

### Tax Slab changes

INCOME( Rs LAKH)	NEW (%)	OLD (%)
Upto 5	<b>No Tax</b>	No Tax
5-7.5	<b>10</b>	20
7.5-10	<b>15</b>	20
10-12.5	<b>20</b>	30
12.5-15	<b>25</b>	30
15+	<b>30</b>	30

### Key Budget Highlights

#### Income Tax

- New income tax rates will be optional without any exemptions/standard deductions.
- Dividend Distribution Tax (DDT) abolished; Companies will not be required to pay DDT; dividend to be taxed only at the hands of recipients, at applicable rates. Holding companies will not be liable to pay tax on the incoming dividend.
- Govt proposes 100% tax concession to sovereign wealth funds on investment in infra projects.
- Housing becomes more affordable, gives tax holiday to affordable housing developers.
- New power generation companies will have to pay 15% tax under the new corporate tax regime.
- Govt proposes deferment of tax payment by employees on ESOPs from startups by 5 years.
- Tax on Co-op societies to be reduced to 22% plus surcharge, as against current 30%.

- Fiscal Deficit target been revised to 3.8% for the current year FY20 from earlier target of 3.3%. The government also pegged the FY21 fiscal deficit target to 3.5%. The revised Fiscal Responsibility and Budget Management Act allows the government an 'escape clause' of 0.5%.
- Receipts for 2020-21 are pegged at Rs 22.46 lakh crore while expenditure at Rs 30.42 lakh crore and the revised estimated expenditure for FY20 has been pegged at Rs 26.99 lakh crore and receipts at Rs 19.32 lakh crore.
- The net market borrowings would be at Rs 4.99 lakh crore in FY 2019-20 and are estimated at Rs 5.36 lakh crore in the next fiscal.
- Government increased the limit of insurance cover in case of bank failure on deposits to Rs 5 lakh from Rs 1 lakh. The deposit insurance scheme covers all banks operating in India including private sector, co-operative and even branches of foreign banks in India. There are some exemptions like deposits of foreign governments, deposits of central/state governments and inter-bank deposits.
- The budget has set the divestment target at Rs 2.1 lakh crore for the upcoming fiscal year. It has maintained the current year gross borrowing at Rs 7.1 lakh crore.
- Government unveiled plans for India's highways and railways, proposing 1.7 lakh crores for transport infrastructure that includes the accelerated development of highways and plans to monetize 12 lots of highway bundles.
- The government plans to provide piped water across Indian households by 2024 with 3.60 lakh crores in funding. Government also announced 12300 crores for the Clean India mission.

## GST

- Cash reward system envisaged to incentivize customers to seek invoice.
- Simplified return with features like SMS based filing for nil return and improved input tax credit flow to be implemented from 1st April, 2020 as a pilot run.
- Dynamic QR-code capturing GST parameters proposed for consumer invoices.
- Electronic invoice to capture critical information in a centralized system to be implemented in a phased manner.
- Aadhaar based verification of taxpayers being introduced to weed out dummy or non-existent units. GST rate structure being deliberated to address inverted duty structure.

## Customs Duties

- Customs duty raised on footwear to 35% from 25% and on furniture goods to 25% from 20%.
- Basic customs duty on imports of news print and light-weight coated paper reduced from 10% to 5%.
- 5% health cess to be imposed on the imports of medical devices, except those exempt from BCD.
- Lower customs duty on certain inputs and raw materials like fuse, chemicals, and plastics.
- Higher customs duty on certain goods like auto-parts, chemicals, etc. which are also being made domestically.

## Trade Policy Measures

- Customs Act being amended to enable proper checks of imports under FTAs.
- Rules of Origin requirements to be reviewed for certain sensitive items.
- Provisions relating to safeguard duties to be strengthened to enable regulating such surge in imports in a systematic way.
- Provisions for checking dumping of goods and imports of subsidized goods being strengthened.
- Suggestions for reviews of exemptions from customs duty to be crowd-sourced.
- Excise duty proposed to be raised by roughly 10% on Cigarettes and other tobacco products, no change made in the duty rates of bidis.
- Anti-dumping duty on PTA abolished to benefit the textile sector.

## Agriculture

- The farm and rural sectors were allocated Rs 2.83 lakh crores, while the agriculture credit target for next year is set at Rs 15 lakh crores.
- News of the government's proposal to expand fisheries and create 500 fish farmer producer organizations.
- The minister announced that the rail service will be equipped with air conditioned freight cars and the government will provide viability gap funding for warehousing.

## Road

- Outline a plan to invest Rs 1.05 lakh crore in infrastructure over the next five years
- A national logistics policy to be released soon
- A single window e-logistics market with focus on MSMEs
- Development of 2,500 km access-controlled highways and 2,000 km of strategic highways
- 12 lots of highway bundles spread over 6,000 km will be monetized before 2024
- Delhi-Mumbai Expressway to be ready in 3 years and 6,500 new projects under NIP across sectors

## Railways

- 1,150 trains will run under the public private partnership (PPP) mode also Indian Railways to set up a 'Kisan Rail' through (PPP) for farmers.
- Four stations will be redeveloped with the help of the private sector
- Government has set a target of next three years to completely electrify all the tracks of Indian Railways. 37,500 km (58 per cent) of Railway tracks already electrified while balance 27,000 km to be electrified by Railways by 2023.

## Aviation

- 100 more airports to be developed by 2025

## Tourism

- Rs 2,500 Crore to boost tourism

## Textile and Exports

- Rs 1,480 Crore for National Textile Mission
- Nirvik (Niryat Rin Vikas Yojana) scheme to provide enhanced insurance cover and
- reduce premium for small exporters and simplified procedures for claim settlements

## Social Welfare

- Enhance allocation of Rs 9000 Crore for senior citizens and 'Divyang'
- Rs. 4,400 Crore allocated for cities to ensure clean air
- Rs 53,700 Crore for welfare of schedule tribes
- Rs 85,000 Crore for welfare of SC and other backward classes
- Insurance cover increased to Rs 5 lakh per depositor

## Others

- Rs 100 crore allotted to prepare for hosting G20 presidency in 2022
- Allocation of Rs 30,757 crores for 2020-21 for Jammu and Kashmir and Rs 5,958 crores for Ladakh
- FY21 fiscal deficit target pegged at 3.5% of GDP
- Government will bring LIC IPO
- Government to sell part holding in LIC, also in IDBI
- Govt to sell govt stake in IDBI Bank to private investors
- FY21 divestment target pegged at Rs 2.1 lakh crore
- Certain specified categories of government securities will be open fully for NRIs
- Nominal GDP growth for FY21 revised to 10%

Particular (In Crore)	2018-2019 Actuals	2019-2020 Budget Estimates	2019-2020 Revised Estimates	2020-2021 Budget Estimates
<b>1.Revenue Estimates</b>	<b>1552916</b>	<b>1962761</b>	<b>1850101</b>	<b>2020926</b>
2.Tax Revenue ( Net Centre)	1317211	1649582	1504587	1535909
3.Non Tax Revenue	235705	313179	345514	385017
<b>4.Capital Receipts</b>	<b>762197</b>	<b>823588</b>	<b>848451</b>	<b>1021304</b>
5.Recovery of loans	18052	14828	16605	14967
6.Other Receipts	94727	105000	65000	210000
7.Borrowing and other Liabilities	649418	7036760	766846	796337
<b>8.Total Receipts (1+4)</b>	<b>2315113</b>	<b>2786349</b>	<b>2698552</b>	<b>3042230</b>
<b>9. Total Expenditure (10+13)</b>	<b>2315113</b>	<b>2786349</b>	<b>2698552</b>	<b>3042230</b>
10.On Revenue account of which	2007399	2447780	2349645	2630145
11. Interest Payments	582648	660471	625105	708203
12. Grants in Aid for creation of capital assests	191781	207333	191737	206500
13. On Capital account	307714	338569	348907	412085
<b>14. Revenue Deficit (10-1)</b>	<b>454483</b>	<b>485019</b>	<b>499544</b>	<b>609219</b>
<b>15. Effective Revenue Deficit (14-12)</b>	<b>262702 (1.4)</b>	<b>277686 (1.3)</b>	<b>307807 (1.5)</b>	<b>402719 (1.8)</b>
<b>16. Fiscal Deficit [9-(1+5+6)]</b>	<b>649418 (3.4)</b>	<b>703760 (3.3)</b>	<b>766846 (3.8)</b>	<b>796337 (3.5)</b>
<b>17.Primary Deficit (16-11)</b>	<b>66770 (0.4)</b>	<b>43289 (0.2)</b>	<b>141741 (0.7)</b>	<b>88134 (0.4)</b>

Source: Finance Ministry

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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