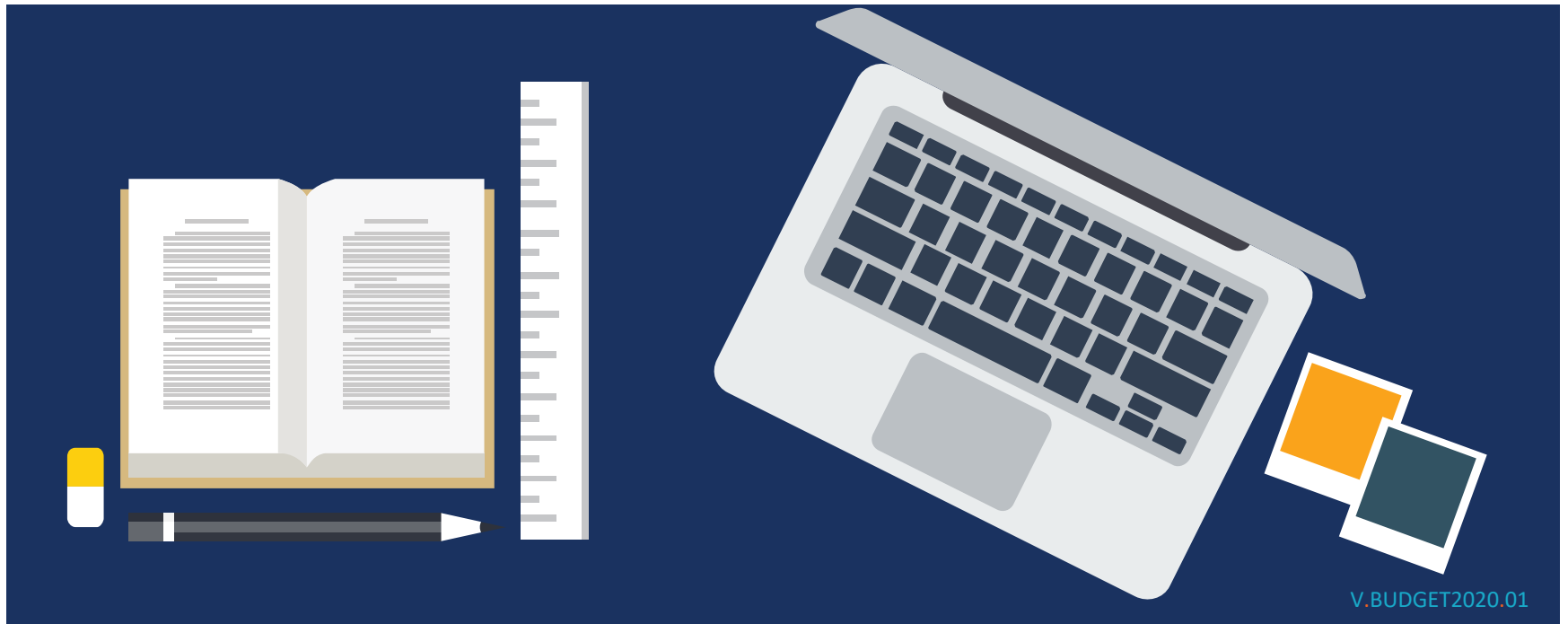




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OUTSOURCING SERVICES

BUDGET'2020



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BUDGET'2020



FM SPEECH

Finance Minister Nirmala Sitharaman on Saturday, 1st February'2020 unveiled the budget for fiscal 2020-21, FM said her Budget 2020 is woven around three themes-- Aspirational India to boost the standard of living, Economic development for all and Building a humane and compassionate society.

'This is the Budget to boost people's 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.'

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

BUDGET'2020 AT A GLANCE



- ✚ Simplified and new income tax regime as an option to the old regime.
- ✚ New direct tax dispute settlement scheme would be launched
- ✚ Simplified GST return shall be implemented from 1st April 2020. Refund process to be fully automated.
- ✚ The government proposes to amend the Companies Act to decriminalize civil offences. FM asserted that "tax harassment" would not be tolerated.
- ✚ Turnover threshold for tax audit of MSMEs increased.
- ✚ Dividend Distribution Tax removed, and classical system of dividend taxation adopted.
- ✚ Concessional corporate tax rate of 15 % to new domestic companies in manufacturing and power sector. Concessional tax rate for cooperatives proposed.
- ✚ Tax benefits to Start-ups by way of deduction of 100 % of their profits are enhanced by increasing turnover limit and period of eligibility.
- ✚ Issuance of Unique Registration Number to all charity institutions for easy tax compliance.
- ✚ Health cess to be imposed on imports of medical equipment given these are made significantly in India.
- ✚ Deposit Insurance Coverage to increase from Rs. 1 lakh to Rs. 5 Lakh per depositor.

BUDGET'2020 AT A GLANCE



- ✚ Eligibility limit for NBFCs for debt recovery under SARFAESI Act proposed to be reduced to asset size of Rs. 100 crore or loan size of Rs. 50 Lakh.
- ✚ Scheme to encourage manufacturing of mobile phones, electronic equipment and semi conductor packaging.
- ✚ Extension of invoice financing to MSMEs through TReDs.
- ✚ NIRVIK Scheme for higher export credit disbursement launched.
- ✚ Proposal to sell balance holding of government in IDBI Bank. Disinvestment in LIC also proposed through Public Issue.
- ✚ Separation of NPS Trust for government employees from PFRDAI.
- ✚ Specified categories of government securities would be opened for non resident investors
- ✚ FPI Limit for corporate bonds to be increased to 15 %.
- ✚ New debt ETF proposed mainly for government securities.
- ✚ Extension of time limits pertaining to the tax benefits for affordable housing.
- ✚ Tax concession for sovereign wealth fund of foreign governments and other foreign investments.

HIGHLIGHTS OF ECONOMIC SURVEY



\$2.7 trillion

India's GDP in nominal prices was Rs. 190.1 lakh crore (US\$ 2.7 trillion) in 2018-19

\$2.9 trillion

The size of the economy is estimated at US\$ 2.9 trillion in 2019-20

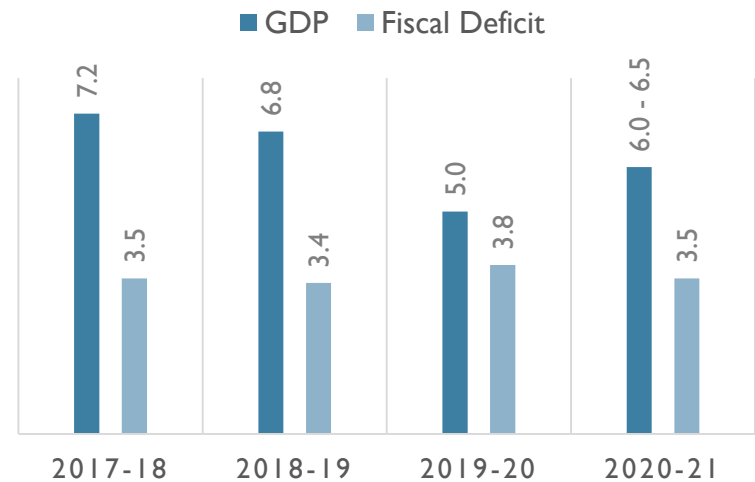
\$5 trillion

The economy is poised for a rebound towards the US\$ 5 trillion goal in Year 2024-25.

Expected growth rate 2020

6.0 to 6.5%

GDP growth of India expected to strongly rebound in 2020-21 to grow in the range of 6.0 to 6.5%.



HIGHLIGHTS OF ECONOMIC SURVEY



- ✦ Year 2019 was a difficult year for the global economy with world output growth estimated to grow at its slowest pace of 2.9 %
- ✦ 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
- ✦ 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.
- ✦ A sharp decline in real fixed investment induced by a sluggish growth of real consumption has weighed down GDP growth from H2 of 2018-19 to H1 of 2019-20
- ✦ India's external sector gained further stability in H1 of 2019-20, with a narrowing of current account deficit (CAD) as percentage of GDP from 2.1 in 2018-19 to 1.5 in H1 of 2019-20, impressive foreign direct investment (FDI), rebounding of portfolio flows and accretion of foreign exchange reserves.
- ✦ Headline inflation rose from 3.3 % in H1 of 2019-20 to 7.35 % in December 2019-20 on the back of temporary increase in food inflation, which is expected to decline by year end.
- ✦ The deceleration in GDP growth can be understood within the framework of a slowing cycle of growth. The financial sector acted as a drag on the real sector.
- ✦ During the first eight months of 2019-20, the Revenue Receipts registered a higher growth compared to the same period last year, which was led by considerable growth in Non-Tax revenue.
- ✦ During 2019-20 (upto December 2019), the gross GST monthly collections has crossed the mark of Rs. 1 lakh crore for a total of five times.
- ✦ Structural reforms undertaken in taxation during the current financial year include change in corporate tax rate and measures to ease the implementation of GST.
- ✦ Going forward, considering the urgent priority of the Government to revive growth in the economy, the fiscal deficit target may have to be relaxed for the current year.
- ✦ Net FDI inflows have continued to be buoyant in 2019-20 attracting US\$ 24.4 billion in the first eight months, higher than the corresponding period of 2018-19. Net FPI in the first eight months of 2019-20 stood at US\$ 12.6 billion.
- ✦ The repo rate was cut in four out of five meetings held in 2019-20 (till December). The repo rate has been cut by 110 bps in 2019-20 so far.
- ✦ Bank credit growth slowed down in 2019-20 and stands at 7.1 % (YoY) as of December 20, 2019, as compared to a growth of 12.9 % in April 2019.
- ✦ The growth (YoY) of loans from NBFCs declined from 27.6 % in September 2018 and 21.6 % in December 2018 to 9.9 % at end September 2019.
- ✦ As on end December 2019, Rs. 1.58 lakh crore were realizable in cases resolved under Corporate Insolvency Resolution Processes.

THANK YOU



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