

SECTORAL BUDGET IMPACT



Agriculture Sector

Budget Proposals

- Rs 2.83 lakh crore would be spent on Agriculture, Rural Development, Irrigation and allied activities.
- Agriculture credit target for the year 2020-21 has be set at Rs 15 lakh crore.
- All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme.
- NABARD re-finance scheme to be expanded to push agricultural credit.
- Govt to encourage state governments who implement model laws-Model Agricultural Land Leasing Act of 2016, Model Agricultural Produce and livestock and Marketing Act of 2017 and Model Agricultural Produce and Livestock contract farming and services promotion and facilitation Act of 2018.
- Govt proposed comprehensive measures for 100 water-stressed districts in the country.
- Twenty lakh farmers will be provided funds to set up standalone solar pumps and another 15 lakh farmers to set up solar irrigation facilities.
- Farmers will be allowed to set up solar units on barren/fallow lands.
- To set up Kisan Rail through public private partnership (PPP) with refrigerated coaches for transportation of perishable goods to assist farmers.

Impact

- Rs 2.83 lakh crore spending on agriculture will help in revive the sector that supports the livelihood of a major chunk of India's population.
- Setting up of Kisan Rail will help in connecting farm with markets. The freight trains will help farmers transport their perishable products easily.

Electronic equipment

Budget Proposals

- Government proposes scheme to encourage manufacture of mobile phones, electronic equipment and semiconductor packaging.

Impact

- This will make India a part of the global manufacturing chain and boost employment opportunities.

Bank

Budget Proposals

- Government proposes to strengthen Cooperative Banks by amending Banking Regulation Act.
- Government to amend Income Tax Act for merged PSU banks.

Impact

- Amending Banking Regulation Act will enable access to capital and improve governance and oversight for sound banking through the RBI.
- Amending income tax Act will ensure that merged PSU entities benefit from un-absorbed losses and depreciation of the amalgamating entities.

Financial Market

Budget Proposals

- Select govt securities to be fully opened for NRIs.
- Limit for FPIs in corp bonds raised from 9% to 15%.
- New legislation to be formulated for laying down a mechanism for netting of financial contracts.
- Debt Based Exchange Traded Fund expanded by a new Debt-ETF consisting primarily of Government Securities.

Impact

- Increase investment limit of foreign portfolio investors will help to boost inflows of foreign funds into Indian capital markets.
- New Debt-ETF will give attractive access to retail investors, pension funds and long-term investors.

Education

Budget Proposals

- Rs 99,300 crore for education sector and Rs. 3000 crore for skill development in 2020-21.
- New Education Policy to be announced soon.
- National Police University and National Forensic Science University proposed for policing science, forensic science, and cyber-forensics.
- Degree level full-fledged online education program by Top-100 institutions in the National Institutional Ranking Framework.
- Up to 1-year internship to fresh engineers to be provided by Urban Local Bodies.
- Budget proposes to attach a medical college to an existing district hospital in PPP mode.
- 150 higher educational institutions to start apprenticeship embedded degree/diploma courses by March 2021.
- External Commercial Borrowings and FDI to be enabled for education sector.
- Ind-SAT proposed for Asian and African countries as a part of Study in India program.

Impact

- Degree level full-fledged online education program will provide quality education to students of deprived sections of the society as well as those who do not have access to higher education.
- India should be a preferred destination for higher education. Therefore, under 'Study in India' programme, an Ind-SAT is proposed to be held in Asian and African countries for benchmarking foreign candidates who receive scholarships for studying in Indian higher education centres.
- In order to meet the requirement of qualified medical doctors, it is proposed to attach a medical college to an existing district hospital in PPP mode.

Healthcare

Budget Proposals

- Rs 69,000 crore is being provided for Health care including Rs 6400 crore for Prime Minister Jan Arogya Yojana (PMJAY).
- Ayushman Bharat to be expanded.
- Budget proposes more than 20,000 empanelled hospitals under PM Jan Arogya Yojana for poor people.
- Expansion of Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024.
- Proposed to set up Viability Gap funding window for setting up hospitals in the PPP mode.
- Aspirational Districts with no Ayushman empanelled hospitals to be covered in the first phase.
- 5% health cess to be imposed on the imports of medical devices, except those exempt from BCD.
- Targeting diseases with an appropriately designed preventive regime using Machine Learning and AI.

Impact

- Allocation of Rs 69,000 crore will help to achieve the holistic vision of health care that translate wellness of the citizen.
- The expansion of Ayushman Bharat scheme will see setting up and development of more hospitals in Tier-II, Tier-III cities under the PPP model.
- A nominal health cess of 5% on imports of specified medical Equipment will give impetus to domestic medical equipment industry, and to generate resource for health services. The proceeds from this cess shall be used for creating infrastructure for health services in the aspirational districts.

Furniture

Budget Proposals

- Increased custom duties on specified furniture goods from 20% to 25%.

Impact

- Hike in customs duty will provide level playing field to domestic industry.

Infrastructure

Budget Proposals

- Rs 100 lakh crore to be invested on infrastructure over the next 5 years.
- Rs 1.7 lakh crore proposed for transport infrastructure in 2020-21.
- Delhi-Mumbai Expressway and two other packages to be completed by 2023.
- Chennai-Bengaluru Expressway to be started.
- Proposed to monetise at least 12 lots of highway bundles of over 6000 Km before 2024.
- Accelerated development of highways to be undertaken, including: 2500 Km access control highways, 9000 Km of economic corridors
- 2000 Km of coastal and land port roads and 2000 Km of strategic highways.

Impact

- Rs 1.7 lakh crore proposed for transport infrastructure will help to create jobs and improve the ease of living for each individual citizen in the country.

Oil and Gas

Budget Proposals

- Proposed to expand the national gas grid from the present 16,200 kilometers to 27,000 kilometers.
- Government plans to undertake further reforms to make the pricing of natural gas more transparent.

Impact

- Expansion of national gas grid will help increase dependence on cheaper gas as compared to crude oil. This is also environment friendly as compared to oil.

Insurance

Budget Proposals

- New scheme NIRVIK to be launched.
- Deposit Insurance and Credit Guarantee Corporation (DICGC) permitted to increase Deposit Insurance Coverage to Rs 5 lakh from Rs 1 lakh per depositor.

Impact

- The government's new scheme -- NIRVIK to provide enhanced insurance cover and reduce premium for small exporters is timely and simplified procedure for claim settlements amid India's slowing exports.

Logistic

Budget Proposals

- A National Logistics Policy to be released soon.
- Proposed to build a seamless national cold storage chain.

Impact

- A National Logistics Policy will clarify the roles of the Union Government, State Governments and key regulators and create a single window e-logistics market and focus on generation of employment, skills and making MSMEs competitive.

Paper

Budget Proposals

- Basic customs duty on imports of news print and light-weight coated paper reduced from 10% to 5%.

Impact

- This will give impetus to domestic industry as it will help to reduce the costs of manufacturing.

Budget Proposals

- Enable NBFCs to extend invoice financing to the MSMEs through TReDS
- NBFCs eligibility limit for debt recovery reduced from:
 - Rs 500 crore to Rs 100 crore asset size.
 - Rs 1 crore to Rs 50 lakh loan size.

Impact

- To offer relief to the NBFC sector, Finance Minister Nirmala Sitharaman announced proposals to make much needed amendments to the Factor Regulation Act 2011. This will now allow NBFCs to be a part of TReDS.

Information Technologies

Budget Proposals

- Proposal to build Data Centre parks throughout the country to be brought out soon.
- A digital platform to be promoted to facilitate seamless application and capture of IPRs.
- 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.
- Rs 8000 crore proposed over five years for National Mission on Quantum Technologies and Applications.

Impact

- The proposal to come up with a policy for setting up data centre parks would benefit tech services companies and attract foreign investments in creating adequate infrastructure for all industry sectors.
- The data centres parks would be built keeping in mind the use of analytics and internet of things across industries.

Power

Budget Proposals

- An allocation of Rs. 22000 crore for Power and Renewable Energy sector in 2020-21.
- Further reforms to facilitate transparent price discovery and ease of transactions.
- To extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.
- Urged all states, union territories to replace conventional meters by prepaid smart meters in the next 3 years.

Impact

- Concessional tax rate for electricity generation companies will help to attract investment in power sector.
- The transition to smart meters will reduce losses and will facilitate separation of carriage and content operations for existing electricity distribution companies (DISCOMs). This will also give consumers the freedom to choose the supplier and the rate as per their requirements.

Textile

Budget Proposals

- National Technical Textiles Mission to be set with four-year implementation period from 2020-21 to 2023-24, with an estimated outlay of Rs 1480 crore.
- Anti-dumping duty on PTA

Impact

- National Technical Textiles Mission will help India to position as global leader in Technical Textiles.
- Anti-dumping duty on PTA (Purified Terephthalic Acid) will unlock immense potential in the textile sector which is a significant employment generator.

Railways

Budget Proposals

- Four station re-development projects and operation of 150 passenger trains would be done through PPP mode.
- Tejas type-trains will be introduced.
- High speed train between Mumbai and Ahmedabad would be actively pursued.
- 148 km long Bengaluru Suburban transport project at a cost of Rs 18600 crore, to have fares on metro model. Central Government to provide 20% of equity and facilitate external assistance up to 60% of the project cost.
- Government increased the allocation to the Ministry of Railway by 6.17 percent to Rs 72,216 crore.
- The government plans to privatise 500 passenger trains by 2025.
- The government plans continued focus over the electrification of rail networks.

Impact

- Tejas type-trains will connect iconic tourist destinations across the country.
- Privatization of passenger trains will encourage private sector participation in the sector.
- Electrification of rail networks will reduce dependence on imported fossil fuel and saving revenue for the national carrier.

Tourism

Budget Proposals

- Allocation of Rs 2500 crore for 2020-21 for tourism promotion.
- Government proposed Rs 3150 crore for Ministry of Culture for 2020-21.
- Government proposed an Indian Institute of Heritage and Conservation under Ministry of Culture; with the status of a deemed University.

Impact

- Allocation of funds will make India an attractive destination for both international and domestic tourists.

Aviation

Budget Proposals

- Krishi Udaan to be launched by the Ministry of Civil Aviation. Both international and national routes to be covered.
- Government announced 100 more airports would be developed by 2024 to support Udaan scheme.

Impact

- Kirshi Udaan will boost Aviation connectivity between rural and urban areas and will also help farmers transport grains by aircraft.

Fertilizers

Budget Proposals

- Government to revise incentives for use of Chemical Fertilizers.

Impact

- As the lack of use of chemical inputs will result in cut down in production of chemical fertilizers.

Footwear

Budget Proposals

- Customs duty raised on footwear to 35% from 25%.

Impact

- Increased customs duty will make imported footwear expensive and will promote domestic MS-MEs (Micro, Small and Medium Enterprises).

Real Estate

Budget Proposals

- Additional deduction up to Rs. 1.5 lakhs for interest paid on loans taken for an affordable house extended till 31st March, 2021.
- Date of approval of affordable housing projects for availing tax holiday on profits earned by developers extended till 31st March, 2021.
- Concession to real estate transactions. The Union Budget proposed to increase the circle rate limit of 5% to 10%. Currently, while taxing income from Capital gains, business profits and other sources in respect of transactions in real estate, if the consideration value is less than circle rate by more than 5 percent, the difference is counted as income both in the hands of the purchaser and seller, while taxing income from capital gains, business profits and other sources in respect of transactions in real estate.
- Concessional tax rate for Cooperatives. The Union Budget proposed to provide an option to cooperative societies to be taxed at 22% + 10% surcharge and 4% cess with no exemption/ deductions. These cooperatives are currently taxed at a rate of 30% with surcharge and cess.
- Proposed to exempt these cooperative societies from Alternate Minimum Tax (AMT) just like Companies.

Impact

- Additional deduction will help to promote affordable housing projects.
- Concession to real estate transactions will help to minimize hardship in real estate transaction and provide relief to the sector.
- Concessional tax rate for Cooperatives will help to bring parity between the cooperative societies and corporate.