

HIGHLIGHTS OF GENERAL BUDGET – 2020

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1. During the phase of maturing, GST did face certain challenges. GST Council has been proactive in resolving issues during transition. In the last two years more than 60 lakh new taxpayers have been added.
2. An average household now saves about 4% on its monthly spends on account of reduced GST rates.
3. Between 2006-16, India was able to raise 271 million people out of poverty.
4. The Central Government debt got reduced, in March 2019, to 48.7% of GDP from a level of 52.2% in March 2014.
5. Budget is woven around three prominent themes, **Aspirational India, Economic development for all & Caring Society.**
6. **Government aims:**
 - a. To achieve seamless delivery of services through **Digital governance**
 - b. To improve physical quality of life through **National Infrastructure Pipeline**
 - c. Risk mitigation through **Disaster Resilience**
 - d. Social security through **Pension and Insurance penetration.**
7. **Agriculture, Irrigation and Rural Development**
 - a. For Agriculture, Irrigation & allied activities - Rs. 1.60 lakh crore
 - b. For Rural development & Panchayati Raj - Rs. 1.23 lakh crore
8. **The New Education Policy will be announced soon.** Dialogues have been held with State Education Ministries, Members of Parliament and other stake-holders about Education policy.

FDI to deliver higher quality education.

It is proposed to start degree level full-fledged online education programme.

It is proposed to attach a medical college to an existing district hospital in PPP mode.
9. Government proposes to provide about Rs. 99,300 crore for education sector in 2020-21 and about Rs. 3,000 crores for skill development.
10. **Five new smart cities** in collaboration with States in PPP mode.
11. Government e-Marketplace (GeM) - Unified Procurement System in the country for providing a single platform for procurement of goods, services and works.

Rs. 27,300 crore for development and promotion of Industry and Commerce for the year 2020-21.
12. **National Infrastructure Pipeline** for Rs. 103 lakh crore. It consists of more than 6500 projects across sectors. A huge employment opportunity exists for India's youth in construction, operation and maintenance of infrastructure.
13. **Railways**
 - 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 27,000 Km of tracks.
 - d. Setting up a large solar power capacity alongside the rail tracks, on the land owned by the railways. A proposal is under consideration.
 - e. 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.
 - f. More Tejas type trains will connect iconic tourist destinations.
 - g. High speed train between Mumbai to Ahmedabad would be actively pursued.

- h. 148 km long Bengaluru Suburban transport project at a cost of Rs. 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.
- i. Allocation for Major Ministries/ Departments

				Rs. in Crore
Sl. No.	Ministry/Department	BE 2019-20	RE 2019-20	BE 2020-21
49	Ministry of Railways	68,019	69,967	72,216

14. In 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.
It is proposed to expand the national gas grid from the present 16200 km to 27000 km.
15. India has moved up from rank 65 in 2014 to 34 in 2019 in the Travel & Tourism Competitive Index (World Economic Forum).
16. India will host G 20 presidency in the year 2022
17. 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.
Establishment of a Pension Trust by the employees other than Government.
18. FPI in corporate bonds increased from 9% to 15%.
19. The government now proposes to sell a part of its holding in LIC by way of Initial Public Offer (IPO)

Direct Tax

20. A person earning Rs.15 lakh in a year and not availing any deductions etc. will pay only Rs.1,95,000 as compared to Rs.2,73,000 in the old regime. Thus his tax burden shall be reduced by Rs. 78,000 in the new regime.

Taxable Income Slab (Rs)	Existing Tax Rates	New Tax Rates
0-2.5 Lakh	Exempt	Exempt
2.5-5 Lakh	5%	5%
5-7.5 Lakh	20%	10%
7.5-10 Lakh	20%	15%
10-12.5 Lakh	30%	20%
12.5-15 Lakh	30%	25%
Above 15 Lakh	30%	30%

21. 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.
22. 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.
23. Concessional corporate tax rate of 15% to the newly incorporated domestic companies in the manufacturing sector which start manufacturing by 31st March, 2023.
24. Concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.
25. On investment by the Sovereign Wealth Fund of foreign governments in the priority sectors it is proposed 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.

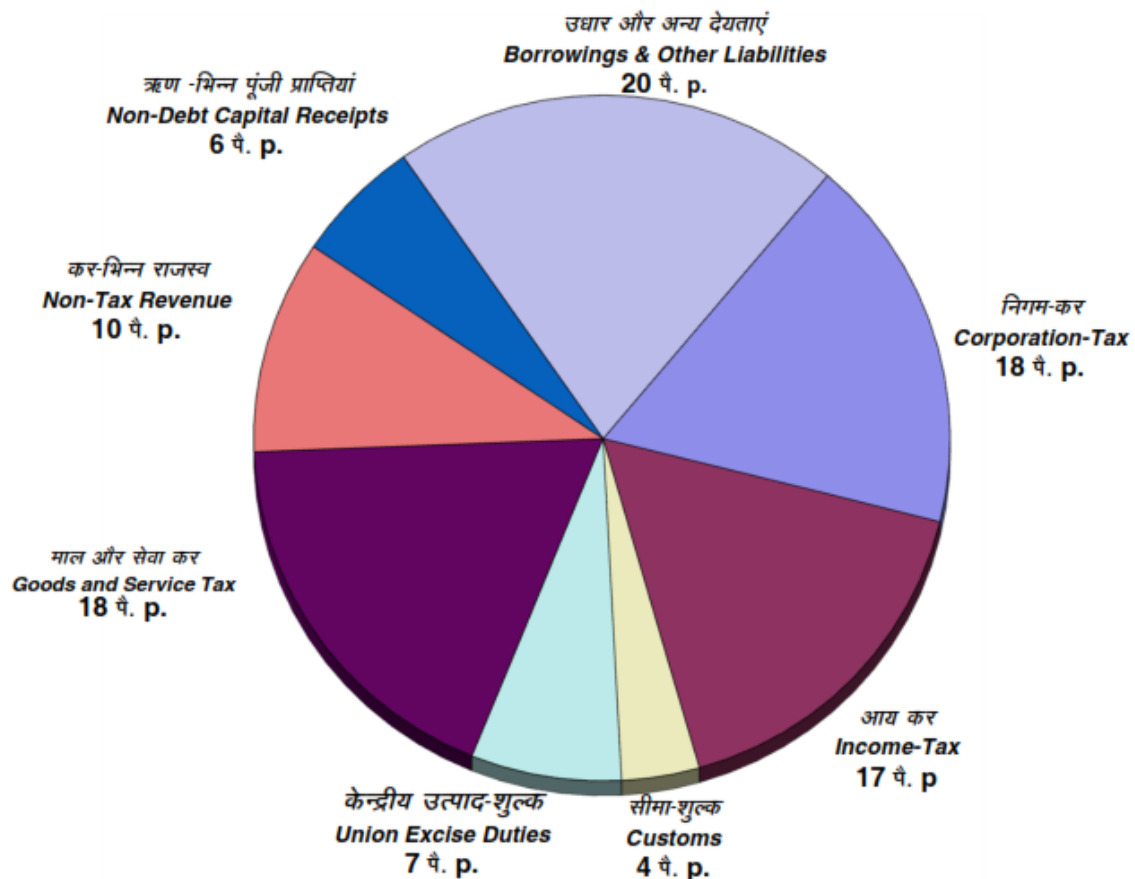
26. Five years tax deferment for Employee Stock Option Plan (ESOP)
27. Tax rate of Co-operative societies reduced from 30% to 20%.
28. Requirement of accounts audited by an accountant for MSME is raised from 1 crore to 5 crore.
29. 'Vivad Se Vishwas' scheme to reduce the litigation in direct taxes - 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.
30. Government 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

Indirect Tax

31. Reforms are continuing in GST, a simplified return shall be implemented from the 1st April, 2020.
32. Ease of Doing Business rankings by the World Bank - India's rank on this parameter improved from 146 to 80 in 2018 and further to 68 in 2019.
33. Custom duty exemptions shall be comprehensively reviewed by September, 2020 for taking a view on their relevance
34. To safeguard labour intensive sectors in MSME, customs duty is being raised on items like footwear and furniture.

BUDGET AT A GLANCE (2020-21)

Rupee Comes From



Rupee Goes To

