JAN JAN KA BUDGET 2020

ASPIRATIONAL INDIA

ECONOMIC INDIA

CARING INDIA

The efforts we have made in the last five years and the enthusiasm and energy of our youth are the ignition of our growth. With renewed vigor, under PM's leadership, we commit ourselves to present the people of India with all humility and dedication. 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.

"Hamara vatan, khilte hue Shalimar Bagh jaisa
Hamara vatan, Dal jheel main khilte hue kamal jaisa
Nau jawanon ke garam khoon jaisa
Mera vatan, tera vatan, hamara vatan
Duniya ka sabse pyaara vatan"

CONTENTS

Presenting the first Union Budget of the third decade of the 21st century, Finance Minister Smt. Nirmala Sitharaman unveiled a series of far-reaching reforms aimed at balancing growth aspirations and fiscal pragmatism. The year 2019 has been a bit challenging in terms of economic growth and development globally as well as nationwide. The Union Budget 2020 is focused on reviving the Indian Economy amongst other things like achieving USD 5 Trillion Economy, doubling Farmer's Income, Clean India, structural reforms, ease of living etc.

Finance Minister, in the longest budget speech stretching over two hours forty two minutes, has woven the budget around three prominent themes - Aspirational India, Economic Development, and Caring society, proposing a slew of measures touching upon various areas ranging from infrastructural development, improving healthcare and sanitization, addressing agrarian issues, rural development, education, and skill development.

On the direct tax front, reforms have been proposed towards the simplification of tax laws and the reduction of compliances to be undertaken. The introduction of the new personal tax regime is proposed to be in line with the relaxations offered to the corporates. Acceptance of the long-standing demand for removal of the Dividend Distribution Tax is definitely a welcome move. The Government also seems to be committed to ensuring hassle-free and transparent litigation resolution, as it has sought to extend the faceless facility to appeals as well.

On the indirect tax front, acknowledging the contribution of Goods and Service Tax (GST) towards the structural reforms envisaged in the past, measures have been proposed to simplify and also automate the processes.

Overall, the budget is an optimistic one, especially considering the tightrope that the Finance Minister was to walk on. There are several positives emanating from the budget - Private Sector Focus, healthcare push, a strong impetus for consumption, agrarian focus, to name a few. While these moves are certainly in the right direction, with all the fiscal challenges, the real boost to the economy would depend upon the successful implementation of these measures in the times to.

Focusing on its four-wheel wagon of vibrant and dynamic economic development, liberalization and optimum utilization of technology, fundamental and structural reforms, and delivering ease of life, the Government continues to drive towards achieving its goal of a USD 5 trillion economy.

311 crore rupees allocated for National Mission for Green India.
Allocated Rs.10,005 crore to Deen Dayal Antyodaya Yojana.
MNREGS to be dovetailed to develop fodder farms.

2.83 lakh crore rupees allocated for agriculture and allied services.
20 Lakh farmers to get assisstance to set up solar power generation units on fallow or barren land.
15 lakh crore rupees agri credit target by 2020-21.

100 more airports to support UDAN Scheme .
1.7 lakh crore rupees for development of transport infrastructure.
Solar power capacity to be set-up alongside rail tracks.

Aims to raise fish production to 200 lakh tonnes by 2022-23.
Govt. will involve youth in fishery extenstion through 3,477 Sagar Mitras and 500 Fish Farmer Producer Organisations.

27,300 crore rupees for development of industry and commerce.
Allocated 22,000 crore rupees to promote renewable energy sector.
8,000 crore rupees over five years for quantum technologies and applications

Rs.12,300 crore allocated for Swachh Bharat Mission.
Allocated 3.6 lakh crore for Jal Jeevan Mission.
Allocated 4,400 crore rupees for National Clean Air Programme.

Worldwide, about 2 million plastic bags are used every minute.

GLOBAL ECONOMY

OVERVIEW

The year 2019 was a difficult year for the global economy with world output growth estimated to grow at its slowest pace of 2.9% since the global financial crisis of 2009, declining from a subdued 3.6% in 2018 and 3.8% in 2017. Uncertainties, although declining, are still elevated due to protectionist tendencies of China and USA and rising USA-Iran geo-political tensions. Amidst a weak environment for global manufacturing, trade and demand, the Indian economy slowed down with GDP growth moderating to 4.8% in H1 of 2019-20, lower than 6.2% in H2 of 2018-19.

The World Economic Outlook (WEO) update of January 2020 has projected the growth of Indian economy to increase to 5.8% in 2020 expecting India to contribute significantly to an eventual pickup in the growth of world output. India's GDP in nominal prices was INR 190.1 lakh crore.

In India, inflation slightly rose to 4.1% in April-December 2019, after a sharp decline from 5.9% in 2014 to 3.4% in 2018.

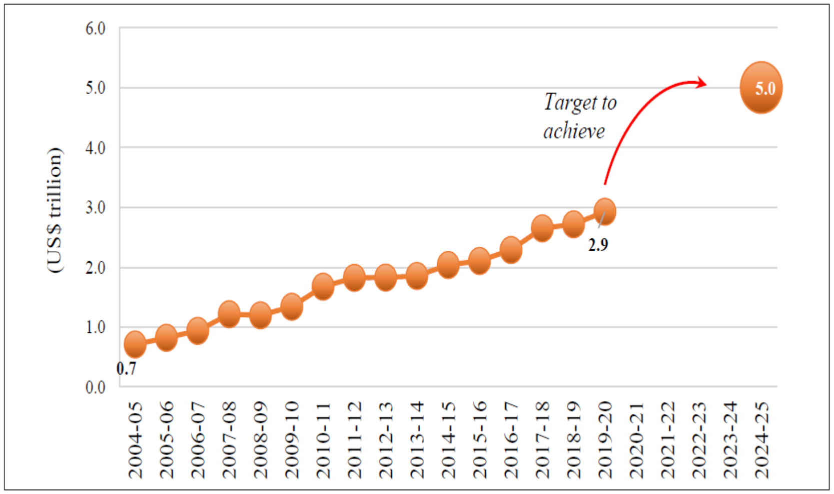
As global industrial activity slowed down, there was a drop in growth of manufacturing exports from major economies. Increasing trade barriers as well as trade uncertainty stemming from growing trade tensions also weakened business confidence and further limited trade. India's manufacturing exports also fell.

The WEO of October 2019 has estimated India's economy to become the fifth largest in the world, as measured using GDP at current US$ prices, moving past United Kingdom and France.

INDIAN ECONOMY

The year 2019-20 has been challenging for the Indian economy owing to the decelerating growth rate experienced in the first half of the year. Amongst the various reforms introduced during the year to promote growth and investment, reduction in corporate income tax rate was a major structural reform. The fiscal policy 2019-20 was characterized by sluggish growth in Tax revenue relative to the budget estimates.

Figure 7: Increasing size of the Indian economy (GDP at current US$)



Data Source: National Statistical Office, Reserve Bank of India (RBI) and IMF

On a net assessment, it appears that the upside risks should prevail, particularly when the government, with a strong mandate, has the capacity to deliver expeditiously on reforms. GDP growth of India should strongly rebound in 2020-21 and more soon a low statistical base of 5% growth in 2019-20. On a net assessment of both the downside/upside risks, India's GDP growth is expected to grow in the range of 6.0 to 6.5% in 2020-21.

India's external sector gained further stability in the first half of 2019-20, witnessing improvement in Balance of Payments (BoP) position. weakened by slowdown in global investment, output and heightened trade tensions, notwithstanding resilient service exports.

An increase in CAD as a ratio to GDP worsens the BoP by drawing down on forex reserves or building the potential to worsen it by increasing the external debt burden. Yet that has not been the case with CAD to GDP ratio significantly improving from 2009-14 to 2014-19.

The backup to CAD is the forex reserves with increase in CAD/forex ratio reflecting the decreasing strength of the backup. The decreasing strength spills into depreciating the currency. The ratio increased from 10.6% in 2013-14 to 13.9% in 2018-19 and depreciated the rupee from INR 60.50:1 US$ to INR 69.92:1.

After witnessing a rise in vulnerabilities in 2018-19 leading to a modest depletion of foreign exchange reserves, India's external sector has gained further stability in the first half of 2019-20 with improvement in BoP position anchored by capital flows bouncing back through FDI, FPI and ECBs, receipt of robust remittances and contraction of CAD to GDP ratio. External debt remains low at 20% of GDP.

Monetary Management and Financial Intermediation

Monetary policy remained accommodative in 2019-20. The repo rate was cut by 110 basis points in four consecutive Monetary Policy Committee meetings in the financial year due to slower growth and lower inflation. Liquidity conditions were tight for initial two months of 2019-20; but subsequently it has remained comfortable. The financial flows to the economy however, remained constrained as credit growth declined for both banks and Non-Banking Financial Corporations.

Inflation has been witnessing moderation since 2014 backed by low food inflation. Inflation has been declining in most of the States, however, the variability of inflation has been increasing. Since 2012, there has been a change in inflation dynamics. There is evidence for a strong reversion of headline inflation to core inflation. Transmission of inflation from non-core components to core components is minimal.

The global economy has been witnessing a steep decline in inflation over the past five decades (World Bank, 2019). Inflation has declined in almost all the countries around the world.

Overall, while the WPI inflation remained low during the financial year 2019-20, CPI-C inflation saw a slight uptick, driven mainly by food prices. The volatility in inflation of most of the essential agricultural commodities with the exception of pulses has also come down over time.

The net FDI and net Foreign Portfolio Investment (FPI) in first eight months of 2019-20 stood at US$ 24.4 billion and US$ 12.6 billion respectively, more than the inflows received in the corresponding period of 2018-19.

Global sentiment continues to favor India as reflected in robust and rising inflows of net FDI into the country. Relocation of investors from other countries to India in the wake of trade tensions will also add to the flow. The announcement of NIP may further increase FDI inflows into the country in both brown-field and green-field infrastructure projects. Continuous relaxation of FDI guidelines may address the concerns of foreign investors and improve the investment climate.

BALANCE OF PAYMENTS

India's external sector gained further stability in the first half of 2019-20, witnessing improvement in Balance of Payments (BoP) position. The improvement in BoP was anchored by narrowing of current account deficit (CAD) from 2.1% in 2018-19 to 1.5% of GDP in H1 of 2019-20.

Almost synchronous with the acceleration in GDP growth to 7.5% in 2014-19, the Balance of Payments (BoP) position of India improved from accumulated foreign reserves of US$ 304.2 billion at end of 2013-14 to US$ 412.9 billion at end of 2018-19. For an open emerging market economy like India, improvement in BoP position is critical.

A continuous improvement in its BoP position is a reflection of a global sentiment that increasingly believes in India's growth story. This belief will hold the country in good stead when it looks to access foreign savings to meet the investment requirement for a US$ 5 trillion-economy.

India's top five trading partners continue to be USA, China, UAE, Saudi Arabia and Hong Kong. Further improvement in BoP was contributed by easing of external financial conditions, impressive FDI, rebounding of portfolio flows and receipt of robust remittances.

FOREIGN EXCHANGE RESERVES

Despite GDP growth decelerating in 2019-20 the global sentiment has remained positive. The BoP has improved from US$ 412.9 billion of forex reserves in end March, 2019 to US$ 433.7 billion in end September, 2019 and further to US$ 461.2 billion as on 10th January, 2020. Yet the improvement has an undercurrent of vulnerability.

EXCHANGE RATE

The backup to CAD is the forex reserves with increase in CAD/forex ratio reflecting the decreasing strength of the backup. The decreasing strength spills into depreciating the currency. The ratio increased from 10.6% in 2013-14 to 13.9% in 2018-19

As the Nominal Exchange Rate (NER) has more or less stayed stable in 2019-20 it appears that the strength of the backup has not changed.

Ceteris paribus, depreciation in NER makes imports costlier besides dis-incentivizing foreign portfolio investors, which increases the pressure on BoP to worsen.

EXTERNAL DEBT

An increase in external debt to GDP ratio increases debt servicing and draws down on forex reserves worsening BoP position. India's external debt to GDP ratio slightly increased by 0.3% at the end of first half of 2020 over its level at end-March 2019, primarily on account of an increase in commercial borrowings, non-resident deposits and short-term trade credit.

However, the increase was partially offset by valuation gains resulting from appreciation of the US dollar against Indian rupee and other major currencies in Q2 of 2019-20. India's external debt remains low as compared to the average external debt to GDP ratio of all developing countries (25.6%) according to World Bank's International Debt Statistics, 2020.

SECTORAL DEVELOPMENTS

AGRICULTURE AND FOOD MANAGEMENT

Agriculture remains the pre-dominant occupation in India for vast sections of the population.

Agriculture and its allied sectors still remain an important sector because of its continued role in employment, income and most importantly in national food security. Its contribution to national income has gradually declined from 18.2% in 2014-15 to 16.5% in 2019-20, reflecting the development process and the structural transformation taking place in the economy. Economic transformation of a developing country like India crucially depends on the performance of its agriculture and allied sector. This sector plays a significant role in rural livelihood, employment and national food security.

The share of agriculture and allied sectors in the total GVA of the country has been declining on account of relatively higher growth performance of non-agricultural sectors.

Minimum Support Prices

With a view to encourage higher investment and production, the Government announces Minimum Support Prices (MSPs) for twenty-two mandated crops; and Fair and Remunerative Price for Sugarcane.

The Government has announced various Income/Investment Support Schemes

- Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)
- Krushak Assistance for Livelihood and Income Augmentation (KALIA) Scheme of Odisha
- Mukhya Mantri Krishi Ashirwad Yojana of Jharkhand
- Rythu Bandhu of Telangana

Mechanization in Agriculture

Agriculture mechanization is an essential input to modern agriculture to increase the productivity by making judicious use of other inputs and natural resources etc., besides reducing the human drudgery and cost of cultivation. With the shrinking land and water resources and labour force, the onus rests on mechanization of production and post-harvesting operations. Government has decided to enhance farm power availability from 2.02 kW per ha (2016-17) to 4.0 kW per ha by the end of 2030 to cope up with increasing demand for food grains.

Indian tractor industry is the largest in the world, accounting for one-third of the total global production. During the past four decades, the tractor industry grew at a compounded annual growth rate (CAGR) of 10%. Farm mechanization market in India has been growing at a CAGR of 7.53% during 2016-2018 due to thrust given by various government policies.

Fisheries remain an important source of food, nutrition, employment and income in India. The sector provides livelihood to about 16 million fishers and fish farmers. The sector has been showing a steady growth in the total GVA and accounts for 6.58% of GDP from agriculture, forestry and fishing.

INDUSTRIAL, CORPORATE AND INFRASTRUCTURE PERFORMANCE

The industrial sector based on Index of Industrial Production (IIP) registered a growth of 0.6% for 2019-20 (April-November) as compared to 5.0% during 2018-19 (April-November)

Industrial sector performance is critical to achieving the ambitious goal of making India a five-trillion economy. The sector plays a decisive role in determining the overall growth of national output and employment through its backward and forward linkages with the other two sectors of the economy. It contributes close to 30% of total gross value added (GVA).

As per the estimates of Gross Domestic Product by National Statistical Office (NSO), the real GVA of industrial sector grew by 1.6% in first half (H1) of 2019-20, as compared to 8.2% in H1 of 2018-19. The low growth in industrial sector is primarily due to manufacturing sector which registered a negative growth of 0.2% in 2019-20 H1.

Industrial activity is on a rebound and is showing signs of pick up. IIP in November 2019 has registered a growth of 1.8% as compared to a contraction by 3.4% in October 2019 and by 4.3% in September 2019. Along with IIP, growth of eight core industries is also showing signs of recovery by registering a smaller contraction of 1.5% in November 2019 as compared to a contraction of 5.8% in October 2019. This is consistent with business cycle.

EIGHT CORE INDUSTRIES

Growth of Eight Core Industries stood flat during the current financial year. During the corresponding period of the previous year, these industries grew at 5.1%. While fertilizers, steel and electricity have seen expansion in their production, of coal, crude oil, natural gas and refinery products have contracted during the current financial year.

EASE OF DOING BUSINESS

Government of India has taken several industry specific reform initiatives since 2014 that have significantly improved the overall business environment. In order to improve ease of doing business, the emphasis has been on simplification and rationalization of the existing rules and introduction of information technology to make governance more efficient and effective. The improvement in the business environment as a result of these reforms is reflected in India's considerably improved ranking to 63rd position among the 190 countries in the World Bank's Doing Business 2020 Report. The ranking is based on 10 indicators which span the life-cycle of a business. India has improved its rank in 7 out of 10 indicators and has moved closer to international best practices.

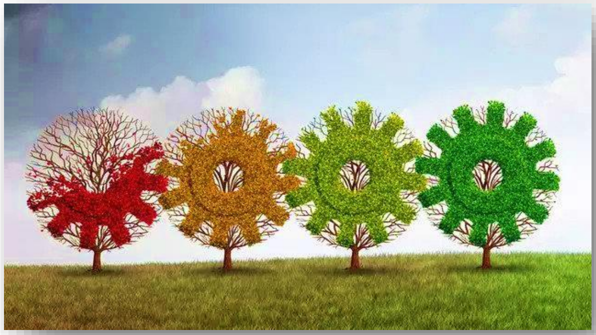
START-UP INDIA

Startups drive economic growth, create employment and foster a culture of innovation. In order to promote innovation and entrepreneurship among enterprising youth, the Hon'ble Prime Minister of India had announced the "Startup India, Stand-up India" initiative on August 15, 2015 initiative aims to create an ecosystem that is conductive for the growth of startups.

SECTORAL DEVELOPMENTS

Steel: India stood at second position in the production of crude steel. It is also the third largest consumer of the finished steel after China and USA.

Coal: Overall production of raw coal in India during the year 2018-19 was 730.4 million tonnes (MT) displaying a growth of 8.1%. Coal's growth rate of was declined by 5.3% attributable to heavy and unseasonal rains. The gap between demand and supply is met through coal imports.



Micro, Small and Medium Enterprises (MSME) Sector: Micro, Small & Medium Enterprises (MSMEs) contribute significantly in the economic and social development of the country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost, next only to agriculture. Government is committed to supporting this critically important sector for better credit flow, technology upgradation, ease of doing business and market access.

Textiles and Apparels: The sector is the biggest employer after agriculture and it employs 4.5 crore people directly and 6 crore people in allied sectors. The estimated man-made fibre and filament yarn production increased by 4% and 8%, respectively. Textiles contributed 18.0% of manufacturing and 2.0% of GDP in 2017-18. The share of textiles and clothing in India's total exports was 12% in 2018-19.

Infrastructure: It is well-accepted that investment in infrastructure is necessary for growth. Provision of adequate infrastructure is essential for growth and for making growth inclusive. India recently launched the National Infrastructure Pipeline for the period FY 2020-2025.

TRANSPORTATION

Road: Road transport is the dominant mode of transportation in terms of its contribution to Gross Value Added (GVA) and traffic share. Road Network in the Country: A good road network is an essential requirement for the rapid growth of the economy. Roads provide connectivity to remote areas, open up backward regions and facilitate access to markets, trade and investment. Roads should not be looked at in isolation, but as part of an integrated multi-modal transport system, which provides crucial links with airports, railway stations, ports and other logistical hubs

Railways: Indian Railways (IR) with over 68,000 route kms is the third largest network in the world under single management.
Rail Safety: Safety is accorded the highest priority by Indian Railways and steps are being undertaken on a continuous basis to prevent accidents and to enhance safety of the passengers.

Civil Aviation: India is the third largest domestic market for civil aviation in the world. India has 136 commercially-managed airports by Airports Authority of India (AAI) and 6 under Public Private Partnerships (PPP) for Operation, Maintenance and Development of airports. The airline operators in India have scaled up their aircraft seat capacity from an estimated 0.07 annual seats per capita in 2013 to 0.12 in 2018.

Shipping: Shipping is essential to both commodity and services trade of any country. Around 95% of India's trade by volume and 68% in terms of value is transported by sea. The performance of the global shipping industry is generally mirrored by Indian shipping. India's shipping tonnage was only 1.92 lakh Gross Tonnage (GT) on the eve of independence. However, the tonnage tax regime introduced by the Government of India in that year boosted the growth of the Indian fleet as well as its tonnage. However, it is an undeniable fact that the after-effects of the global economic downturn are still having negative effect on the global shipping industry in general and Indian Shipping industry in particular.

POWER

Power sector in India has witnessed a paradigm shift over the years due to the constant efforts of Government to foster investment in the sector. As a result, India has improved its ranking to 76th position in the Energy Transition Index published by the World Economic Forum (WEF). "India, Indonesia and Bangladesh have made fast progress towards universal electrification due to strong political commitment, a stable policy regime, use of grid expansion, and decentralized generation sources, and a supportive environment for investment in infrastructure."

MINING SECTOR

As per available information, India produces as many as 95 minerals which include 4 hydrocarbon energy minerals (coal, lignite, petroleum & natural gas), 5 atomic minerals (ilmenite, rutile, zircon, uranium, and monazite), 10 metallic, 21 non-metallic and 55 minor minerals. It provides basic raw materials to many important industries. Mining and quarrying sector contribution (at current price) to GVA accounted for about 2.38% during 2018-19 as per provisional estimates of Annual National Income 2018-19 published by NSO.

SERVICES SECTOR

The services sector's significance in the Indian economy has continued to increase, with the sector now accounting for around 55 % of total size of the economy and GVA growth, two-thirds of total FDI inflows into India and about 38 % of total exports.

Services sector has moved ahead faster, distancing itself further from agriculture and industry. Financial, real estate and professional services has driven the increase in the contribution of service sector followed by public administration. Even globally, the services sector has supported global growth partly offsetting the decline in manufacturing activity

FOREIGN DIRECT INVESTMENT

Foreign Direct Investment (FDI) provides a more stable source of financing the CAD as compared to external borrowings. During 2014-19, gross FDI to India has been robust as compared to the previous five years; the trend has continued in 2019-20 as well In the first eight months of 2019-20, both gross and net FDI flows to the country have been more than the flows received in corresponding period of 2018- 19. Net FPI inflow in H1 of 2019-20 was also robust at US$ 7.3 billion as against an outflow of US$ 7.9 billion in H1 of 2018-19.

Consequent to the improvement in current account and higher capital flows into the country, the Balance of Payments (BoP) position of the country has improved from foreign exchange reserves of US$ 302 billion in end March, 2019 to US$ 461.2 billion as on 10th January 2020.

Foreign investors continue to show confidence in India. The country has attracted a net FDI of US$ 24.4 billion in April-November of 2019-20 as compared to US$ 21.2 billion in April-November of 2018-19.

Net FPI inflow in April-November 2019-20 was positive at US$ 12.6 billion as against an outflow of US$ 8.7 billion in April-November 2018-19.

This reflects a global sentiment that increasingly believes in India's growth story and reform measures being undertaken by the government.

The Slowing Cycle of Growth

The virtuous cycle of growth describes an increase in the rate of fixed investment accelerates the growth of GDP that in turn induces a higher growth in consumption. Higher growth of consumption improves the investment outlook, which results in still higher growth of fixed investment that further accelerates the growth of GDP, inducing a still higher growth of consumption. This virtuous cycle of higher fixed investment-higher GDP growth-higher consumption growth generates economic development in the country.

Conversely, when this virtuous cycle rotates slowly, declining rate of fixed investment decelerates GDP growth with a lag, which eventually causes a deceleration in the growth of consumption as well. In case of India, the lag between rate of fixed investment and its impact on GDP growth is seen to be of three to four years.

Similarly, the impact of GDP growth on consumption growth gets reflected in one to two years. Therefore, a contemporaneous comparison of trends of GDP growth and investment is not appropriate, given the negative correlation seen between the two.

The Indian economy, since 2011-12, has been under the influence of slowing cycle of growth. The fixed investment rate has started declining sharply since 2011-12 and subsequently plateaued from 2016-17 onwards.

Given that lagged impact of the investment rate on GDP growth (with the effect being most pronounced after four years), the deceleration in growth since 2017-18 is consistent.

Social Infrastructure Expenditure

Investment in social infrastructure is a pre-requisite for inclusive growth and employment.

In the interim Budget of 2019-20, the Government had laid down the vision for the decade which among other things emphasized upon building of social infrastructure; a healthy society-Ayushman Bharat, well-nourished women & children and safety of citizens.

The increase in expenditure on social services sector affirms the commitment of the government towards social well-being.

The expenditure on social services (education, health and others) by Centre and States as a proportion of Gross Domestic Product (GDP) increased by 1.5 percentage points from 6.2 to 7.7%, during the period 2014-15 to 2019-20 (Budget Estimates-BE).

Human Development

India's rank in the Human Development Index (HDI) 1 improved to 129 in 2018 from 130 in 2017, out of a total of 189 countries. The value of HDI for India reached to 0.647 in 2018.

Education for all

Sustainable Development Goal (SDG)- 4 seeks 'to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all' by 2030.

The Government has initiated the process of formulating a New Education Policy to meet the changing dynamics of the requirements of the population with regard to quality education, innovation and research, aiming to make India a knowledge superpower by equipping its students with the necessary skills and knowledge and to eliminate the shortage of manpower in science, technology, academics and industry.

Skill Development

The future labour market situation of young persons is highly influenced by their initial experiences, including how quickly and how well they are able to access the labour market, and the skills and competencies acquired through education and training (ILO, 2019). General education improves knowledge of the people while skill training enhances their employability and equip them to tackle requirements of labour market.

OUTLOOK

The IMF in its January 2020 update of World Economic Outlook has projected India's real GDP to grow at 5.8% in 2020-21. World Bank in its January 2020 issue of Global Economic Prospects also sees India's real GDP growing at 5.8% in 2020-21.

Continued global trade tensions could delay the recovery in the growth of global output, which may constrain the export performance of the country. Weaker export growth may reduce the inducement to increase the fixed investment rate in the economy. Escalation in US-Iran geo-political tensions may increase the price of crude oil and depreciate the rupee. Net FPI inflows may weaken, as a result, adding further pressure on the rupee to depreciate. Growth in advanced countries has weakened with very low inflation.

Based on CSO's first Advance Estimates of India's GDP growth for 2019-20 at 5%, an uptick in GDP growth is expected in H2 of 2019-20. The government must use its strong mandate to deliver expeditiously on reforms, which will enable the economy to strongly rebound in 2020-21.

Union Budget 2020-21 has been structured on the overall theme of "Ease of Living.", which is woven around –

- ✓ **Aspirational India** in which all sections of the society seek better standards of living, with access to health, education and better jobs.
- ✓ **Economic development for all**, indicated in the Prime Minister's exhortation of "SabkaSaath, SabkaVikas, SabkaVishwas".
- ✓ **Caring Society** that is both humane and compassionate, where Antyodaya is an article of faith.

The overall objective of providing "Ease of Living" is held together by

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

❖ Aspirational India

Three components of Aspirational India are- a) Agriculture, Irrigation and Rural Development, b) Wellness, Water and Sanitation and c) Education and Skills.

a) Agriculture, Irrigation and Rural Development

- ✓ Government is committed to the goal of doubling farmers' incomes by 2022.
- ✓ Government has provided resilience for 6.11 crore farmers insured under PM Fasal Bima Yojana.
- ✓ Sixteen Action Points for Agriculture, Irrigation and Rural Development.
- ✓ India has an estimated capacity of 162 million MT of agri-warehousing, cold storage, reefer van facilities etc.
- ✓ PM KUSUM to cover 20 lakh farmers for standalone solar pumps and further 15 lakh farmers for grid connected pumps.
- ✓ Agriculture credit target for the year 2020-21 has be set at INR 15 lakh crore.
- ✓ All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme.
- ✓ SHGs run Village storage scheme to be launched.
- ✓ Integration of e-NWR with e-NAM.
- ✓ "Kisan Rail" and "Krishi Udaan" Fish Production launched by Indian Railways and Ministry of Civil Aviation respectively for a seamless national cold supply chain for perishables.
- ✓ Sagar Mitras Elimination of and brucellosis in cattle and pestedes petits ruminants (PPR) in sheep and goat by 2025.

- ✓ Agricultural credit target of INR.15 lakh crore for 2020-21.
- ✓ Fish Production target of 200 lakh tonnes by 2022-23.
- ✓ Another 45000 acres of aqua culture to be supported.
- ✓ Fishery Extention through 3477 Sagar Mitras and 500 fish FPOs.
- ✓ Raise fishery exports to INR.1 lakh crore by 2024-25.

b) Wellness, Water and Sanitation

- ✓ INR 69,000 crore is being provided for Health care including INR 6400 crores for Prime Minister Jan Arogya Yojana (PMJAY).
- ✓ More than 20,000 empanelled hospitals under PMJAY in Tier-2 and Tier-3 cities for poorer people.
- ✓ FIT India movement launched to fight Non-Communicable Diseases (NCDs).
- ✓ "TB Harega Desh Jeetega" campaign launched to end TB by 2025.
- ✓ Viability gap funding proposed for setting up hospitals in the PPP mode.
- ✓ Expansion of Jan Aushadhi Kendra Scheme to all districts by 2024.
- ✓ ODF Plus to sustain ODF behavior.
- ✓ Total allocation for Swachh Bharat Mission is about INR 12,300 crore in 2020-21.
- ✓ INR 3.60 lakh crore approved for Jal Jeevan Mission and INR 11,500 crore in 2020-21.

c) Education and skills

- ✓ On Education and Skill front, INR 99,300 crore is being allocated in 2020-21 and INR 3000 crores for skill development.
- ✓ The New Education Policy will be announced soon.
- ✓ About 150 higher educational institutions will start apprenticeship embedded courses.

- ✓ Up to 1-year internship to fresh engineers to be provided by Urban Local Bodies.
- ✓ Special bridge courses to improve skill sets of those seeking employment abroad.
- ✓ Degree level full-fledged online education program by Top-100 institutions in the National Institutional Ranking Framework.

- ✓ Budget proposes to attach a medical college to an existing district hospital in PPP mode.
- ✓ External Commercial Borrowings and FDI to be enabled for education sector.
- ✓ Ind-SAT proposed for Asian and African countries as a part of Study in India program.

❖ Economic Development

Three components of Economic Development are a) Industry, Commerce and Investment, b) Infrastructure and c) New Economy.

a) Industry, Commerce and Investment

- ✓ INR 27,300 crore allocated for 2020-21 for development and promotion of Industry and Commerce.
- ✓ An Investment Clearance Cell will be set up to provide "end to end" facilitation.
- ✓ Five new smart cities proposed to be developed.
- ✓ Scheme to encourage manufacture of mobile phones, electronic equipment and semi- conductor packaging proposed.
- ✓ National Technical Textiles Mission to be set up in a period with 4 year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs 1480 crore to position India as a global leader in Technical Textiles.
- ✓ New scheme NIRVIK to be launched to achieve higher export credit disbursement, which provides for:
  - Higher insurance coverage.
  - Reduction in premium for small exporters.
  - Simplified procedure for claim settlements.

- ✓ Turnover of Government e-Marketplace (GeM) proposed to be taken to INR 3 lakh crore. 3.24 lakh vendors are already on this platform.
- ✓ Extension of invoice financing to MSMEs through TReDs.
- ✓ A scheme to provide subordinate debt for entrepreneurs of MSMEs.
- ✓ Scheme anchored by EXIM Bank and SIDBI to handhold MSMEs in exports markets
- ✓ Setting up of an Investment Clearance Cell to provide end to end facilitation.

b) Infrastructure

- ✓ INR.100 lakh crore to be invested on infrastructure over the next 5 years.
- ✓ National Infrastructure Pipeline of INR 103 lakh crore to address country Infra needs.

- ✓ More than 6500 projects across sectors, to be classified as per size and stage of development.
- ✓ National Logistics Policy to be launched soon.
- ✓ A single window e-logistics market to be created
- ✓ Focus to be on generation of employment, skills and making MSMEs competitive.
- ✓ National Skill Development Agency to give special thrust to infrastructure-focused skill development opportunities.
- ✓ INR 1.7 lakh crore proposed for transport infrastructure in 2020-21.
- ✓ Accelerated development of highways to be undertaken.
- ✓ Delhi-Mumbai Expressway and two other packages to be completed by 2023 and Chennai-Bengaluru Expressway to be started.
- ✓ 550 wi-fi facilities in as many stations to be commissioned as per budget proposal.
- ✓ 4 station redevelopment projects and operation of 150 passenger trains through PPP mode and more Tejas type trains will connect iconic tourist destinations.
- ✓ Setting up a large solar power capacity alongside the rail tracks.
- ✓ The Jal Vikas Marg on National Waterway-1 will be completed and the 890km Dhubri-Sadiya connectivity will be done by 2022.
- ✓ 100 more airports to be developed under UDAAN scheme by 2024.
- ✓ Air fleet number expected to go up from the present 600 to 1200 during this time.
- ✓ INR 22,000 crore proposed for power and renewable energy sector in 2020-21.
- ✓ Efforts to replace conventional energy meters by prepaid smart meters.
- ✓ Expansion of national gas grid from the present 16200 km to 27000 km proposed.

c) New Economy

- ✓ Knowledge Translation Clusters for emerging technology sectors.
- ✓ To bring out soon a policy to enable private sector to build Data Centre parks throughout the country.
- ✓ Scaling up of Technology Clusters harbouring test beds and small-scale manufacturing facilities.
- ✓ A digital platform would be promoted that would facilitate seamless application and capture of IPRs.
- ✓ Fibre to the Home (FTTH) connections through Bharatnet will link 100,000-gram panchayats this year. It is proposed to provide INR 6000 crore to Bharatnet programme in 2020-21.
- ✓ For designing, fabrication and validation of proof of concept, and further scaling up Technology Clusters, harbouring test beds and small-scale manufacturing facilities to be established.
- ✓ It is proposed to provide an outlay of INR 8000 crore over a period five years for the National Mission on Quantum Technologies and Applications.

❖ Caring Society

Three components of Caring Society are a) Women & child, social Welfare, b) Culture & Tourism and c) Environment & Climate Change.

a) Women & child, social Welfare

- ✓ Allocation of INR 35,600 crore for nutrition-related programmes proposed for the FY2020-21.
- ✓ INR 28, 600 crore proposed for women specific programs.
- ✓ More than 6 Lakh anganwadi workers equipped with smart phones.
- ✓ INR 85,000 crore proposed for 2020-21 for welfare of Scheduled Castes and Other Backward Classes.
- ✓ INR 53,700 crore provided to further development and welfare of Scheduled Tribes.
- ✓ Enhanced allocation of INR 9,500 crore provided for 2020-21 for senior citizens and Divyang.

b) Culture & Tourism

- ✓ Proposal to establish Indian Institute of Heritage and conservation.
- ✓ INR 3150 crore proposed for Ministry of Culture for 2020-21.
- ✓ 5 archaeological sites to be developed as iconic sites with on-site Museums.
- ✓ A museum on Numismatics and Trade to be established.
- ✓ Allocation of INR 2500 crore for 2020-21 for tourism promotion.
- ✓ State governments expected to develop a roadmap for certain identified destinations and formulate financial plans during 2021 against which specified grants to be made available to the States in 2020-21.

c) Environment & Climate Change

- ✓ States that are formulating and implementing plans for ensuring cleaner air in cities above one million to be encouraged.
- ✓ PM launched Coalition for Disaster Resilient Infrastructure (CDRI) with Secretariat in Delhi. Second such international initiative after International Solar Alliance.
- ✓ Allocation for this purpose to be INR 4400 crore for 2020-21.
- ✓ Proposed to advise the utilities to close the running old thermal power plants with carbon emission above the pre-set norms.

- **It is proposed to amend Clause 13A of section 2,** to modify the definition of "business trust" so as to remove the requirement of the units of business trust to be listed on a recognized stock exchange.

  It shall take effect from 01.04.2021.

- **It is proposed to amend Clause 42A of section 2**, to provide that in the case of a capital asset, being a unit or units in a segregated portfolio, referred to in section 49(2AG), there shall be included the period for which the original unit or units in the main portfolio were held by the assessee.

- **It is proposed to amend section 6**, to provide that

  - ✓ the exception given in clause (b) of Explanation 1 to section 6(1) for visiting India in that year be decreased to 120 days from existing 182 days.
  - ✓ an individual or an HUF shall be said to be "not ordinarily resident" in India in a previous year, if the individual or the manager of the HUF has been a non-resident in India in seven out of ten previous years preceding that year. This new condition shall replace the existing conditions in section 6(6) clauses (a) and (b).
  - ✓ an Indian citizen who is not liable to tax in any other country or territory shall be deemed to be resident in India.

  It shall take effect from 01.04.2021

- **It is proposed to amend section 9**, in the following aspects:

  - ✓ With effect from 01.04.2022, in Explanation 1 (a) to section 9(1) (i) the word "business" will be substituted by the words "business other than business having business connection in India on account of significant economic presence".
  - ✓ Inserted Explanation 3A wherein incomes under this section with effect from 01.04.2021 includes the incomes from
    - ➢ advertisement which targets a customer who resides in India or a customer who accesses the advertisement through internet protocol address located in India
    - ➢ sale of data collected and sale of goods or services using data collected from a person who resides in India or from a person who uses internet protocol address located in India

- ✓ The words "prior to their repeal" have been inserted before Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 under Explanation 5.
- ✓ Under Explanation 5 being the deeming provision to treat the asset situated outside India to have been in India shall now be applicable even for Category II Foreign Portfolio Investors with effect from 01.04.2022
- ✓ Film exhibition and distribution will now be treated as Royalty and treated as a part of Income deemed to accrued or arise in India with effect from 01.04.2021

- **It is proposed to amend section 9A,** to provide that

  - ✓ For the purpose of calculation of the aggregate participation or investment in the fund, directly or indirectly, by Indian resident, contribution of the eligible fund manager during first three years up to INR 25 crore shall not be considered.

  - ✓ Time limit for fulfilling the condition of monthly average of the corpus of the fund to be at INR 100 crore for the fund which were established or incorporated in the previous year is extended up to 12 months from the last day of the month of its establishment or incorporation.

- **It is proposed to amend Clause 23C of section 10,** to rationalize the process of registration of trusts, funds, university, hospitals etc and grant approval for claiming exemption.

  It shall take effect from 01.06.2020.

- **It is proposed to amend Clause 23D of section 10**, to delete the reference "subject to the provisions of Chapter XII-E".
  It shall take effect from 01.04.2021

- **It is proposed to amend Clause 23FC of section 10,** Consequent to abolition of section 115-O, the reference earlier made to section 115-O has been removed and replaced with "dividend received or receivable from a special purpose vehicle."

  It shall take effect from 01.04.2021

- **It is proposed to amend Clause 23FD of section 10,** to delete the references given to sub-clause(a) of clause (23FC) or (23FCA).

  It shall take effect from 01.04.2021

- **It is proposed to insert new clause 23FE of section 10**, to exempt the income by way of dividend/interest/LTCG from investment made by specified persons in India in Infrastructure Company as defined in explanation to section 80IA(4)(i) or other entity as may be notified by Central Government in this regard. The investment should be made on or before 31.03.2024 and lock-in period is three years.

  It shall take effect from 01.04.2021.

- **It is proposed to amend Clause 34 of section 10,** to provide that the provisions of this clause are not applicable to dividend income received on or after 01.04.2020.

- **It is proposed to amend Clause 35 of section 10,** to provide that the provisions of this clause are not applicable to income received from units of Mutual fund on or after 01.04.2020.

- **It is proposed to amend Clause 45 of section 10,** withdrawing the exemption of income by way of any allowance or perquisite paid to the Chairman or a retired Chairman or any other member or retired member of the Union Public Service Commission.

- **It is proposed to insert new clause 48C of section 10,** to provide exemption to Income arising as a result of arrangement for replenishment of crude oil stored in its storage facility in pursuance of directions of the Central Government to Indian Strategic Petroleum Reserves Limited. (100% subsidiary of Oil Industry Development Board). Exemption is not available where the crude oil is not replenished in the storage facility within three years from the end of the financial year in which the crude oil was removed from the storage facility for the first time.

- **It is proposed to amend section 10A,** as a consequence of change in due date to furnish audit report as per section 44AB of the Act.

- **It is proposed to amend section 11**, to make the registration of entities inoperative from specified dates and further to give an option to trusts to get their registrations operative u/s 12AB subject to giving up approval u/s 10(23C) or 10(46) of the Act, in order to facilitate one-time switching.

  It shall take effect from 01.06.2020

- **It is proposed to amend section 12A,** to provide the time limit for making an application before Principal Commissioner or Commissioner to claim exemption under section 11 and 12 of the Act.
  It shall take effect from 01.06.2020

- **It is proposed to amend section 12AA**, to make the provisions of the section not applicable on or after 1st day June 2020.

- **It is proposed to insert new section 12AB** so as to provide the procedure and time limit for granting approval by the Principal Commissioner or Commissioner on receipt of application made under subsection 12A (1).
  It shall take effect from 01.06.2020.

- **It is proposed to amend section 17**, to substitute the existing sub-clause (vii) so as to include under perquisite, the amount of contribution made by the employer on behalf of the assessee to recognized provident fund, scheme referred to in section 80CCD(1) and an approved superannuation fund to the extent it exceeds 7.5 lakh in a year.

  New sub-clause (viia) has been inserted to include under perquisite, the interest, dividend or any other amount of similar nature accumulated in the fund or scheme as referred in in sub-clause (vii) to the extent it relates to the contribution of employer in any previous assessment years.

  It shall take effect from 01.04.2021.

- **It is proposed to amend Section 32AB(5), 33AB(2) and 33ABA(2), 35D(4), 35(6), 44DA, 50B, 80-IA(7), 80-IB, 80JJAA,115JB, 115JC, 115VW,** to substitute the words "and the assessee furnishes, along with his return of income", with the words "before the specified date referred to in section 44AB and the assessee furnishes by that date" consequent to amendment in section 44AB.

  It shall take effect from 01.04.2020.

- **It is proposed to amend Section 35,** to provide

  ✓ that companies covered under clause (iia) the assessee shall not be denied the deduction in respect of sum paid merely on the ground that, subsequent to the payment of such sum by the assessee, the approval granted to the company referred to in clause (iia) has been withdrawn.

  ✓ every notification under clause (ii) or (iii) or (iia) shall be deemed to have been withdrawn unless such research associations, university referred in respective clauses makes an intimation to prescribed Income Tax authority within 3 months from 01.06.2020 and the notification shall be valid for 5 consecutive A.Y's beginning with A.Y. commencing on or after 01.04.2021.

  ✓ the research associations, university referred in respective clauses shall not be entitled to claim deduction unless such research associations, university prepares such statement and delivers to said prescribed Income Tax Authority. Also, the company has an option to deliver correction statement for rectification of any mistake.

  ✓ the company has to furnish a certificate to donor specifying the amount of donation in such manner, as may be prescribed.

  It shall take effect from 01.06.2020

- **It is proposed to amend Section 35AD,** to make the deduction u/s. 35AD optional (i.e., deduction for capital expenditure would be allowed only if the taxpayer opts for the same.

  It shall take from effect from 01.04.2020.

- **It is proposed to amend Section 43**, to substitute the words "recognised association" wherever they occur, with the words "recognised stock exchange".

- **It is proposed to amend Section 43CA(1),** to extend the deviation between the stamp duty value and sale consideration up to 10% against the existing deviation of 5%.

  It shall take effect from the 01.04.2021.

- **It is proposed to amend Section 44AB(a),** by increasing the threshold limit of Tax audit in case of a person carrying on business, from INR 1 crore to INR 5 crore provided,
  - ✓ aggregate of all receipts in cash during the previous year does not exceed five per cent of the said amount. and
  - ✓ aggregate of all payments in cash during the previous year does not exceed five per cent of the said amount.

Further, to enable pre-filling of returns in case of persons having income from business or profession, it is required that the tax audit report shall be furnished by the said assessees at least one month prior to the due date of filing of return of income u/s.139.

- **It is proposed to amend Section 49,** to provide for cost of acquisition for capital asset in following cases:
  - ✓ The cost of acquisition of a unit or units in the segregated portfolio shall be the amount which bears, to the cost of acquisition of a unit or units held by the assessee in the total portfolio, the same proportion as the net asset value of the asset transferred to the segregated portfolio bears to the net asset value of the total portfolio immediately before the segregation of portfolios.
  - ✓ The cost of the acquisition of the original units held by the unit holder in the main portfolio shall be deemed to have been reduced by the amount as so arrived at under the above proposed sub-section.

  It shall take effect from 1st April 2020.

- **It is proposed to amend Section 50C (1),** to extend the deviation between the stamp duty value and sale consideration up to 10% against the existing deviation of 5%

  It will take effect from 01.04.2021.

- **It is proposed to amend Section 55,** to provide that in case of a capital asset, being land or building or both, the fair market value of such an asset on 1st April, 2001 shall not exceed the stamp duty value of such asset as on 1st April, 2001 wherever available.
  It will take effect from 01.04.2021.

- **It is proposed to amend Section 56,** by substituting the words "section 12AA" with the words "section 12AA or 12AB". Further to extend the benefit of deviation between stamp duty value and sale consideration up to 10% against the existing deviation of 5%.

- **It is proposed to amend Section 57,** by substituting the word "dividend" with the words "dividend other than dividends referred to in section 115-O" consequent to amendment of section 115-O.

  It shall take effect from 01.04.2021

  Further it has been provided that no deduction shall be allowed from the dividend income, or income in respect of units of a Mutual Fund u/s 10(23D) or income in respect of units from a specified company defined u/s 10(35), other than deduction on account of interest expense. Such interest expenditure shall not exceed twenty per cent of such income

- **It is proposed to substitute section 72AA**, to extend the benefits of carry forward and set off of accumulated losses and unabsorbed depreciation allowance in scheme of amalgamation in case of specified banking and government companies.
  It shall take effect from 01.04.2020.

- **It is proposed to amend Section 80EEA,** by extending the time period to avail housing loan in order to claim the deduction under the said section up to 31.03.2021
  It shall take effect from 01.04.2021.

- **It is proposed to amend Section 80G,** to provide framework for the donee to prepare and file such statement setting forth the particulars of donations received within specified timelines and furnishing certificates to the donors in prescribed manner. Deduction to a donor shall be allowed subject to verification as per strategy formulated by CBDT from time to time.
  It shall take effect from 01.06.2020.

- **It is proposed to amend Section 80GGA,** to restrict the limit of cash donations to INR 2000/- against the existing limit INR 10000/-. Deduction to a donor shall be allowed subject to verification as per strategy formulated by CBDT from time to time.
  It shall take effect from 01.06.2020.

- **It is proposed to amend Section 80IAC,** to extend the tax holiday for eligible start-ups to ten years against seven years and to increase the turnover limit to INR 100 crores against INR 25 crores.
  It shall take effect from 01.04.2021.

- **It is proposed to amend Section 80IBA,** by extending the time period of obtaining approval from competent authority in order to claim the deduction under the said section up to 31.03.2021.

- **It is proposed to insert Section 80M,** to remove cascading effect of tax on dividend income received by a domestic company from another domestic company forming part of its gross total income, where the recipient company pays further dividend to its shareholders on or before the due date u/s.139(1).
  It shall take effect from 01.04.2021

- **It is proposed to amend section 90 & 90A**, to curb revenue loss through treaty abuse and base erosion and profit shifting strategies embed the lines- without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this agreement for the indirect benefit of residents of any other country or territory).
  It shall take effect from 01.04.2021

- **It is proposed to amend section 92CB & 92CC**, so as to cover determination of attribution of Profits to the PE of a non-resident under section 9(1)(i) within the scope of Safe Harbour Rules and Advance Pricing Agreements respectively.
  It shall take effect from 01.04.2020

- **It is proposed to amend section 92F**, apropos the definition of specified date which reads the date one month prior to the due date for furnishing the return of income u/s.139(1) for the relevant assessment year i.e., one month prior to 30th day of November of the assessment year (31st October).

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 94B,** so as to provide that provisions of interest limitation would not apply to interest paid in respect of a debt issued by a lender which is a PE of a non-resident, being a person engaged in the business of banking, in India.

  It shall take effect from 01.04.2021

- **It is proposed to amend Section 115A**,
  - ✓ by omitting the words "other than dividends referred to in section 115-O" in sub-section (1) and sub-section (5) as a consequence of amendment of section 115-O.

    It shall take effect from 01.04.2021.

  - ✓ the word "clause (a)", as referred to in sub-section (5) shall be substituted for the words "clause (a) or clause (b)", so as to extend the benefit of not furnishing the return u/s 139(1) to the assessees whose income in respect of which they are assessable consists of only income by way of royalty or fees for technical services other than income referred to in sub-section (1) of section 44DA.

    It shall take effect from 01.04.2020.

✓ furnishing of return u/s.139(1) shall not be necessary for a non-resident (not being a company) or a foreign company if the tax deductible at source under the provisions of Part B of Chapter XVII has been deducted from such income and the rate of such deduction is not less than the rate specified under clause (a) or, as the case may be, clause (b) of sub-section (1).

It shall take effect from 01.04.2020.

- **It is proposed to amend Section 115AC & 115ACA**, by substituting the words "dividends, other than dividends referred to in section 115-O", wherever they occur, with the word "dividends", as a consequence of amendment to Section 115-O. It shall take effect from 01.04.2021.

- **It is proposed to amend Section 115AD,** by omitting the words "other than dividends referred to in section 115-O" by amending in sub-section (1) and sub-section (5) of the act, as a consequence of amendment of section 115-O.,
It shall take effect from 01.04.2021.

- **It is proposed to amend Section 115BAA**, by including reference to section 80M along with section 80JJAA, as a consequence of insertion of the said section.

- **It is proposed to amend Section 115BAB**, by including reference to section 80M along with section 80JJAA, as a consequence of insertion of the said section.

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Further, the scope of applicability of the section has been extended to the assessee engaged in the business of generation of electricity.

- **It is proposed to insert Section 115BAC**, where in an option has been provided to Individual or a HUF to pay tax at the following rates subject to the conditions that certain exemptions/losses/deductions cannot be claimed.

Sl. No.	Total income	Rate of tax
1	Upto INR 2,50,000	Nil
2	From INR 2,50,001 to INR 5,00,000	5%
3	From INR 5,00,001 to INR 7,50,000	10%
4	From INR 7,50,001 to INR 10,00,000	15%
5	From INR 10,00,001 to INR 12,50,000	20%
6	From INR 12,50,001 to INR 15,00,000	25%
7	Above INR 15,00,000	30%

The option of new tax regime can be exercised every year, if the individual or the HUF does not have business income. In case of individual or HUF having business income, option once exercised would be applicable for all subsequent years (with a onetime option to change), except where such person ceases to have any business income.

It shall take effect from 01.04.2021

- **It is proposed to insert Section 115BAD**, to provide that income-tax payable in respect of the total income of a person, being a co-operative society resident in India, shall at the option of such person, be computed at the rate of twenty-two per cent subject to the condition that specified deductions, tax holidays, additional depreciation, investment allowance, investment linked allowances, set-off of losses cannot be claimed. Once this option is exercised it cannot be subsequently withdrawn.
  It shall take effect from 01.04.2021.

- **It is proposed to amend Section 115BBDA**, to provide that, where the total income of a specified assessee, resident in India, includes any income in aggregate exceeding INR 10 lakh, by way of dividends declared, distributed or paid by a domestic company or companies on or before the 31st day of March, 2020, the income-tax payable shall be calculated at the rates provided under this section.

  It shall take effect from 01.04.2021.

  For the purpose of this section, person other than a trust or institution registered u/s 12AB has been included in the definition of 'specified assessee'.

  It shall take effect from 01.06.2020.

- **It is proposed to amend Section 115C**, by omitting the words "other than dividends referred to in section 115-O" as a consequence of amendment of section 115-O.
  It shall take effect from 01.04.2021.

- **It is proposed to amend Section 115JD**, to insert sub-section (7) which provides that "the provisions of this section shall not apply to a person who has exercised the option referred to in Section 115BAC or Section 115BAD."

  It shall take effect from 01.04.2021.

- **It is proposed to amend Section 115-O**, to provide that no dividend distribution tax (DDT) shall be payable on dividends declared by any domestic company on or after 01.04.2020.

  It shall take effect from 01.04.2021.

- **It is proposed to amend Section 115R**, to provide that no dividend distribution tax (DDT) shall be payable on dividends declared by the specified company or a Mutual Fund to its unit holders on or after 01.04.2020.
  It shall take effect from 01.04.2021.

- **It is proposed to amend Section 115TD**, by substituting the words "under section 12AA" wherever they occur, with the words "under section 12AA or section 12AB" to extend the applicability of the respective section to any trust or institution registered under section 12AB of the act.

  It shall take effect from 01.06.2020.

- **It is proposed to amend Section 115UA**, to modify the definition of business trust to extend the beneficial tax regime to unlisted Infrastructure Investment Trust (InvIT) as well.

  It shall take effect from 01.04.2021.

- **It is proposed to insert Section 119A**, to provide that the Board shall adopt and declare a Taxpayer's Charter and issue such order, instructions, directions or guidelines to other income-tax authorities as it may deem fit for the administration of such Charter.

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 133A**, so as to substitute the following proviso to subsection (6),

  ✓ Where the information is received from the authority, any income-tax authority below the rank of Joint Director or Joint Commissioner shall not conduct any survey without prior approval of the Joint Director or the Joint Commissioner.

  ✓ In any other case, any income-tax authority below the rank of Director or Commissioner shall not conduct any survey without prior approval of the Director or the Commissioner.
  It shall take effect from 01.04.2020.

- **It is proposed to amend section 139**, to extend the due date for filing return of income from 30th September to 31st October in case of the assessees who are required to file their return of income by 30th September.

  The above-mentioned extension is also made available to all the partners of firm whose books of accounts are required to be audited under this Act or any other law for the time being in force.
  It shall take effect from A.Y.2020-21.

- **It is proposed to amend section 140,** to enable any other person, as may be prescribed by the Board to verify the return of income in the cases of a company and a limited liability partnership where the Managing Director or the Designated partner, as the case may be, are unable to verify the return.

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 140A,** to provide that the assessee shall take credit of the taxes paid under section 191 towards ESOP of eligible start-up as referred to section 80-IAC while arriving at net tax liability. The changes have been bought in as a consequence of amendments in section 192 and 191 of the Act.

  It shall take effect from 01.04.2020

- **It is proposed to amend section 143,** to expand the scope of e-assessments by including assessment under section 144 relating to best judgment assessment. Time limit to issue any directions by Central Government under sub-section (3B) of the said section has been extended up to 31st March 2022.

- **It is proposed to amend the section 144C,** to include the cases wherein the Assessing Officer proposes to make any variation which is prejudicial to the interest of the assessee and also to extend the scope of applicability of this section to a non-resident not being a company.

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 156,** to provide consequential effects of amendments in sections 192 and 191 of the Act. The tax or interest on income of the nature specified in section 17(2)(vi) included in the notice of demand shall be payable within time limits as specified in section 192.

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 191,** to provide the assessee to directly pay the income tax where no TDS has been deducted by the employer under section 192 on the income of the nature specified in section 17(2)(vi) and such specified security or sweat equity shares within the time limits as specified in section 192.
  It shall take effect from 01.04.2020.

- **It is proposed to insert sub section (1C) under section 192,** for the purpose of deducting or paying tax by a person, being an eligible start-up referred to in section 80-IAC, responsible for paying any income to the assessee being perquisite of the nature specified in section 17(2)(vi) in any previous year relevant to A.Y. 2021-22 or subsequent A.Y., shall deduct or pay, as case may be, tax on such income within fourteen days-
  - ✓ after expiry of forty-eight months from the end of relevant A.Y.; or
  - ✓ from the date of the sale of such specified security or sweat equity share by the assessee; or
  - ✓ from the date of assessee ceasing to be the employee of the person,

  whichever is earlier, on basis of rates in force for the F.Y. in which the said specified security or sweat equity share is allotted or transferred.

- **It is proposed to amend section 194,** to provide for levy of TDS @ 10% on dividend paid in any mode other than cash exceeding INR.5,000/-. Further the words "in cash or before issuing any cheque or warrant" shall be substituted with the words "by any mode".
  It shall take effect from 01.04.2020.

- **It is proposed to amend section 194A,** to provide for levy of TDS at the rates in force, by a large co-operative society if-
  - ✓ the total gross receipts or turnover of the co-operative society exceeds INR 50 crores during the financial year immediately preceding the financial year in which the interest referred to in sub-section (1) is credited or paid; and

  - ✓ the amount of interest, or the aggregate of the amounts of such interest, credited or paid, or is likely to be credited or paid, during the financial year is more than INR 50,000/- in case of payee being a senior citizen (who is of age 60 years or more at any time during the relevant previous year) and INR 40,000/- in any other case.".

It shall take effect from 01.04.2020

- **It is proposed to amend section 194C,** to provide for deduction of TDS at applicable rates on sum paid to a resident for carrying out work including manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer. However, it excludes manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer.

It shall take effect from 01.04.2020

- **It is proposed to amend section 194A, 194C, 194H, 194I, 194J and 206C,** to provide for deduction of TDS by individual or HUF, whose total sales or gross receipts from the business or profession exceeds INR 1 crore or INR 50 lakhs respectively as a consequence of amendment in section 44AB

It shall take effect from 01.04.2020

- **It is proposed to insert a new section 194K,** to provide for levy of TDS @10% in respect of any income from units of a Mutual Fund specified under section 10(23D) or units from the administrator of the specified undertaking or units from the specified company if the amount of such income exceeds INR 5,000/-.

It shall take effect from 01.04.2020

- **It is proposed to amend section 194LBA,** to increase the rate of TDS in case of dividend referred to in section 10(23FC) (b) by a business trust to its unit holder, being non-resident from 5% to 10%. Further the rate of TDS for interest u/s.10(23FC) (a) remains flat @ 5%.

It shall take effect from 01.04.2020.

- **It is proposed amend section 194LC,** by extending the period for said concessional rate of TDS @ 5% to 1st July 2023 from 1st July 2020. Further it is proposed to grant concessional rate of TDS @ 4% on the interest payable to a non-resident, in respect of borrowings in foreign currency from a source outside India, by way of issue of any long term bond or RDB which are listed only on a recognized stock exchange located in any IFSC and issued on or after 1st April, 2020 but before 1st July, 2023 and.

  It shall take effect from 01.04.2020

- **It is proposed amend section 194LD,** by extending the period for said rate of TDS @ 5% to 1st July 2023 from 1st July 2020. Further the rate of TDS @ 5% shall also apply on the interest payable, on or after 1st April 2020 but before 1st July 2023, to a FII or QFI in respect of the specified investment made in municipal debt security.

  It shall take effect from 01.04.2020

- **It is proposed to insert a new section 194-O**, to provide for levy of TDS @ 1% on sale of goods or provision of services facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), at the time of credit of amount to the account of an e-commerce participant or at the time of payment thereof by any mode, whichever is earlier.

  However no deduction under this section shall be made from any sum credited or paid to the account of an e-commerce participant, being an individual or Hindu undivided family, where the gross amount of such sale or services or both during the previous year does not exceed INR 5 lakh and such e-commerce participant has furnished his Permanent Account Number or Aadhaar number to the e-commerce operator.

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 195,** to delete the exemption provided to dividend under section 115-O.
  It shall take effect from 01.04.2020.

- **It is proposed to amend section 196A,** by substituting the words "of the Unit Trust of India" with the words "from the specified company referred to in section 10(35)" and the words "in cash or by the issue of a cheque or draft or by any other mode" with the words "by any mode" to revive its applicability of TDS on income in respect of units of a Mutual Fund.

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 196C and 196D,** by substituting the words "in cash or by the issue of a cheque or draft or by any other mode" with the words "by any mode" as a consequence of amendment in section 115-O.

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 197,** by including section 194O along with section 194M to claim the benefit of certificate for deduction at lower rates

  It shall take effect from 01.04.2020

- **It is proposed to delete section 203AA,** by introducing a new section 285BB in the Act regarding annual financial statement.

  It shall take effect from 01.06.2020.

- **It is proposed to amend section 204,** to include a Non-Resident, a person authorized by such Non Resident or their agents as persons responsible for the purpose of Chapter XVII relating to TDS and section 285

  It shall take effect from 01.04.2020

- **It is proposed to amend section 206AA,** to levy tax @5% instead 1% as prescribed in section 194O, if PAN/Aadhaar is not provided.

  It shall take effect from 01.04.2020.

- **It is proposed to amend section 206C,** to provide for levy of TCS @ 5% by an authorized dealer who receives an amount or aggregate of amounts from a buyer outside India of INR 7 lakhs or more in a financial year on overseas remittance or being seller of an overseas tour program package, who receives any amount from a buyer shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier.

The provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act and has deducted such amount. Further, the provisions will also not be applicable in case of certain specified persons.

It shall take effect from 01.04.2020

- **It is proposed to insert a new section 234G,** to provide fee for default relating to statement or certificate, in case the assessee fails to deliver statement prescribed u/s.35(1A) or 80G (5) with the specified time. It shall be liable to pay, by way of fee, a sum of INR 200/- per day during the period of default before delivering the statement or before furnishing the certificate and such fees shall not exceed the amount in respect of which the failure referred to therein has occurred.
  It shall take effect 01.06.2020

- **It is proposed to amend Section 250,** to launch an E-appeal scheme in line with E-assessment scheme 2019. Further, Central Government has been empowered to issue directions in this regard on or before 31.03.2022.

- **It is proposed to amend Section 253,** by substituting the words 'under section 12AA" with "under section 12AA or section 12AB".
  It shall take effect from 01.06.2020.

- **It is proposed to amend Section 254,** to extend compliance of condition of payment of 20% of amount in dispute or furnishing of security in case of extension of stay beyond 180 days by the tribunal due to pendency of appeal subject to a maximum combined period of 365 days. The tribunal shall dispose the appeal with in the period of stay or extended period of stay.

- **It is proposed to insert new Section 271AAD,** prescribing penalty, for furnishing any false entry or omission of entry which is relevant for tax computation equivalent to aggregate amount of such false or omitted entry. Such penalty can also be levied on any other person who causes the person to make such false entry or omission.

- **It is proposed to insert new Section 271K,** wherein the Assessing Officer may direct that a sum not less than INR 10,000 but which may extend to INR 1,00,000 shall be paid by way of penalty by in case the assessee fails to deliver statement prescribed u/s.35(1A) or 80G(5) with the stipulated time.

- **It is proposed to amend Section 274,** to launch an e-penalty scheme in line with E-assessment scheme 2019. Further, Central Government has been empowered to issue directions in this regard on or before 31.03.2022.

- **It is proposed to insert new section 285BB,** requiring the income tax authority to upload a comprehensive annual information statement of the taxpayer.

It shall take effect from 01.06.2020.

- **It is proposed to amend Section 288,** to enable an insolvency professional (to be prescribed by the CBDT) to appear before any Income Tax Authority or appellate tribunal as an authorized representative for the purpose of section 288.

- **It is proposed to amend Section 295,** to empower the board to make rules that provide for arriving at income in case of
  - ✓ operations carried out in India by a non-resident; – It shall take effect from 01.04.2021
  - ✓ transactions or activities of a non-resident; - It shall take effect from 01.04.2022.

- **It is proposed to amend rule 5 of First Schedule** to provide that non-life insurance companies, like other taxpayers, will be able to claim allowance of expenses u/s.43B in the year of payments
  It shall take effect from 01.04.2020.

CUSTOMS ACT, 1962

- **Imposition of health cess on import of medical devices into India**
  - ✓ The health cess levied as a duty of customs, will be applicable with immediate effect, and will be levied at the value computed in accordance with the provisions of section 14 of the Customs Act, 1962.
  - ✓ Any export promotion scrips shall not be used for payment of said cess.
  - ✓ Health cess will not be imposed on the following:
    - Medical devices that are exempt from BCD;
    - Inputs/ parts used in the manufacture of medical devices;
    - All goods falling under heading 9022, other than those for medical, surgical, dental or veterinary uses.

- **Preferential tariff treatment regime under trade agreement**
  To protect domestic manufacturers against the threat of imported goods from preferential trade countries, an enabling provision has been proposed for administering the preferential tariff treatment regime under trade agreements. The proposed new section seeks to impose certain obligations on importers and prescribes for time-bound verification from the exporting country in case of doubt. Additionally, the goods imported on claim of preferential tariff treatment in relation to which a specified provision has been contravened shall be liable to confiscation.

- **Prohibition of import or export of goods in specified cases**
  The ambit of prohibition of goods for prevention of injury to the economy of the country because of uncontrolled import or export of goods has now been extended to "any other goods." Earlier, this prohibition was limited to the import of gold and silver.

- **Introduction of electronic duty credit ledger under customs**
  It is proposed to create an Electronic Duty Credit Ledger in the customs system to enable credit of duty credit (in respect of exports), or such other benefits in electronic form for its usage, transfer, etc. The provisions for recovery of duties provided are also being expanded to include such electronic credit of duties.

- **Safeguard measure**
  The Government has been empowered to apply safeguard measures if any article is imported into India in such increased quantities and under such conditions so as to cause or threaten to cause serious injury to domestic industry. The safeguard measure shall include the imposition of safeguard duty or application of a tariff rate quota or any other measure considered appropriate.

- **Anti-dumping duty**
  As a benefit to the domestic textile sector, the anti-dumping duty is proposed to be abolished on Purified Terephthalic Acid (critical input for textile fibers and yarns). The benefit is to be available in case of Purified Terephthalic Acid originating in or exported from South Korea, China, Iran, Indonesia, Malaysia and Taiwan.

- **Social welfare surcharge**
  It is proposed to exempt certain products from the levy of customs duty and on certain products exemption of social welfare surcharge, which was available earlier on certain products, has been withdrawn.

CUSTOMS TARIFF ACT, 1975

With a focus to boost domestic manufacturing and entice large investments in mobile phones, electronic equipment, and semi-conductor packaging, a detailed scheme will be announced. This announcement is in line with the recent 2 % ad hoc incentive granted, in addition to MEIS, to export of mobile phones during 1 January 2020 to 31 March 2020.

- **Increase of BCD on certain goods (w.e.f 02.02.2020)**

  - ✓ Specified household items-Tableware, kitchenware, glassware, padlocks, brooms, brushes, combs, etc. 10% to 20%
  - ✓ Specified household appliances–Fans, grinders, dryers, coffee and tea maker, fluid heaters, etc. 10% to 20%
  - ✓ Specified footwear 25% to 35%
  - ✓ Specified toys 20% to 60%
  - ✓ Specified stationery items 10% to 20%
  - ✓ Industrial fans, railway carriage fans, air circulator 7.5% to 10%
  - ✓ Compressor of refrigerator and air conditioner 10% to 12.5%
  - ✓ Fingerprint readers for use in mobile phone NIL to 15%

- Headphones and earphones Applicable BCD to 15% Specified freezers, specified refrigerating equipment/devices, heat pumps, ice-making machinery 7.5% to 15%
- Water cooler, vending machine 10% to 15%
- Specified gemstones, precious and semi-precious stones NIL to 0.5%
- Pressure vessels, welding and plasma cutting machines, motors like single phase AC motors, stepper motors, wiper motors 7.5% to 10%
- Specified goods and their parts used in manufacturing of catalytic converter including parts of catalytic converter 5% to 7.5%
- Noble metal solution sand compounds used in manufacturing of catalytic converter and their parts 5% to Applicable BCD
- Platinum or palladium used in manufacturing of catalytic converter and their parts 5% to Applicable BCD
- Other chemicals product sand preparations falling under CTH 3824 99 00 10% to 17.5%
- Specified static converters 15% to 20%
- Copper and articles thereof used in manufacturing of specified electronic items NIL to Applicable BCD
- Dip bridge rectifier; printed circuit board (populated, loaded, or stuffed) 10% to 20%
- Gold used in the manufacture of semiconductor devices or light emitting diodes NIL to 12.5%
- Specified chargers and power adapters Applicable BCD to 20%
- Specified catalytic convertor 10% to 15%
- Specified goods used for construction/repair of road NIL to Applicable BCD
- Specified goods used in high voltage power transmission project 5% to 7.5%
- Rotary tillers/weeder 2.5% to 7.5%
- Vibrator/Ringer of cellular mobile phones NIL to 20%
- PCBA of cellular mobile phones 10% to 20%
- Completely built units of commercial vehicles under CTH 8702, 8704 (excl. electric vehicles) 30% to 40%
- Completely built units of commercial electric vehicles under CTH 8702, 8704 25% to 40%
- Semi knocked down forms of electric passenger vehicles under CTH 8703 15 to 30%

- ✓ Semi knocked down forms of electric vehicles–bus, trucks, and two wheelers under CTH 8702, 8704, 8711 10% to 15%
- ✓ Completely knocked down forms of electric vehicles - passenger vehicles, three wheelers, two wheelers, bus, and trucks under 8702, 8703, 8704,8711 10% to 15%

- ✓ Display panel and touch assembly of cellular mobile phones NIL 10%.

- **Reduction of BCD on certain goods**
  - ✓ Newsprint, uncoated paper used for printing newspaper and lightweight coated (subject to specified conditions); calendared plastic sheets (used for smart cards) 10% to 5%
  - ✓ Specified parts used in the manufacturing of microphone 10% to NIL
  - ✓ Platinum or palladium used in the manufacture of specified goods, including catalyst, metal compounds, metal solutions 12.5% to 7.5%
  - ✓ Polyester liquid crystal polymers for use in manufacturing connectors 7.5% to NIL
  - ✓ Calcined petroleum coke 10% to 7.5%
  - ✓ Spent catalyst/ash containing precious metals 12.5% to 11.85%
  - ✓ Very low sulphur fuel oil meeting specified certification and conditions for import 10% to NIL
  - ✓ Micro-fuse base, sub-miniature fuse base, and their covers 7.5% to NIL.

GOODS AND SERVICES TAX

- **Section 2 – Definitions**
  Ladakh has been defined as Union Territories as defined under clause (114) of Section 2 of CGST Act'2017

- **Section - 10**
  Conditions laid down under Section-10(2)(b)/(c)/(d) to opt into Composition scheme have now been extended to Services also. Now onwards: (2) The registered person shall be eligible to opt under sub-section (1), if-

  (b) he is not engaged in making any supply of services which are not leviable to tax under this Act;

  (c) he is not engaged in making any inter-State outward supplies of services;

  (d) he is not engaged in making any supply of services through an electronic commerce operator who is required to collect tax at source under section 52;

- **Section 16 - Input Tax Credit**
  It is proposed to omit the words "invoice relating to such" in sub-section 4 of Section 16. As per this clause a registered person is not entitled to take credit of input tax credit either on an invoice or on debit note raised after furnishing of the return for the month of September of succeeding financial year or furnishing of annual return, whichever is earlier.

- **Section 29 - Cancellation or Suspension Of Registration**

  Assessee voluntarily registered u/s 25(3) has now been covered u/s 29(1)(c).Now the proper officer may, either on his own motion or on an application filed by the registered person or by his legal heirs, in case of death of such person, cancel the registration of assessee voluntarily registered u/s 25(3) if such person intends to opt out of the registration made u/s 25(3).

- **Section 30 - Revocation of Cancellation Of Registration**

  Power to grant extension in time limit for filing application beyond 30 days has been granted to Additional Commissioner/Joint Commissioner and for further period of 30 days to Commissioner.

- **Section 31 - Tax Invoice**

  The Government to be empowered to specify certain categories of services or supplies in respect of which a tax invoice is to be issued within the prescribed time and manner.

- **Section 51 – TDS**
  - ✓ Section 51(3) has been omitted. Instead, now the new TDS Certificate is expected to be prescribed soon.
  - ✓ For extending ease of doing business to deductor, a late fee of INR 100/- per day (subject to maximum of INR 5,000/-) in case deductor fails to furnish to the deductee the certificate, has been abolished

- **Section 122 - Penalty for Certain Offences**

  Penalty has been prescribed as tax evaded or ITC availed of or passed on for the corresponding recipient availing benefit of transaction covered under following clauses of sub section 1:

  (i) supplies any goods or services or both without issue of any invoice or issues an incorrect or false invoice with regard to any such supply;

  (ii) issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act or the rules made thereunder;

  (vii) takes or utilizes input tax credit without actual receipt of goods or services or both either fully or partially, in contravention of the provisions of this Act or the rules made thereunder;

  (ix) takes or distributes input tax credit in contravention of section 20, or the rules made thereunder;

- **Section 132 - Punishment for Certain Offences**

  ✓ Punishment under Section 132 has been extended to those who commits or causes to commit & retain benefits arising out of offences specified.

  ✓ Any person who fraudulently avails ITC without any invoice or bill has also been covered under clause (c) of section 132. Earlier the same was covered in clause (e). Now if a person fraudulently avails ITC without any invoice or bill is covered in cognizable and non- bailable offence.

- **Section 140 - Transitional Provisions**

  Enabling provisions governing the timelines of availment of transitional credit have been inserted in the GST law with retrospective effect from 1 July 2017, to overcome the argument of excessive legislation.

- **Section 168 - Power to Issue Instructions or Directions**

  The Commissioner specified in sub-section (5) of section 66 and for second proviso to sub-section (1) of section 143 has been excluded from the list of commissioners specified in section 168(2)

- **Section 172 - Removal of Difficulties**

  The time period for issuance of Removal of Difficulty Order has been increased from 3 years to 5 years from the date of commencement of this Act.

Tariff related changes

The following retrospective changes in tax rates have been made:

- ✓ Exemption granted for fishmeal from 1 July 2017 to 30 September 2019
- ✓ GST rate reduction on pulley, wheels, and other parts falling under Chapter heading 8483 and used as parts of specified agricultural machinery to 12 % for period 1 July 2017 to 31 December 2018
- ✓ Under the aforesaid scenarios, no refund shall be granted if the tax has already been collected by the supplier.

SCHEDULE II

Transfer of Business assets without consideration is not covered in Schedule II with retrospective effect from 01-07-2017.

CENTRAL EXCISE DUTY – Changes in NCCD

Description of goods	Rate up to 1 February 2020	Rate from 2 February 2020
Other than filter cigarettes of length: •Not exceeding 65 mm •Exceeding 65 mm but not exceeding 70 mm	INR 90 per thousand INR 145 per thousand	INR 200 per thousand INR 250 per thousand
Filter cigarettes of length: •Not exceeding 70 mm •Exceeding 70 mm but not exceeding 75 mm •Other	INR 90 per thousand INR 145 per thousand INR 235 per thousand	INR 440 per thousand INR 545 per thousand INR 735 per thousand
Cigarettes of tobacco substitutes	INR 150 per thousand	INR 600 per thousand
Hookah or gudaku tobacco	10%	25%
Smoking mixtures for pipes and cigarettes	45%	60%
Other manufactured tobacco products, such as chewing tobacco, Jarda scented tobacco, snuff, tobacco extracts, essence, etc.	10%	25%

- Existing Regime -

Individuals/HUF/AOP/BOI:

Sl. No.	Total Income	Rate of Tax
1	Upto INR 2,50,000	Nil
2	From INR 2,50,001 to INR 5,00,000	5%
3	From INR 5,00,001 to INR 10,00,000	20%
4	Above INR 10,00,000	30%

Surcharge:

- @10% of Income tax (if T I > INR 50 lakhs & <= INR 1 Crore)
- @15% of Income Tax (if T I > INR 1 Crore & <= INR 2 Crores)
- @ 25% of Income Tax (if T I > INR 2 Crores & <= INR 5 Crores)
- @ 37% of Income Tax (if T I > INR 5 Crores)

Health & Education cess @ 4% of Income tax (+) surcharge.
Rebate u/s 87A – INR 12,500/-

Firm and Local Authority:

A partnership firm (including LLP) and local authority is taxable at 30%.

Surcharge is applicable @ 12% of tax (if total income exceeds INR 1 crore).
Health &Education cess @ 4% of Income Tax (+) surcharge

- New Regime -

Individuals/HUF:

An Individual or HUF shall have the option to opt for taxation under section 115BAC on fulfillment of conditions contained therein. The applicable tax rates are as follows,

Sl. No.	Total income	Rate of tax
1	Up to INR 2,50,000	Nil
2	From INR 2,50,001 to INR 5,00,000	5%
3	From INR 5,00,001 to INR 7,50,000	10%
4	From INR 7,50,001 to INR 10,00,000	15%
5	From INR 10,00,001 to INR 12,50,000	20%
6	From INR 12,50,001 to INR 15,00,000	25%
7	Above INR 15,00,000	30%

Firm and Local Authority:

- No proposal in new regime -

- Existing regime -

Companies

Particulars	Domestic companies		Foreign companies	
	Income >1 Cr but <= 10Cr	**Income > 10 Cr**	**Income >1 Cr but <= 10Cr**	**Income > 10 Cr**
Tax Rate	25.00	25.00	40	40
Surcharge	7	12	2	5
Tax + Surcharge	26.65	28	40.08	42
Health & Education cess	4.00	4.00	4.00	4.00
Effective tax rate	27.82	29.12	42.43	43.68

If the Turnover or Gross Receipts of AY 2018-19 was > INR 400 Crores then the tax rate is @ 30% for AY 2020-21.

Co-operative Society:

Income Slab (INR)			Tax Rate
0	-	10,000	10%
10,001	-	20,000	20%
20,001	&	Above	30%

Surcharge is applicable @ 12% on Income Tax (if total income>INR 1 Crore).
Health & Education cess is applicable @ 4% of Income Tax (+) surcharge

- New regime -

Companies

Domestic companies also have an option to opt for taxation under section 115BAA or section 115BAB of the Act on fulfillment of conditions contained therein. The applicable tax rates are as follows,

Sl. No.	Section	Tax rate	Surcharge
1	115BAA	22.00%	10.00%
2	115BAB	15.00%	10.00%

Co-operative Society

Resident co-operative societies have an option to opt for taxation under section 115BAD of the Act. The section provides for tax rate of 22% plus applicable surcharge of 10% (if total income > 1 Crore)

Union Finance Minister Ms. Nirmala Sitharaman's budget speech reiterating Modi government's resolve to make India a $5 trillion economy aims at boosting incomes and purchasing power. There are some feel good decisions, such as lower personal income tax rates as a deal, hike in deposit insurance coverage as a trust and bold decisions like listing the LIC of India as a disinvestment thrust and abolishing the DDT as a relief from double taxation. Expectations and speculation were defeated by the length and breadth of the two hour forty minutes record-breaking speech that was short on numbers; however, it's probably unfair to expect miracles from the FM given the complex challenges and fiscal deficit facing the economy.

It was clearly a Himalayan task of balancing various aspects such as sectoral allocations, liquidity and credit availability, depressed consumer sentiment, surplus utilisation, demand creation, heightened risk aversion, confidence levels in industry and financial markets , comforting the investors and depositors while focusing on optimistic growth in the backdrop of global uncertain environment. If the government makes sure that it realises its ambitious disinvestment targets, implements it's will and intent to reduce tax harassment, to enhance contract enforcement, to ensure transparency while decriminalising business laws, the Budget would definitely have a positive impact in the coming months due to overall improvement in the business environment of the country though the initial reactions were not that approving.

With an aim to simplify governance and introduce transparency and accountability in the system, the Central Government has increased emphasis on use of digital modes for administration as well as compliance. Post formulation of the national e-governance plan, various e-governance initiatives such as Digital India, Aadhaar, Umang, Digital Locker, computerization of land records have been launched.

Increasing use of electronic platforms to exchange information and communication with citizens, businesses and internal administrations is helping the government develop an environment of transparency, accountability, trust and inclusive governance. Digital delivery is assisting in quick implementation, reduced corruption, greater convenience and reduced costs. With constant and automated monitoring and use of AI, the government is focused on arresting non-compliance and increase tax revenues. In the words of PM

All in all, the Union Budget 2020 is a mixed basket of carrots and sticks, aimed at encouraging voluntary compliance by taxpayers of both direct and indirect taxes, augmenting tax revenues, widening the tax base and further streamlining of tax administration.

REWIND

2019-20

Under the Make in India scheme **Vande Bharat Express** was introduced as India's first semi-high-speed self-propelled train set that marks a technological leap in Indian Railways operations.

Further Indian Railways is set to introduce 40 new Vande Bharat Express by 2022. In order to accelerate the railways' modernisation in the financial year 2019-20, capital expenditure for Indian Railways was pegged at INR 1,601 crore

India has replaced Japan as **world's second largest steel producing country**, while China is the largest producer of crude steel accounting for more than 51 per cent of production, according to World Steel Association (world steel).

India's economy is the fastest growing of the world's top 10. It is the fastest-growing **trillion-dollar economy** in the world and the fifth-largest overall, with a nominal GDP of $2.94 trillion. India has become the fifth-largest economy in 2019, overtaking the United Kingdom and France.

It took us nearly 60 years after independence to achieve USD 1 trillion mark. It took 12 years to achieve our second trillion (dollar economy). And it has taken only five years, 2014 to 2019, to achieve the third trillion economy.

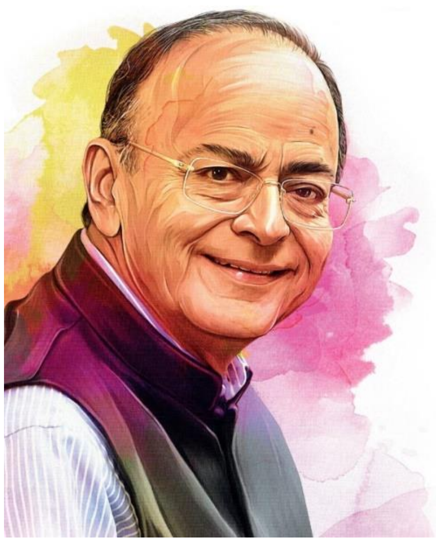
India has become a **space superpower**. The year 2019 was a year of several new beginnings for India's space sector that is now on Mission 2.0 mode.

The year 2019 witnessed the ISRO touching the mark of 319-foreign satellite launches; deciding to go for another moon landing mission called Chandrayaan-3; setting up Human Space Flight Centre; starting the young scientist programme; signing agreement with Indian Air Force (IAF) to select and train Indian astronauts for the country's manned mission.

Besides the lunar mission, India has also lined up interplanetary missions to Sun, Venus and Mars-2 in the upcoming years.

Today, Isro has two operational launchers, the Polar Satellite Launch Vehicle (PSLV) and Geosynchronous Satellite Launch Vehicle (GSLV).

An unforgettable stint as India's Finance Minister



"Nai duniya hai, naya daur hai, nayi hai umang. Kuch the pehle ke tareeke, to kuch hai aaj ke rang dhang…"

Late Shri Arun Jaitley, former finance minister, whose departure marks the end of an era, has steered landmark reforms such as introduction of the Goods and Services Tax (GST) and the Insolvency and Bankruptcy Code (IBC).

He oversaw the introduction of the Goods and Services Tax (GST) which brought the country under one GST regime. On 20 June 2017, he reaffirmed that the roll-out of GST overseen by him as the finance minister was on track which removed bundled indirect taxes such as VAT, CST, Service tax, CAD, SAD, and Excise and has bought a less tax compliance and a simplified tax policy compared.

Further by introduction of IBC for the first time, an orderly, time bound framework was in place to deal with bankruptcies. CRISIL has said INR 70,000 crore has been recovered via IBC in FY19. Quoting an Insolvency and Bankruptcy Board of India report, it said almost INR 2.02 lakh crore of debt pertaining to 4,452 cases has been settled even before being admitted under IBC.

He was the brain behind the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, Comprehensive Benami Transaction (Prohibition) Act, and amendments in the Foreign Exchange Management Act (FEMA), which would allow seizure and eventual confiscation of assets of equivalent value situated in India and levy of penalty and imprisonment up to five years. The Income Declaration Scheme, 2016, gave those who had not disclosed income or paid taxes on it in the past the opportunity to do so.

He also introduced a host of other measures against black money such as prohibition to accept or pay an advance of INR 20,000 or more in cash for purchase of immovable property and making it mandatory for anyone to quote their PAN for any purchase or sale exceeding INR 1 lakh.

Shri Jaitley will forever be remembered as one of the most prominent architects of India's socio-economic resurgence.

"Join the Green Revolution,

Stop the Plastic Pollution."

Plastic production has surged in the last 50 years, leading to widespread use of inexpensive disposable products that are having a devastating effect on the environment. Images of plastic debris-strewn beaches and dead animals with stomachs full of plastic have sparked outrage.

The Modi-led National Democratic Alliance (NDA) government has laid great emphasis on eradicating the use of single-use plastic that has become one of the biggest sources of pollution, adding to landfills and adversely impacting the already frail ecological balance. During his Independence Day speech, PM Modi urged people to kick start a new revolution against plastic from October 2, which would be the 150th birth anniversary of Mahatma Gandhi and make India a plastic-free nation. On December 6, 2017, at third United Nations (UN) Environment Assembly, held in Nairobi, Kenya, 193 nations including India pledged to work towards a sustainable lifestyle and a planet free of plastic and pollution.

The Central government and various State Governments have announced several steps to phase out single-use plastics with the eventual goal of stopping all usage to reduce the country's plastic footprint. Carry bags made of virgin or recycled plastic less than 50 microns in thickness have been prohibited. Complete ban on plastic sachets used for storing, packing or selling gutkha, tobacco and pan masala. India has also banned imports of solid plastic waste.

Polyethylene terephthalate (PET) bottles are commonly used for soft drinks and mineral water but can also be used in other household or personal care products. Drinking bottles are one of many types of plastic pollution currently causing environmental problems. Many corporates have been adopting and promoting initiatives like #BYOD – Bring Your Own Bottle, Replacing Plastic Cups with recycled paper Cups. Many restaurants are offering compostable straws, lids, take-away cups, wooden cutlery & stirrers, and even carry bags and napkins from recycled paper.

"Small Transformations Equals big Change"

Many innovative initiatives are being taken up all over the Country like "Green Weddings" wherein weddings are organised in a way where the usage of plastic and other non-degradable items are prohibited, "no-polythene zones" wherein usage of any polythene or plastic in such areas will attract fines, "green Protocol" wherein neither plastic is used nor waste is generated during different festivals. Alongside this, initiatives like pan-Indian plastic clean-up drives across public spaces, national reserves and forests along with simultaneous beach clean-up activities are in the pipeline. The pledge also includes transforming 100 monuments across the country into plastic and litter-free zones.

"No Water, No Life.

No Blue, No Green."

As much as we close our eyes to the hazards of plastic, it is indeed a problem that is central to our continued existence on earth and requires immediate collaborative action before it is too late to save the planet. Cutting back on plastic is difficult, but taking any of these steps is a big leap forward, especially if everyone participates in their own way. Let us all pledge to avoid single use plastic, to reuse or recycle plastic, to educate others about plastic waste and to take action to make plastic pollution a thing of the past.

"It's not about doing everything,

it's about doing something."

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This articulation embeds the information delivered by our Honorable Finance Minister Smt. Nirmala Sitharaman as a part of her second union budget on 1st February 2020 in conjunction with the Finance Bill, 2020 wherein it contemplates the proposed amendments for the Financial Year 2020-21. The tentative effective dates of enforcement of these proposed amendments shall be from the assessment year 2021-22 apropos direct taxes and from the date of such notification after the enactment of the bill in case of indirect taxes, unless otherwise specified. As these proposals are taken from the Finance Bill presented by the Finance Minister, these proposals are subjected to changes, major or minor consequent to passing the bill in the parliament. Forthwith receiving the assent from president, this finance bill will take the face of Finance Act, 2020.

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