10% to 25%.
4. NCCD on Bidis remains unchanged.

G. Proposals involving change in provisions of Central Goods and Services Tax Act, 2017:

S. No.	Amendments in the Central Goods and Services Tax Act, 2017 / Integrated Goods and Services Tax Act, 2017 / Union Territory Goods and Services Tax Act, 2017
A	**For facilitating trade or consumer**
1	Sub section (4) of the section 16 of the CGST Act is being amended to delink the date of issuance of debit note from the date of issuance of the underlying invoice for purposes of availing input tax credit.
2	Clause (c) of sub-section (1) of section 29 of the CGST Act is being amended to provide for cancellation of registration which has been obtained voluntarily under sub-section (3) of section 25.
3	A proviso to sub-section 1 of section 30 of the CGST Act is being inserted to empower the jurisdictional tax authorities to extend the date for application of revocation of cancellation of registration in deserving cases.
4	Section 51 of the CGST Act is being amended to remove the requirement of issuance of TDS certificate by the deductor; and to omit the corresponding provision of late fees for delay in issuance of TDS certificate.
5	Section 168 of the CGST Act is being amended to make provisions for enabling the jurisdictional commissioner to

	exercise powers under sub-section (5) of section 66 and second proviso to sub-section (1) of section 143.
B	**For improving compliance**
1.	Section 10 of the CGST Act is being amended, so as to exclude from the ambit of the Composition scheme certain categories of taxable persons, engaged in making- (i) supply of services not leviable to tax under the CGST Act, or (ii) inter-State outward supply of services, or (iii) outward supply of services through an e-Commerce operator.
2.	Section 122 of the CGST Act is being amended by inserting a new sub-section to make the beneficiary of the transactions of passing on or availing fraudulent Input Tax Credit liable for penalty similar to the penalty leviable on the person who commits such specified offences.
3.	Section 132 of the CGST Act is being amended to make the offence of fraudulent availment of input tax credit without an invoice or bill a cognizable and non-bailable offence; and to make any person who commits, or causes the commission and retains the benefit of transactions arising out of specified offences liable for punishment.
C	**Other changes**
1.	The definition of "Union territory" in clause (114) of section 2 of the CGST Act is being amended to update the definition of Union territory in view of the bringing into force of the Jammu and Kashmir Reorganization Act, 2019 and the Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories), Act, 2019. Consequential changes are also being made in UTGST Act, 2017.
2.	Section 31 of the CGST Act is being amended to provide enabling provision to prescribe the manner of issuance of invoices in case of supply of taxable services.
3.	Section 109 of the CGST Act is being amended to bring the provision for Appellate Tribunal under the CGST Act in the Union territory of Jammu and Kashmir and Ladakh.
4.	Section 140 of the CGST Act is being amended with effect from 01.07.17, to prescribe the manner and time limit for taking transitional credit.
5.	Section 172 of the CGST Act is being amended to make provision for enabling issuance of removal of difficulties order

	for another 2 years, i.e. till five years from the date of commencement of the said Act. Similar changes are also being made in the IGST Act, 2017 (section 25), the UTGST Act, 2017 (section 26) and the GST (Compensation to States) Act, 2017 (section 14).
6.	Entries at 4(a) & 4(b) in Schedule II of the CGST Act is being amended with effect from 01.07.2017 to make provision for omission of supplies relating to transfer of business assets made without any consideration from Schedule II of the said Act.

The proposed changes in GST laws will come into effect from the date when the same will be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

H. Retrospective amendments to give effect to the recommendations of the GST Council:

S. No.	Retrospective amendment in the Goods and Service Tax rate and refund provisions
1	Exemption from Central Tax, Union Territory Tax and Integrated Tax is being given on fishmeal [HS 2301], for the period 01.07.2017 to 30.09.2019. However, GST paid on supply of fishmeal during the period shall not be refunded.
2	Concessional 12% rate of Integrated Tax and 6% Central Tax and 6% Union Territory Tax during the period 01.07.2017 to 31.12.2018, on pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433, and 8436. However, GST paid at any other rate (higher than 12%) shall not be refunded.
3	The refund of accumulated credit of compensation cess on tobacco products arising out of inverted duty structure in Compensation Cess has been disallowed with effect from 1.10.2019 vide notification No. 3/2019- Compensation Cess (Rate) dated 30.9.2019. This notification is being given retrospective effect from 1.7.2017 onwards. Accordingly, no refund on account of inverted duty structure shall be admissible on tobacco products for any period.

For further details of the budget proposals, the Explanatory Memorandum and other relevant budget documents may be referred to.