# Union Budget 2020-21 Presented on 01-02-2020

## Revenue, Fiscal and Primary deficit

| | |
|---|---|
| Revenue deficit | Revenue expenditure – Revenue receipts |
| Effective Revenue deficit | Difference between Revenue deficit and Grants for creation of capital assets.<br><br>Grants for creation of capital assets was introduced in the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 through the amendment in 2012.<br><br>Grants for creation of capital assets means grants-in-aid given by the Central Government to state governments, autonomous bodies, local bodies and other scheme implementing agencies for creation of capital assets which are owned by these entities.<br><br>Effective Revenue Deficit signifies that amount of capital receipts that are being used for actual consumption expenditure of the Government.<br><br>The Government is mandated to eliminate the effective revenue deficit. |
| Fiscal deficit | Fiscal deficit = Total expenditure – (Revenue receipts+ Non-debt creating capital receipts)<br><br>Non-debt creating capital receipts are those receipts which are not borrowings and, therefore, do not give rise to debt. For example- recovery of loans and the proceeds from the sale/disinvestment of PSUs. **OR**<br><br>Fiscal deficit is defined as excess of total expenditure over total receipts excluding borrowings. **OR**<br><br>Fiscal deficit = Revenue expenditure + capital expenditure – Revenue receipts – capital Receipts excluding borrowings.<br><br>Fiscal deficit **reflects the total borrowing requirements of the govt.** Fiscal deficit indicates the additional amount of financial resources needed to meet government expenditure. Government is primarily resorting to **market linked borrowings for financing** its fiscal deficit. |
| Primary deficit | Fiscal deficit – Interest payment on previous borrowings |
| Budget deficit | Total Expenditure - Total Receipts. If borrowings and other liabilities are added to budget deficit, We get Fiscal deficit. |

**Example**

| | | |
|---|---|---|
| Revenue Receipts | | 100000 |
| Capital Receipts: | | |
| Recovery of Loans | 3000 | |
| Other Receipts | 7000 | |
| **Borrowings** and Other Liabilitites | 35000 | 45000 |
| **Total Receipts** | | 145000 |
| Revenue Expenditure | | |
| Interest Payments | 27000 | |
| Grants for creation of capital assets | 12000 | |
| Others revenue expenditure | 86000 | 125000 |
| Capital Expenditure | | 20000 |
| **Total Expenditure** | | 145000 |

Revenue Deficit = Revenue expenditure – Revenue receipts i.e. (125000 – 100000) = 25000

Effective Revenue Deficit = Difference between Revenue deficit and Grants for creation of capital assets i.e. (25000 – 12000) = 13000

Fiscal Deficit = Fiscal deficit = Total expenditure – (Revenue receipts+ Non-debt creating capital receipts) i.e. {145000 – (100000 + 3000 + 7000)} = 35000 i.e. equal to **Borrowings**

Primary Deficit = Fiscal deficit – Interest payment (35000 – 27000) = 8000

Budget deficit = Total Expenditure - Total Receipts (145000 – 145000) = Nil

IAS Prelims 1999
**Assertion (A):** Fiscal deficit is greater than budgetary deficit.
**Reason (R):** Fiscal deficit is the borrowings from the Reserve Bank of India plus other liabilities of the Government to meet its expenditure.
(a) **Both A and R are true, and R is the correct explanation of A**
(b) Both A and R are true, but R is not a correct explanation of A
(c) A is true, but R is false
(d) A is false, but R is true

CDS-2013
The concept which tries to ascertain the actual deficit in the revenue account after adjusting for expenditure of capital nature is termed as

*(a)* revenue deficit
***(b)* effective revenue deficit**
*(c)* fiscal deficit
*(d)* primary deficit

IAS Prelims 2001
Match List I with List II and select the correct answer using the codes given below the Lists **:**

| List I (Term) | List II (Explanation) |
|---|---|
| I. Fiscal deficit | (A) Excess of Total Expenditure over Total Receipts |
| II. Budget deficit | (B) Excess of Revenue Expenditure over Revenue Receipts |
| III. Revenue deficit | (C) Excess of Total Expenditure over Total Receipts less borrowings |
| IV. Primary deficit | (D) Excess of Total Expenditure over Total Receipts less borrowings and Interest Payments |

Codes:
(a) **IC, IIA, IIIB, IVD**
(b) ID, IIC, IIIB, IVA
(c) IA, IIC, IIIB, IVD
(d) IC, IIA, IIID, IVB

IAS Prelims 1992
Deficit financing means
(a) An excess of governments' current expenditure over its current revenue
(b) An excess of government expenditures minus borrowings other than those from the RBI
(c) **An excess of government's total expenditure over its total revenue**
(d) An excess of government revenue over expenditure

IAS Prelims 1994
Fiscal deficit in the Union Budget means
(a) **the sum of budgetary deficit and net increase in internal and external borrowings**
(b) the difference between current expenditure and current revenue
(c) the sum of monetized deficit and budgetary deficit
(d) net increase in Union Government's borrowing from the Reserve Bank of India

CAPF-2013
If we deduct grants for creation of capital assets from revenue deficit, we arrive at the concept of
(a) primary deficit (b) net fiscal deficit (c) budgetary deficit (d) **effective revenue deficit**

IAS Prelims 2013
In India, deficit financing is used for raising resources for
**a. economic development**
b. redemption of public debt
c. adjusting the balance of payments
d. reducing the foreign debt

CDS 2017
Match List-I with List-II and s elect the correct answer using the code given below the Lists :

| List- I (Type of Deficit) | List-II (Explanation) |
|---|---|
| A. Fiscal Deficit | 1. Total Expenditure–Revenue Receipts & Non-debt Capital Receipts |
| B. Revenue Deficit | 2. Revenue Expenditure - Revenue Receipts |
| C. Effective Revenue Deficit | 3. Revenue Deficit - Grants for Creation of Capital Assets |
| D. Primary Deficit | 4 . Fiscal Deficit – Interest Payments |

Code:

| | | | |
|---|---|---|---|
| (a) **A** | **B** | **C** | **D** |
| **1** | **2** | **3** | **4** |
| (b) A | B | C | D |
| 1 | 3 | 2 | 4 |
| (c) A | B | C | D |
| 4 | 2 | 3 | 1 |
| (d) A | B | C | D |
| 4 | 3 | 2 | 1 |

## Deficit reduction

Government deficit can be reduced by an increase in tax rates or reduction in govt expenditure. However, this fiscal tightening can cause lower economic growth – which in turn can cause a higher cyclical deficit (government get less tax revenue in a recession).

One of the best ways to reduce the deficit is to promote economic growth. If the economy grows, then tax revenue will increase, without raising taxes. High economic growth, is the least painful way to reduce the budget deficit because you don't need to raise tax rates or cut spending.

In India, the government has been trying to increase tax revenue with greater reliance on direct taxes (indirect taxes are regressive in nature – they impact all income groups equally).

Govt. is also trying to raise money through the sale of shares in PSUs.

However, the major thrust has been towards reduction in government expenditure.

## Deficit Financing

Typically, the government can finance its deficits by printing money or issuing debt.

In the modern world, governments typically finance their deficits by issuing government bonds.

They can either be purchased:

by the public from the existing supply of money **<u>or</u>**

by central banks by increasing the monetary base, and hence the money supply (called **monetisation of debt/deficit**).

If the government borrows money this will lead to interest rate increase and crowd out of some private investment spending.

The **'crowding out'** effect refers to a situation where high government borrowing results in lesser funds being available for private investments.

If the government finances its deficit by printing new money, then there is no crowding out of private spending. But this kind of financing is more inflationary.

IAS Prelims 2013
Which one of the following is likely to be the most inflationary in its effect?

a. Repayment of public debt
b. Borrowing from the public to finance a budget deficit
c. Borrowing from banks to finance a budget deficit
**d. Creating new money to finance a budget deficit**

## Bailout

In some circumstances, countries can be eligible for a bailout from an international organisation, such as the IMF. This means they can draw on temporary funds to help with temporary liquidity shortages. The bailout may reassure investors and give the country more time for dealing with the deficit.

A bailout usually comes with strict instructions on reducing the deficit.

## Fiscal Neutrality

Where government spending is covered almost exactly by tax revenue – in other words, where tax revenue is equal to government spending. A situation where spending exceeds the revenue generated from taxes is called a fiscal deficit and requires the government to borrow money to cover the shortfall.

## Zero-based budgeting

Zero-based budgeting (ZBB) is an approach to budget formation where in a government prepares a budget from the ground, starting from zero rather than making an incremental provisioning for projects over previous year.

As opposed to traditional budgeting, no item is automatically included in the next budget. Every program and expenditure is reviewed at the beginning of each budget cycle and must justify each line item in order to receive funding.

## The Ministry of Finance

| | |
|---|---|
| Five Departments | Department of Economic Affairs<br>Department of Expenditure<br>Department of Revenue<br>Department of Investment and Public Asset Management (DIPAM)<br>Department of Financial Services. |
| Budget is prepared by | Budget Division of Department of Economic Affairs |
| Economic Survey is prepared by | Economic Division of Department of Economic Affairs |

IAS Prelims 2010
Which of the following is responsible for the preparation and presentation of Union Budget to the parliament ?
(a)Department of Revenue (b) **Department of Economic Affairs**
(c) Department of Financial Services (d) Department of Expenditure

IAS Prelims 1998
Economic Survey in India is published officially, every year by the
(a) Reserve Bank of India (b) Planning Commission of India
(c) **Ministry of Finance, Government of India** (d) Ministry of Industries, Government of India

# Union Budget 2020-21 (February 01, 2020)

## KEY TO BUDGET DOCUMENTS

The list of Budget documents presented to the Parliament, besides the Finance Minister's Budget Speech, is given below:
A. Annual Financial Statement (AFS)
B. Demands for Grants (DG)
C. Finance Bill
D. Statements mandated under Fiscal Responsibility and Budget Management Act, 2003:
i. Macro-Economic Framework Statement
ii. Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement
E. Expenditure Budget
F. Receipt Budget
G. Expenditure Profile
H. Budget at a Glance
I. Memorandum Explaining the Provisions in the Finance Bill
J. Output Outcome Monitoring Framework
K. Key Features of Budget 2020-21

The documents shown at Serial Nos. A, B, and C are mandated by Art. 112,113 and 110 (a) of the Constitution of India respectively, while the documents at Serial No. D (i) and (ii) are presented as per the provisions of the Fiscal Responsibility and Budget Management Act, 2003.

Other documents at Serial Nos. E, F, G, H, I, J and K are in the nature of explanatory statements supporting the mandated documents with narrative in a user-friendly format suited for quick or contextual references.
The “Output Outcome Monitoring Framework” will have clearly defined outputs and outcomes for various Central Sector Schemes and Centrally Sponsored Schemes with measurable indicators against them and specific targets for FY 2020-21.

## Brief description of the Budget documents:

### Budget/Annual Financial Statement (AFS) (Article 112 of the Constitution)

| | |
|---|---|
| When budget is presented | On such date as fixed by President. In practice, The Union Budget of India is presented each year on the first working day of February by the Finance Minister of India in Parliament. |
| Where presented | before both the house of parliament.<br>The General Budget is presented in Lok Sabha by the Minister of Finance. The 'Annual Financial Statement' is laid on the Table of Rajya Sabha at the conclusion of the speech of the Finance Minister in Lok Sabha. |
| Responsibility of budget presentation | President |
| Details of AFS | It shows:<br>Budgeted Estimates of receipts and expenditure of the Govt of India for Next year 2020-21.<br>Budgeted and revised estimates for Current year 2019-20.<br>Actual expenditure for the year Previous year 2018-19 |
| Three parts | The receipts and disbursements are shown under three parts in which Government Accounts are kept viz.,<br>Consolidated Fund,<br>Contingency Fund and<br>Public Account. |
| Separation of Revenue expenditure | The Annual Financial Statement distinguishes the expenditure on revenue account from the expenditure on other accounts, as is mandated in the Constitution of India.<br>The Revenue and the Capital sections together, therefore make the Union Budget. |
| Budget of a State/Union Territory under President's Rule | Budget of a State under President's rule is presented to Lok Sabha |

CDS-2014
The Annual Financial Statement of the Government of India in respect of each financial year shall be presented to the House on such day as the
(a) Speaker may direct (b) **President of India may direct** (c) Parliament may decide (d) Finance Minister may decide

ES-2011
Whose duty is it to cause to be laid before the Parliament the Annual Financial Statement (popularly known as Budget)?
(a) **The President of India** (b) The Prime Minister of India
(c) The Union Minister of Finance (d) The Union Minister of Parliamentary Affairs

NIOS
Government budget is a financial statement of
(a) Actural expenditure and actual receipts (b) **Expected expenditure and expected receipts**
(c) Expected expenditure (d) Expected receipts

CDS 2019
Under which one of the following Articles of the Constitution of India, a statement of estimated receipts and expenditure of the Government of India has to be laid before the Parliament in respect of every financial year ?
(a) Article 110 (b) Article 111 (c) **Article 112** (d) Article 113

# बजट का सार Budget at a Glance

(₹ करोड़) (In ₹ crore)

| | | 2018-2019 वास्तविक Actuals | 2019-2020 बजट अनुमान Budget Estimates | 2019-2020 संशोधित अनुमान Revised Estimates | 2020-2021 बजट अनुमान Budget Estimates |
|---|---|---|---|---|---|
| 1. राजस्व प्राप्तियां | 1. Revenue Receipts | 1552916 | 1962761 | 1850101 | 2020926 |
| 2. कर राजस्व (केंद्र को निवल ) | 2. Tax Revenue (Net to Centre) | 1317211 | 1649582 | 1504587 | 1635909 |
| 3. कर-भिन्न राजस्व | 3. Non Tax Revenue | 235705 | 313179 | 345514 | 385017 |
| 4. पूंजी प्राप्तियां[1] | 4. Capital Receipts | 762197 | 823588 | 848451 | 1021304 |
| 5. ऋणों की वसूली | 5. Recovery of Loans | 18052 | 14828 | 16605 | 14967 |
| 6. अन्य प्राप्तियां | 6. Other Receipts | 94727 | 105000 | 65000 | 210000 |
| 7. उधार और अन्य देयताएं [2] | 7. Borrowings and Other Liabilities [1] | 649418 | 703760 | 766846 | 796337 |
| 8. कुल प्राप्तियां (1+4) | 8. Total Receipts (1+4) | 2315113 | 2786349 | 2698552 | 3042230 |
| 9. कुल व्यय (10+13) | 9. Total Expenditure (10+13) | 2315113 | 2786349 | 2698552 | 3042230 |
| 10. राजस्व खाते पर जिसमें से | 10. On Revenue Account of which | 2007399 | 2447780 | 2349645 | 2630145 |
| *11. ब्याज भुगतान* | 11. Interest Payments | 582648 | 660471 | 625105 | 708203 |
| *12. पूंजी परिसंपत्तियों के सृजन* हेतु सहायता अनुदान | 12. Grants in Aid for creation of capital assests | 191781 | 207333 | 191737 | 206500 |
| 13. पूंजी खाते पर | 13. On Capital Account | 307714 | 338569 | 348907 | 412085 |
| 14. राजस्व घाटा (10-1) | 14. Revenue Deficit (10-1) | 454483 (2.4) | 485019 (2.3) | 499544 (2.4) | 609219 (2.7) |
| 15. प्रभावी राजस्व घाटा (14-12) | 15. Effective Revenue Deficit (14-12) | 262702 (1.4) | 277686 (1.3) | 307807 (1.5) | 402719 (1.8) |
| 16. राजकोषीय घाटा [9-(1+5+6)] | 16. Fiscal Deficit [9-(1+5+6)] | 649418 (3.4) | 703760 (3.3) | 766846 (3.8) | 796337 (3.5) |
| 17. प्राथमिक घाटा (16-11) | 17. Primary Deficit (16-11) | 66770 (0.4) | 43289 (0.2) | 141741 (0.7) | 88134 (0.4) |

[1] इसमें नकदी शेष में आहरण द्वारा कमी शामिल है।

**टिप्पणी :**

(i) 2019-2020 के संशोधित अनुमान में ₹20442233 करोड़ के अनुमानित सघउ की तुलना में 10.0% की वृद्धि दर मानते हुए 2020-2021 के बजट अनुमान में सघउ बढ़कर ₹22489420 करोड़ होने का पूर्वानुमान है

(ii) इस दस्तावेज की पृथक -पृथक मदें पूर्णांकन के कारण संभवतः जोड़ से मेल न खाएं

(iii) कोष्ठक में दियें गए आंकड़े सघउ के प्रतिशत के रूप में है

[1] Includes drawdown of cash Balance

**Notes**:

(i) GDP for BE 2020-2021 has been projected at ₹22489420 crore assuming 10.0 % growth over the estimated GDP of ₹20442233 crore for 2019-2020 (RE).

(ii) Individual items in this document may not sum up to the totals due to rounding off

(iii) Figures in parenthesis are as a percentage of GDP

## Consolidated Fund of India (Article 266 of the Constitution)

| | |
|---|---|
| Revenue | All revenues received by Government, loans raised by it, and also receipts from recoveries of loans granted by it form the Consolidated Fund |
| Expenditure | All expenditure of Government is incurred from the Consolidated Fund of India |
| Withdrawal | No amount can be drawn from the Consolidated Fund without authorization from Parliament |
| "**Charged expenditure**" for which no need of authorization from Parliament | The Annual Financial Statement shows, certain disbursements distinctly, which are charged on the Consolidated Fund of India.<br>The Constitution of India mandates that such items of expenditure such as emoluments of the President, salaries and allowances of the Chairman and the Deputy Chairman of the Rajya Sabha and the Speaker and the Deputy Speaker of the Lok Sabha, salaries, allowances and pensions of the Judges of the Supreme Court, the Comptroller and Auditor-General of India and the Central Vigilance Commission, interest on and repayment of loans raised by the Government and payments made to satisfy decrees of courts etc., may be charged on the Consolidated Fund of India and are **not required to be voted by** the Lok Sabha. |

CDS-2011
In the Union Budget of India, all revenues received by the Government and loans raised by it form part of
(a) **Consolidated Fund of India** (b) Contingency Fund of India (c) Public Accounts (d) Balance of Payments

## Contingency Fund of India (Article 267 of the Constitution)

| | |
|---|---|
| Nature | It is an imprest placed at the disposal of the President of India |
| Corpus | Rs.500 crore |
| Purpose | to facilitate Government to meet urgent unforeseen expenditure pending authorization from Parliament |
| Post facto approval | Post facto approval is obtained from Parliamentary for such unforeseen expenditure |
| Recoupment | After such post-facto approval, an equivalent amount is drawn from the Consolidated Fund to recoup the Contingency Fund. |

## Public Account (Article 266 of the Constitution)

| | |
|---|---|
| Which type of money kept in PA | Moneys held by Government in trust are kept in the Public Account.<br>For example :Provident Funds, Small Savings collections, income of Government set apart for expenditure on specific objects such as road development, primary education, other Reserve/Special Funds etc |
| No need of Parliamentary authorization | Public Account funds do not belong to the Government and have to be finally paid back to the persons and authorities who deposited them, do not require Parliamentary authorization for withdrawals. |
| Need of approval | The approval of the parliament is obtained when amounts are withdrawn from the Consolidated Fund and kept in the Public Account for expenditure on specific objects.<br>The actual expenditure on the specific object is again submitted for vote of the Parliament for withdrawal from the Public Account for incurring expenditure on the specific objects. |

IAS Prelims 2015
With reference to the Union Government consider the following statements.
1. The Department of Revenue is responsible for the preparation of Union Budget that is presented to the parliament
2. No amount can be withdrawn from the Consolidated Fund of India without the authorization of Parliament of India.
3. All the disbursements made from Public Account also need the Authorization from the Parliament of India
Which of the following statements given above is/are correct?
a) 1 and 2 only b) 2 and 3 only c) **2 only** d) 1, 2 and 3

## Revenue Budget

| | |
|---|---|
| Definition | The Revenue Budget consists of the revenue receipts of the Government and the expenditure met from these revenues |
| Revenue receipts | **Tax revenues**: taxes and other duties levied by the Union, Taxes of Union Territories<br>**Non Tax revenues**: interest and dividend on investments by the Govt, fees and other receipts for services rendered by the Govt, External Grants, Receipts of Union Territories |
| Revenue expenditure | Expenditure which does not result in creation of assets for the Govt, is treated as revenue expenditure like normal running of Government departments and for rendering of various services, making interest payments on debt, meeting subsidies, grants in aid, etc. |
| Grants to the State Governments/Union Territories | All grants given to the State Governments/Union Territories and other parties are also treated as revenue expenditure even though some of the grants may be used for creation of capital assets. |
| Effective Revenue Deficit (ERD) | Revenue Deficit - Grants for Creation of Capital Assets |

CDS 2017
Which one of the following is **not** a component of Revenue Receipts of the Union Government?
(a) Corporate tax receipts
(b) Dividends and profits
**(c) Disinvestment receipts**
(d) Interest receipts

NIOS
Revenue receipts are
(a) Borrowings (b) Revovery of loans
(c) Grants from foreign countries (d) **Taxes, interest, dividends and profits from public sector undertakings**

## Capital Budget

| | |
|---|---|
| Definition | Capital receipts and capital payments together constitute the Capital Budget |
| Capital receipts | Loans raised by the Govt from the public (termed as market loans),<br>Borrowings by the Govt from the RBI and other parties through the sale of Treasury Bills,<br>Loans received from foreign Govts and bodies,<br>**Disinvestment receipts** and<br>Recoveries of loans from State/Union Territory Govts and other parties |
| Capital payments | Acquisition of assets like land, buildings, machinery, equipment etc.<br>Investments in shares, etc., and<br>Loans and advances granted to the State/Union Territory Govts, Govt companies, Corporations and other parties |

IAS Prelims 2016
Which of the following is/are included in the capital budget of the Government of India?
1. Expenditure on acquisition of assets like roads, buildings, machinery, etc.
2. Loans received from foreign governments
3. Loans and advances granted to the States and Union Territories
Select the correct answer using the code given below.
(a) 1 only (b) 2 and 3 only (c) 1 and 3 only (d) **1, 2 and 3**

NIOS
Capital Receipts are
(a) Taxes
(b) Dividends
(c) Profits
(d) **Borrowings, recovery of loans, grants from foreign countries**

ES 2019
Which of the following is not a component of 'Capital Receipts' ?
(a) Market borrowings including special bonds
(b) External loans raised by the Central Government from abroad.
(c**) Receipts from taxes on property and capital transactions**
(d) Provident Funds (State Provident Funds and Public Provident Fund)

## Demands for Grants (Article 113)

| | |
|---|---|
| Expenditure from the Consolidated Fund in the form of DG | Estimated expenditure from the Consolidated Fund of India included in the Annual Financial Statement are submitted in the form of Demands for Grants. |
| Lok sabha voting | Demands for Grants are presented to the Lok Sabha along with the Annual Financial Statement and required to be voted by the Lok-Sabha |
| One Demand for each Ministry | Generally, one Demand for Grant is presented in respect of each Ministry or Department. However, more than one Demand may be presented for a Ministry or Department depending on the nature of expenditure |
| Demand for Union Territories | In regard to Union Territories without Legislature, a separate Demand is presented for each of the Union Territories |

## Finance Bill

At the time of presentation of the Annual Financial Statement before Parliament, a Finance Bill is also presented detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. It also contains other provisions relating to Budget that could be classified as Money Bill. A Finance Bill is a **Money Bill** as defined in Article 110 of the Constitution.

## Macro-Economic Framework Statement 2020-21

It contains an assessment of the growth prospects of the economy along with the statement of specific underlying assumptions. It also contains an assessment regarding the GDP growth rate, the domestic economy and the stability of the external sector of the economy, fiscal balance of the Central Government and the external sector balance of the economy.

### Overview of the Economy

Global headwinds and challenges in the domestic financial sector moderated the growth of Indian economy in 2019-20. The **real GDP growth moderated to 5.0 percent in 2019-20** as compared to 6.8 percent in 2018-19. Despite a temporary moderation in the Gross Domestic Product (GDP) growth in 2019-20, the fundamentals of Indian economy remain strong and GDP growth is expected to rebound from the first quarter of 2020-21.

Fiscal situation remained close to the consolidation path and consumer price inflation was within the targeted limits set by the monetary policy committee of Reserve Bank of India (RBI). Despite continuing sluggishness in global demand the Current Account Deficit (CAD) narrowed to 1.5 percent of GDP in first half (H1) of 2019-20 from 2.1 percent in 2018-19.

Global confidence in the Indian economy improved as reflected in growing inflows of net Foreign Direct Investment (FDI) and an all-time high accumulation of foreign exchange reserves of US$ 457.5 billion as in end December, 2019.

India moving up by 14 positions to 63rd rank in 2019 World Bank's Ease of Doing Business 2020 Report, has among others, contributed to the increase in global confidence in Indian economy. India has emerged as an important player in the world on the back of high GDP growth and announcement/implementation of critical measures in the current year and last few years.

The **measures announced/implemented in 2019-20 include**- hike in minimum support price of agricultural crops for 2019-20; reduction in corporate tax rate; policy initiatives for development of textiles & handicrafts and electric vehicles; outreach programme for growth, expansion and facilitation of micro, small and medium enterprises; incentives for start-ups in India; scheme to provide a one-time partial credit guarantee to public sector banks(PSBs) for purchase of pooled assets of financially sound non-banking financial companies (NBFCs); recapitalization of public sector banks, relaxation of external commercial borrowing guidelines for affordable housing; realty fund worth Rs. 25,000 crore for stalled housing projects; additional tax deduction of interest for affordable housing; merger of 10 public sector banks into four entities; revised Priority Sector Lending (PSL) norms for exports; and streamlining of many labour laws at the central government level.

Apart from this, various steps were taken to boost manufacturing; employment generation; financial inclusion; digital payments; improving ease of doing business via schemes such as Make in India, Skill India and Direct Benefit Transfer.

Government has also announced the National Infrastructure Pipeline (NIP) of projects worth Rs. 102 lakh crore, which will commence in phases from 2020-21 to 2024-25.

**Prospects**

The growth of the economy appears to have bottomed out and is expected to pick up in 2020-21. The prospects for Indian economy for the year 2020-21 need to be assessed in the light of emerging global and domestic challenges and opportunities.

Major challenges for the economy arising from the external front are geo-political tensions in Middle East and rising crude oil prices due to supply disruption which may decelerate growth and increase inflation. Challenges in the domestic front are revival of investments and savings.

The positive prospects for the economy are continuation of structural reforms that will revive growth and expected normalization of credit flow as investment picks up induced by a cut in the corporate tax rate and anticipated transmission of repo rate cuts earlier implemented by the Monetary Policy Committee.

Global economic growth is expected to pick up in 2020 which could also support India's growth.

In view of a positive outlook on economic rebound the **nominal growth of the economy** is expected to be **10%** in the financial year **2020-21**.

The nominal gross domestic product is projected to grow at 12.6% and 12.8% respectively in 2021-22 and 2022-23.

## Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement

It sets out the **three-year rolling targets for six specific fiscal indicators** in relation to GDP **at market prices**, namely (i) Fiscal Deficit, (ii) Revenue Deficit, (iii) Primary Deficit (iv) Tax Revenue (v) Non-tax Revenue and (vi) Central Government Debt.

The Statement includes the underlying assumptions, an assessment of the balance between revenue receipts and revenue expenditure and the use of capital receipts including market borrowings for the creation of productive assets.

It also outlines for the existing financial year, the strategic priorities of the Government relating to taxation, expenditure, lending and investments, administered pricing, borrowings and guarantees.

The Statement explains how the current fiscal policies are in conformity with sound fiscal management principles and gives the rationale for any major deviation in key fiscal measures.

## Fiscal Indicators - Rolling Targets as a Percentage of GDP (Budget 2020-21)

| S. No. | | **Revised Estimates 2019-20** | **Budget Estimates 2020-21** | **Projections 2021-22** | **Projections 2022-23** |
|---|---|---|---|---|---|
| 1 | Fiscal Deficit | 3.8 | 3.5 | 3.3 | 3.1 |
| 2 | Revenue Deficit | 2.4 | 2.7 | 2.3 | 1.9 |
| 3 | Primary Deficit | 0.7 | 0.4 | 0.2 | 0 |
| 4 | Gross Tax Revenue | 10.6 | 10.8 | 10.7 | 10.7 |
| 5 | Non-tax Revenue | 1.7 | 1.7 | 1.5 | 1.5 |
| 6 | Central Government debt | 50.3 | 50.1 | 48 | 45.5 |
| 6.1 | Of which Liabilities on account of Extra Budgetary and other Resources (EBR) | 0.7 | 0.8 | 0.9 | 0.9 |

## Fiscal consolidation

Fiscal Consolidation refers to the policies undertaken by Govt to reduce fiscal deficits.

**Fiscal Outlook for RE 2019-20**

The target of fiscal deficit is **3.8%** of GDP in RE 2019-20 compared to the budgeted level of **3.3**% of GDP. There has been a decrease in Gross Tax Revenue estimates mainly on account of lesser than anticipated collection of GST and a reduction in Corporation Tax rates.

**Fiscal Outlook for BE 2020-21**

As per Amended FRBM Act 2018, Fiscal deficit should not exceed 3% of GDP in 2020-21. Fiscal deficit in 2020-21 is expected to be 3.5% of GDP. This is on account of the **structural reform measures** such as reductions in corporation tax initiated by the Government.

The deviation of 0.5% is on the ground of **structural reforms in the economy** as provided in amended FRBM Act, 2018.

## Fiscal management principles under Fiscal Responsibility and Budget Management (FRBM) Act, 2003 amended in 2018 through finance Act, 2018

1) The Central Government shall,—

(a) take appropriate measures to limit the **fiscal deficit upto 3%** of gross domestic product by the **31st March, 2021**;

(b) endeavour to ensure that—

(i) the General Government debt does not exceed 60%;

(ii) the **Central Government debt** does not exceed **40%**;

of gross domestic product by the end of financial year **2024-2025**;

(c) not give **additional guarantees** with respect to any loan on security of the Consolidated Fund of India in excess of 0.5% of gross domestic product, in any financial year;

(d) endeavour to ensure that the fiscal targets specified in clauses (a) and (b) are not exceeded after stipulated target dates.

(2) The Central Government shall prescribe the annual targets for reduction of fiscal deficit for the period beginning from the date of commencement of Finance Act, 2018 and ending on the 31st March, 2021:

**Provided that** exceeding annual fiscal deficit target due to ground or grounds of national security, act of war, national calamity, collapse of agriculture severely affecting farm output and incomes, **structural reforms in the economy** with unanticipated fiscal implications, decline in real output growth of a quarter by at least 3% points below its average of the previous four quarters, may be allowed for the purposes of this section.

(3) Any deviation from fiscal deficit target under sub-section (2) **shall not exceed 0.5%** of the gross domestic product in a year.

**General Government debt**" means the sum total of the debt of the Central Government and the State Governments, excluding inter-Governmental liabilities.

**Central Government debt** at any date means—
(i) the total outstanding liabilities of the Central Government on the security of the Consolidated Fund of India, including external debt valued at current exchange rates;
(ii) the total outstanding liabilities in the public account of India; and
(iii) such financial liabilities of **any body corporate** or other entity owned or controlled by the Central Government, which the Government is to repay or service from the annual financial statement, **reduced by the cash balance** available at the end of that date.

## Debt consolidation

**Central Government Debt**

Central Government Debt which was budgeted at 48% of GDP in 2019-20 has been revised upwards to 50.3% of GDP in RE 2019-20. **This is mainly on account of allowing a fiscal deficit of 3.8%** of GDP in RE 2019-20.

As a percentage of GDP, Central Govt. Debt is expected to marginally decline to 50.1% in 2020-21 and at a higher pace in projection years to reach 45.5% in 2022-21. The borrowings are expected to reduce in the medium term **with increased revenue collections**.

A progressive **reduction in debt-GDP ratio of the Government will ease the interest burden** and allow more space to the Government to spend on other socially productive sectors without taking recourse to additional borrowings

**One of the key features** on country's debt profile is **low proportion of external debt** as percentage of total liabilities, which amounts to 5.9% of Central Government's total liabilities as on March 31, 2019. About 94.1% are domestic.

**Market borrowings**

External borrowing is limited to multilateral/bilateral loans from select international development agencies like JICA, IADA, IFC, etc. for financing development projects and, thus, not exposed to reversal of capital flows. Loans from multilateral institutions constituted significant portion (67.5 per cent) of external debt at end- March 2019, which are largely on concessional terms.

Net market borrowings through Govt. dated securities were budgeted to finance 60.12% of Gross Fiscal Deficit (BE) in 2019-20. Other sources such as net borrowing from Treasury Bills, NSSF, state provident fund, net external assistance and cash draw down were budgeted to finance the remaining 39.88% of the GFD.

Dated securities are primarily held by domestic institutional investors. **Commercial banks are the largest investors** and currently hold about 39.66% of outstanding dated securities at end-Sept 2019.

**Insurance companies are another major investor** category in the government securities, which generally prefer longer tenor securities due to their long term liabilities.

As at end of September 2019, the share of insurance companies holdings in the central Government dated securities marginally increased to 24.86%.

Provident funds are another stable source of demand for Government securities whose share is at 4.87% at end-Sept 2019.

Continued strong demand from banking sector and more so from insurance sector combined with a strong Primary Dealers' network implies that the Government borrowings programme for 2019- 20 would be completed comfortably without exerting any pressure on availability of financial resources for the private sector.

## Extra Budgetary and other Resources (EBRs)

Correct representation of Central Government debt is the starting point for debt management and control. At the same time, it cannot entail inclusion of **all liabilities of all CPSEs/ Autonomous Bodies** as part of Govt. borrowings since most of the borrowings of such body corporates are done for the purpose of their routine business activity.

The Government has identified those borrowings which are done for the purposes of furthering the objectives of Union Government. These borrowings, referred to Extra Budgetary and other Resources (GoI fully serviced bonds and NSSF-National Small Savings Fund Loans) are being **included in calculation of Central government Debt**.

The details of such borrowings are also provided as Statement 27 in Expenditure Profile.

1. EBRs mobilised through issue of Govt. fully serviced bonds by Various CPSEs- (2019-20 Revised Estimates Rs. 44,584 Cr.)
2. Financial support extended through loans from NSSF- (2019-20 Revised Estimates Rs. 1,28,115 Cr. In which FCI loan is Rs. 1,10,000 Cr)

The **purpose of these borrowings** has been to meet the expenditure towards various schemes of Government of India by raising extra-budgetary resources (EBR) by various public sector entities (PSEs). Such expenditure may have otherwise required a budgetary provision from GoI in the year of these borrowings itself and **increased the reported fiscal deficit.**

The **principal and interest in respect of the EBRs** is financed by the Government of India by making suitable budgetary provisions in the Demand for Grants of the concerned Ministry to meet the bond servicing requirements as and when the need arises.

Government has once again opted to go for the **off-budget financing route** to meet some of its liabilities and fiscal deficit targets by **shifting the food subsidy burden** out of the budget through Financial support extended to Food Corporation of India (FCI) through loans from the National Small Savings Fund (NSSF) for funding the **food subsidy** requirements of the FCI.

Fiscal deficit will be high if one includes the various off-budget borrowings of the government that have to be directly serviced from the Consolidated Fund of India.

## Devolution to States – Finance Commission (Budget 2020-21)

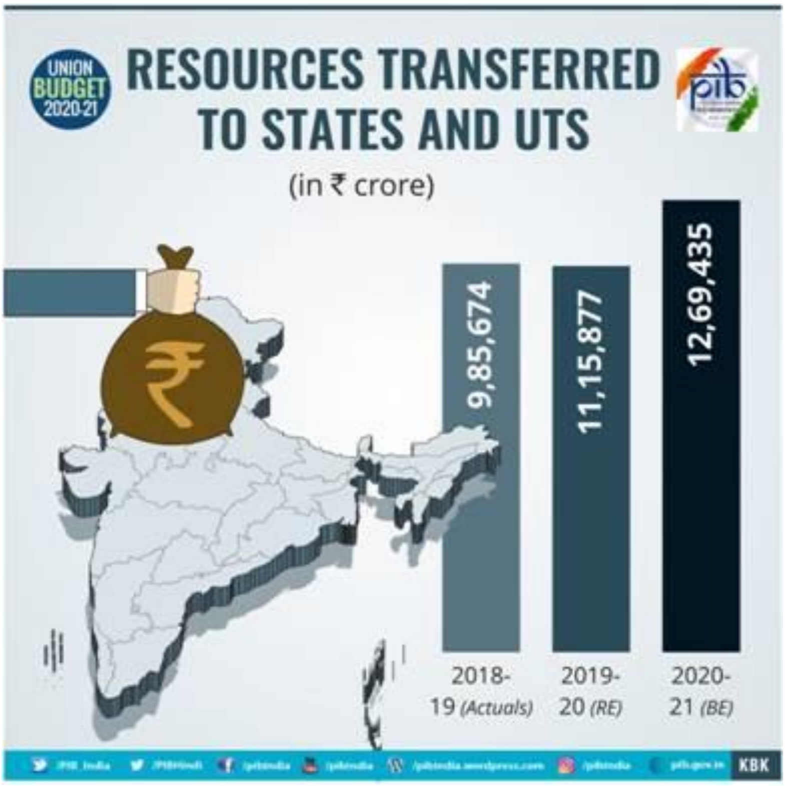
The Fifteenth Finance Commission (XV-FC) was constituted on 27th November 2017 in terms of Article 280 of the Constitution. In 2019, the Commission was mandated to submit two reports. The **First Report, which was submitted to the President on 5th December 2019, provides recommendations for financial year 2020-21**. The Commission will submit its final report in October 2020 which will contain recommendation for the five years 2021-22 to 2025-26.

Finance Commission makes recommendation on the distribution between the Union and the States of the net proceeds of taxes under provisions of Article 280(3) of the Constitution. The distribution of these net proceeds, which constitute the divisible pool of taxes, between the Union and the States is called **vertical devolution**.

The Commission has recommended an aggregate share of **41% of the net proceeds** of Union taxes (divisible pool) for the States in the year 2020-21, compared **to 42% recommended by the Fourteenth Finance Commission**. The reduction of 1% devolution to states is meant to enable the Union Government to provide for the security and other special needs of the Union Territory of Ladakh and Union Territory of Jammu & Kashmir.

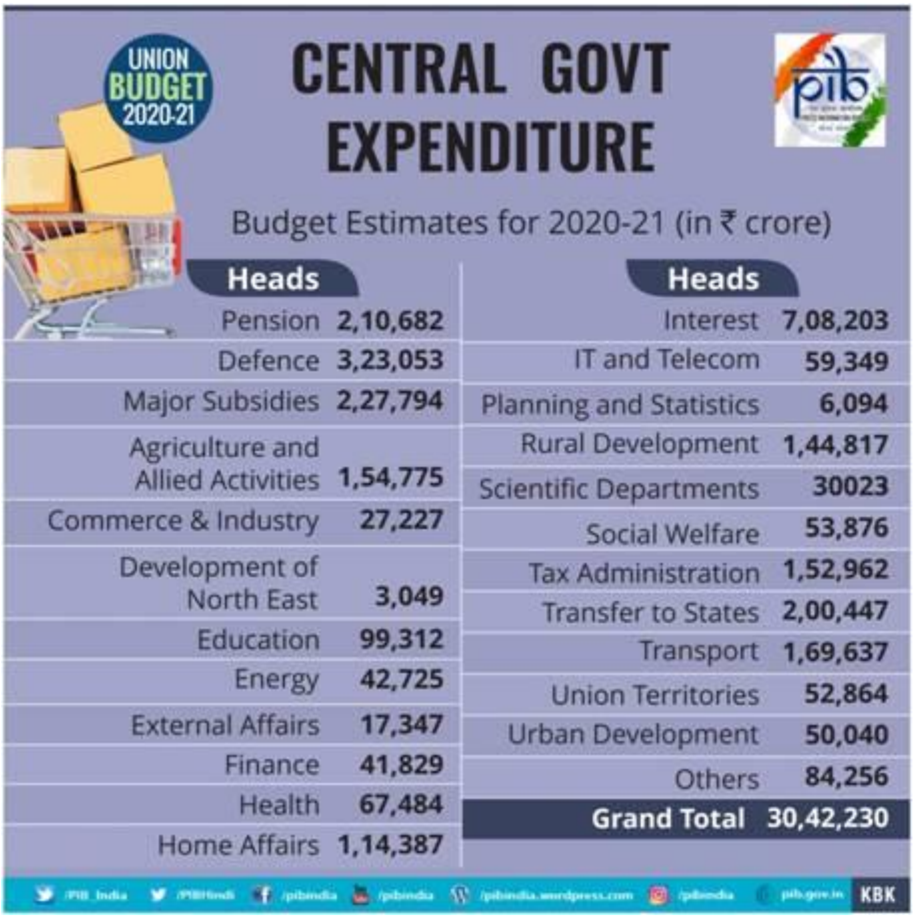
**Horizontal Devolution**

After determining the States' aggregate share (41%) in the divisible pool, Finance commission next task is to recommend the horizontal devolution among the States of aggregate share of 41%.

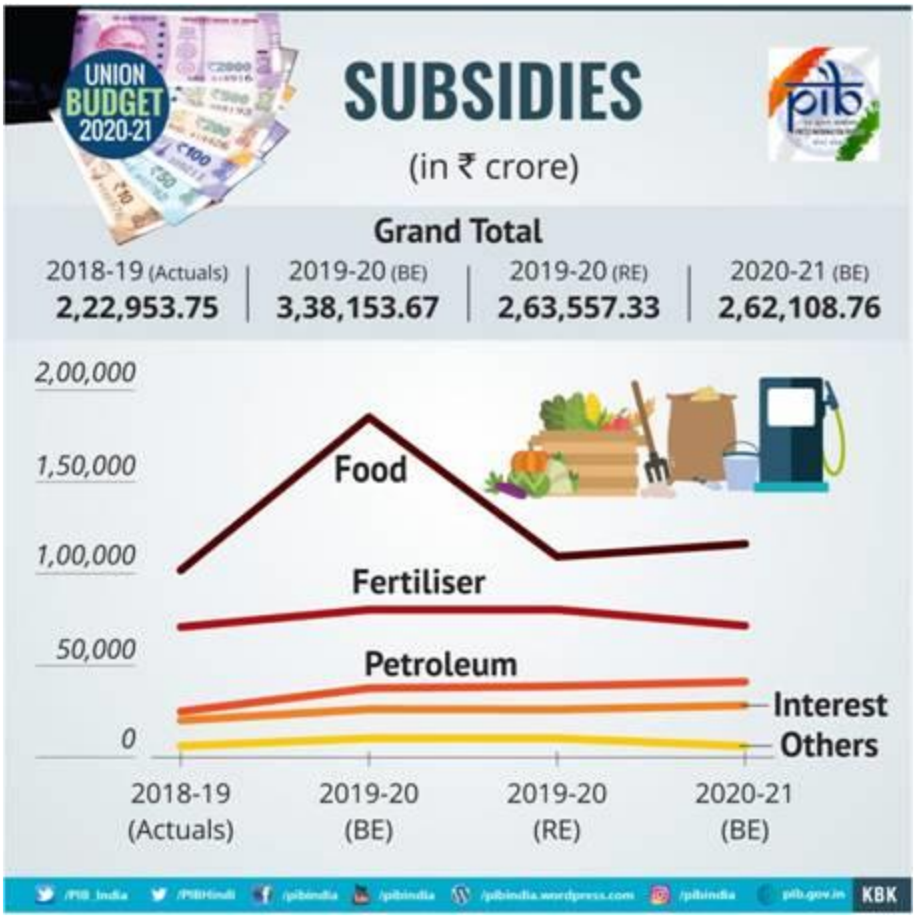



## Interest payments

Interest payments constitute the largest component of Centre's revenue expenditure. The interest payments as a per cent of revenue receipts are expected to come down in the medium term as revenue receipts show greater buoyancy.

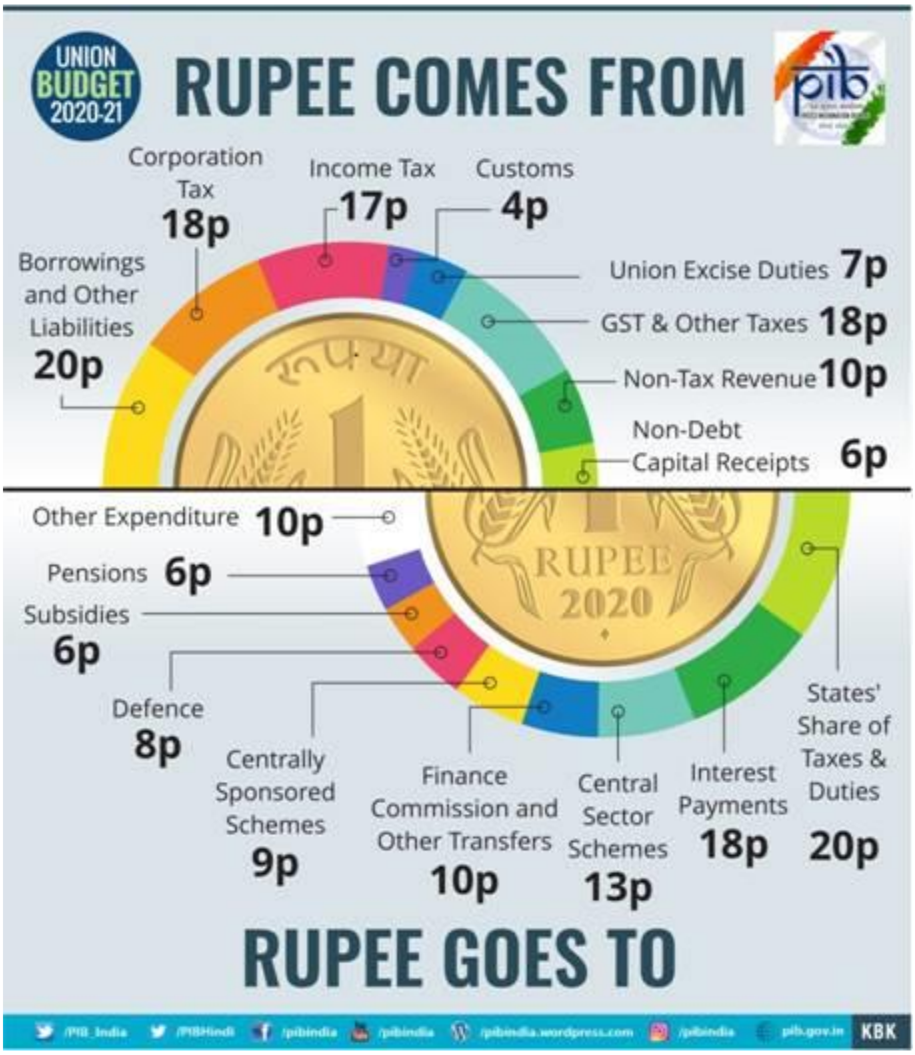



| Heads | | Heads | |
|---|---|---|---|
| Pension | 2,10,682 | Interest | 7,08,203 |
| Defence | 3,23,053 | IT and Telecom | 59,349 |
| Major Subsidies | 2,27,794 | Planning and Statistics | 6,094 |
| Agriculture and Allied Activities | 1,54,775 | Rural Development | 1,44,817 |
| Commerce & Industry | 27,227 | Scientific Departments | 30023 |
| Development of North East | 3,049 | Social Welfare | 53,876 |
| Education | 99,312 | Tax Administration | 1,52,962 |
| Energy | 42,725 | Transfer to States | 2,00,447 |
| External Affairs | 17,347 | Transport | 1,69,637 |
| Finance | 41,829 | Union Territories | 52,864 |
| Health | 67,484 | Urban Development | 50,040 |
| Home Affairs | 1,14,387 | Others | 84,256 |
| | | Grand Total | 30,42,230 |



## Major subsidies

Major subsidies, - for Food, Fertilizer and Petroleum, form a significant component of revenue expenditure. The expenditure on on account of these items are estimated to be reduced by around Rs. 75,000 Cr. in 2019-20 and 2020-21. One of **main reasons for the above decrease** is Financial support extended through loans from NSSF for funding the **food subsidy** requirements of the FCI.




IAS Prelims 1991
The largest contribution to the central exchequer comes from
(a) Customs duties (b) **Income tax** (c) Central excise (d) Estate duty

CDS-2015
Which one of the following is the major source of gross tax revenue (GTR) for the Government of India?
(a) Income tax (b) **Corporation tax** (c) Customs duty (d) Service tax

## Direct Tax

| | |
|---|---|
| Meaning | When a person bears the burden as well as makes payment to the government |
| Examples | 1.Corporation tax :.<br>2. Income tax :<br>3. Interest tax :<br>4. Expenditure tax :.<br>5. Wealth tax :<br>6. Gift tax :<br>7. Estate Duty |

| | |
|---|---|
| | 8. Land revenue<br>9. Agriculture tax<br>10. Hotel receipts tax |

CDS-2013

Which of the following are included in the category of direct tax in India ?

1. corporation tax 2. tax on income 3. wealth tax 4. customs duty 5. excise duty

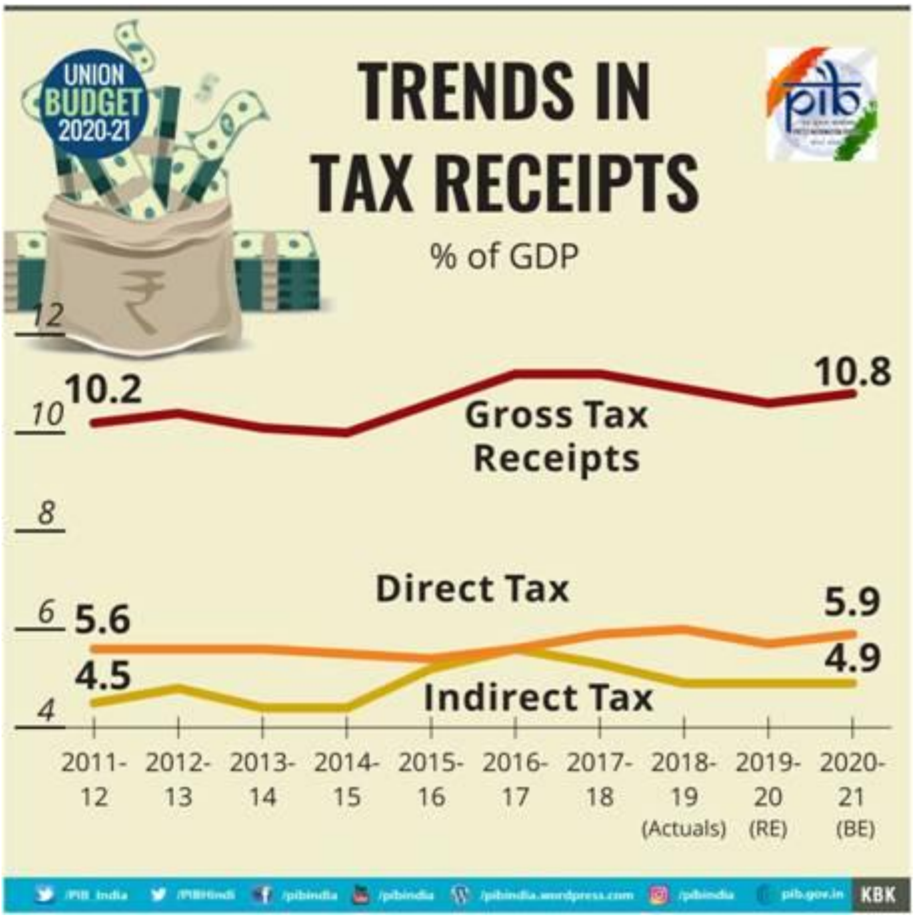
**(a) 1, 2 & 3**
(b) 1,2,4 & 5
(c) 2 & 3 only
(d) 1,3,4 & 5

## Indirect Tax

| | |
|---|---|
| Meaning | When a seller collects the tax from the buyer first and then pays the same to the government.<br>In other words, it is the buyer who indirectly pays tax to the government. For Example- Goods and service tax (GST) |

## Customs Duty

These are levies charged when goods are imported into, or exported from, the country, and they are paid by the **importer or exporter**.



## Tax expenditures

| | |
|---|---|
| Meaning | Tax expenditure refers to revenue forgone by Govt. as a result of tax incentives (e.g. special tax rates, exemptions, deductions, rebates, deferrals and credits) available under the Central Tax system (e.g. Under Income Tax act, Custom Act, Excise Act etc.)<br>e.g. Revenue loss of Govt. on providing Tax exemption on charitable donations, House rent allowance, Interest on housing loan etc |
| Statement of Revenue Impact of Tax Incentives under the Central Tax System | It seeks to list the revenue impact of tax incentives that are proposed by the Central Government.<br>This Statement was laid before Parliament for the first time during Budget 2006-07 as an Annexure of the Receipts Budget by way of a statement of Revenue Foregone.<br>From the year 2015-16 onwards, it has been termed as the "Statement of Revenue Impact of Tax Incentives under the Central Tax System. |

## Tax buoyancy

Tax buoyancy is an important indicator of the efficiency and responsiveness of tax revenue mobilisation to GDP growth.

It is calculated as a ratio of percentage growth in tax revenues to growth in nominal GDP for a given year.

Tax is said to be buoyant if the gross tax revenues increase more than proportionately in response to a rise in GDP figures.

**In simple terms tax buoyancy of 1.1 means that if nominal GDP growth rate of the country is 10%, the growth rate of personal income tax is 11%.**

## GENDER BUDGET

Gender Budget Statement was first introduced in Budget 2005-06. On the basis of the information furnished by the Ministries/Departments, the Gender Budget Statement is prepared.

This Statement indicates, in two parts, the budget provisions for schemes that are substantially meant for the benefit of women. Part A details schemes in which 100% provision is for women, Part B reflects schemes where the allocations for women constitute at least 30% of the provision.

The rationale of Gender Budgeting arises from the recognition of the fact that the national budget impacts various sections of the society differently, through the pattern of resource allocation and priority accorded to competing sectors.

Gender Budgeting in its simplest connotation is 'Gender Analysis' of the budget aimed at examining the budgetary allocation through a gender lens. The purpose of gender budgeting is to monitor expenditure and public service delivery from a gender perspective, as a means of mainstreaming women's concerns in all activities and improving their access to public resources. This statement has received an impetus with growing awareness of gender sensitivities.

Gender Budgeting is an evolving area where, with better understanding and appreciation of the subject, more and more Ministries/Departments are reviewing programmes and schemes to address the quantum of resources that have the budgetary potential to impact and address the development needs of women.

## Key Highlights of Union Budget 2020-21 presented by Finance Minister Nirmala Sitharaman

**India (2.9 US $ Trillion)** is now the **Fifth largest economy** in the world in terms of GDP at current US $ Trillion.
US (21.4 US $ Trillion), China (14.1 US $ Trillion), Japan (5.2 US $ Trillion) and Germany (3.9 US $ Trillion).

The Union Budget has been structured on the **overall theme** of “**Ease of Living** for all citizens.

This budget, with the Central Tenet of Ease of Living for all citizens, is woven around **three prominent themes**

1. **Aspirational India** in which all sections of the society seek better standards of living, with access to health, education and better jobs. Its components are Agriculture Irrigation and Rural development; Wellness, Water & Sanitation; and Education & Skills.
2. **Economic Development for all**, indicated in the Prime Minister’s exhortation of “Sabka Saath, Sabka Vikas, Sabka Vishwas”. This would entail pervasive economic reforms and yielding more space for the private sector to ensure higher productivity and greater efficiency. Three components of which are Industry, Commerce and Investment; Infrastructure; and the New Economy.
3. **A Caring Society**, based on Antyodaya, which is both humane and compassionate. Three components of which are Women & Child, Social Welfare; Culture and Tourism and Environment & Climate Change.

Details under the three broad themes – Aspirational India, Economic Development and Caring India are the flowers in the bouquet that is Ease of Living. Holding this bouquet together are **two hands** – one, Corruption free, policy-driven good governance and two, clean and sound financial sector.

# Aspirational India- Components

## 1. Agriculture, Irrigation and Rural Development

The following **16 action points** indicate our focus:

(1). We propose to **encourage those State governments** who undertake implementation of following **model laws** already issued by the Central government: a) Model Agricultural Land Leasing Act, 2016 b) Model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017;, and c) Model Agricultural Produce and Livestock Contract Farming and Services (Promotion and Facilitation) Act, 2018

(2). Water stress related issues are now a serious concern across the country. Our government is proposing comprehensive measures for **one hundred water stressed districts**.

(3). In the Budget speech of July 2019, I had stated that “annadata” can be “urjadata” too. The **PM-KUSUM** scheme removed farmers’ dependence on diesel and kerosene and linked pump sets to solar energy. Now, I propose to expand the scheme to provide 20 lakh farmers for setting up stand-alone **solar pumps**; further we shall also help another 15 lakh farmers solarise their grid-connected pump sets. In addition, a scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid would be operationalized.

(4). Our government shall encourage **balanced use of all kinds of fertilizers** including the traditional organic and other innovative fertilizers. This is a necessary step to change the prevailing incentive regime, which encourages excessive use of chemical fertilisers.

(5). India has an estimated capacity of 162 million MT of agri-warehousing, cold storage, reefer van facilities etc. NABARD will undertake an exercise to map and geo-tag them. In addition, we propose creating warehousing, in line with Warehouse Development and Regulatory Authority (WDRA) norms. Our government will provide **Viability Gap Funding for setting up such efficient warehouses at the block/taluk level**. This can be achieved, where States can facilitate with land and are on a PPP mode. Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) shall undertake such warehouse building on their land too

(6). As a backward linkage, a **Village Storage scheme** is proposed to be run by the SHGs. This will provide farmers a good holding capacity and reduce their logistics cost. Women, SHGs shall regain their position as "Dhaanya Lakshmi".

(7). To build a **seamless national cold supply chain for perishables**, inclusive of milk, meat and fish, the Indian Railways will set up a "**Kisan Rail**" – through PPP arrangements. There shall be refrigerated coaches in Express and Freight trains as well.

(8). **Krishi Udaan** will be launched by the Ministry of Civil Aviation on international and national routes. This will immensely help improve value realisation especially in North-East and tribal districts.

(9). Horticulture sector with its current produce of 311million MT exceeds production of food grains. For better marketing and export, we propose supporting States which, adopting a cluster basis, will focus on "**one product one district**".

(10). **Integrated farming systems in rainfed areas** shall be expanded. Multi-tier cropping, bee-keeping, solar pumps, solar energy production in non-cropping season will be added. Zero-Budget Natural Farming (mentioned in July 2019 budget) shall also be included. The portal on "jaivik kheti" – online national organic products market will also be strengthened.

(11). Financing on Negotiable Warehousing Receipts (e-NWR) has crossed more than Rs.6000 crore. This will be integrated with e-NAM.

(12). Non-Banking Finance Companies (NBFCs) and cooperatives are active in the agriculture credit space. The NABARD re-finance scheme will be further expanded. ***Agriculture credit target for the year 2020-21 has been set at Rs. 15 lakh crore***. All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme.

(13). Our government intends **to eliminate Foot and Mouth disease, brucellosis in cattle** and also peste des petits ruminants (PPR) in sheep and goat by 2025. Coverage of artificial insemination shall be increased from the present 30% to 70%. MNREGS would be dovetailed to develop fodder farms. Further, we shall facilitate doubling of milk processing capacity from 53.5 million MT to 108 million MT by 2025.

(14). **Blue Economy**: Our government proposes to put in place a framework for development, management and conservation of marine fishery resources.

(15). Youth in coastal areas benefit through fish processing and marketing. **By 2022-23, I propose raising fish production to 200 lakh tonnes**. Growing of algae, sea-weed and cage Culture will also be promoted. Our government will involve youth in fishery extension through 3477 Sagar Mitras and 500 Fish Farmer Producer Organisations. We hope to raise fishery exports to Rs. 1 lakh crore by 2024-25.

(16). Under Deen Dayal Antyodaya Yojana for alleviation of poverty, 58 lakh SHGs have been mobilised. We shall further expand on SHGs.

Now, for the **fund allocation** for the 16 different steps mentioned above, they are being stated under two different categories: For the sector comprising of Agriculture and allied activities, Irrigation and Rural Development an allocation of about Rs. **2.83 lakh crore** has been made for the year 2020-21 .
a) For Agriculture, Irrigation & allied activities – Rs. 1.60 lakh crore
b) For Rural development & Panchayati Raj – Rs. 1.23 lakh crore

## 2. Wellness, Water and Sanitation

1. Presently, under PM Jan Arogya Yojana (PMJAY) , there are more than 20,000 empanelled hospitals. We need more in Tier-2 and Tier-3 cities for poorer people under this scheme. It is proposed to set up **Viability Gap funding window for setting up hospitals in the PPP mode**. In the first phase, those Aspirational Districts will be covered, where presently there are no Ayushman empanelled hospitals. This would also provide large scale employment opportunities

to youth. Proceeds from taxes on medical devices would be used to support this vital health infrastructure. Using machine learning and AI, in the Ayushman Bharat scheme, health authorities and the medical fraternity can target disease with an appropriately designed Preventive regime.

I have provided for the **health sector about Rs. 69,000 crores** that is inclusive of Rs. 6400 crores for Prime Minister Jan Arogya Yojana (PMJAY)

2. “TB Harega Desh Jeetega” campaign has been launched. I propose to strengthen these efforts realise our commitment to **end Tuberculosis by 2025**.

3. I propose to expand **Jan Aushadhi Kendra Scheme to all districts** offering 2000 medicines and 300 surgicals by 2024.

4. Our government is committed to **ODF Plus in order to sustain ODF behaviour** and to ensure that no one is left behind. Now, more needs to be done towards liquid and grey water management. Focus would also be on Solid waste collection, source segregation and processing.

Total allocation for Swachh Bharat Mission is about Rs. 12,300 crore in 2020-21.

5. Aiming to provide piped water supply to all households, Prime Minister announced from the Red Fort the **Jal Jeevan Mission.** Our government has approved Rs. 3.60 lakh crore for this Mission. This scheme also places emphasis on augmenting local water sources, recharging existing sources and will promote water harvesting and de-salination. Cities with over a million population will be encouraged to meeting this objective during the current year itself.

During the year 2020-21 the scheme would be provided budget of Rs. 11,500 crore.

## 3. Education and Skills

1. By 2030, India is set to have the **largest working-age population** in the world. Not only do they need literacy but they need both job and life skills. The New Education Policy will be announced soon.

2. It is felt that our education system needs greater inflow of finance to **attract talented teachers**, innovate and build better labs. Therefore steps would be taken to enable sourcing External Commercial Borrowings and FDI so as to able to deliver higher quality education.

3. Students in the general stream (vis-à-vis services or technology stream) need their employability improved. About 150 higher educational institutions will start apprenticeship embedded degree/diploma courses by March 2021.

4. The government proposes to start a programme whereby urban local bodies across the country would provide internship opportunities to fresh engineers for a period up to one year.

5. In order to provide quality education to students of deprived section of the society as well as those who do not have access to higher education, it is proposed to start **degree level full-fledged online education programme**. This shall be offered only by institutions who are ranked within top 100 in the National Institutional Ranking framework.

6. India should be a **preferred destination for higher education**. Hence, under its “Study in India” programme, Ind-SAT is proposed to be held in Asian and African countries. It shall be used for benchmarking foreign candidates who receive scholarships for studying in Indian higher education centres.

7. A **National Police University and a National Forensic Science University** are being proposed in the domain of policing science, forensic science, cyber-forensics etc.

8. There is a **shortage of qualified medical doctors**, both general practitioners as well as specialists. In order to meet this requirement;
(1). It is proposed to attach a medical college to an existing district hospital in PPP mode. Those states that fully allow the facilities of the hospital to the medical college and wish to provide land at a concession, would be able to receive Viability Gap Funding.
(2). National Board of Examination imparts PG medical qualifications ; Diploma and fellow of National Board (DNB/FNB). The Government will, therefore encourage large hospitals with sufficient capacity to offer resident doctors DNB/FNB courses under the National Board of Examinations.

9. There exists a huge demand for teachers, nurses, para-medical staff and care-givers abroad. However, their skill sets, many a time, do not match the employer's standards and therefore need to be improved. I propose that special bridge courses be designed by the Ministries of Health, Skill Development together with professional bodies to bring in equivalence. Language requirements of various countries need also to be included. All these should be achieved through special training packages.

Our Government proposes to provide about **Rs. 99,300 crore for education sector** in 2020-21 and about Rs. 3,000 crores for skill development.

# Economic Development for All- Components

## 1. Industry, Commerce and Investment

1. Entrepreneurship has always been the strength of India. I propose to set up an **Investment Clearance Cell** that will provide "end to end" facilitation and support, including pre-investment advisory, information related to land banks and facilitate clearances at Centre and State level. It will work through a portal.

2. There is a case for maximising the benefits of three separately developing economic activities: (1) the upcoming economic corridors; (2) revitalisation of manufacturing activities; and (3) Technology and the demands of aspirational classes. We have to benefit from their convergence. Hence, it is proposed to develop **five new smart cities** in collaboration with States in PPP mode. Such sites would be chosen that offer the best choices in terms of aforementioned principles.

3. India **needs to manufacture Networked products**. That will make it a part of global value chains. This in turn gets more investment and generates more employment for our youth.

(1). Electronics manufacturing industry is very competitive and India has shown its cost advantages. The potential of this industry in job creation is immense. India needs to boost domestic manufacturing and attract large investments in the electronics value chain. Here, I propose a scheme focussed on e**ncouraging manufacture of mobile phones, electronic equipment** and semi-conductor packaging. Details would be announced later.

(2). With suitable modifications, this scheme can be adapted for manufacture of **medical devices too**.

4. India imports significant quantity of technical textiles worth US$ 16 billion every year. To reverse this trend and to position India as a global leader in Technical Textiles, a **National Technical Textiles Mission** is proposed with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs. 1480 crore.

5. From the Red Fort, our Prime Minister spoke about quality and standards when he spoke of "Zero Defect-Zero Effect" manufacturing. In September last year, I had called for a time-bound adoption by industry of all necessary, mandatory technical standards and their effective enforcement. All Ministries, during the course of this year, would be issuing **quality standard orders**.

6. To achieve **higher export credit disbursement**, a new scheme, **NIRVIK** is being launched, which provides for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements.

7. It is proposed to **digitally refund to exporters**, duties and taxes levied at the Central, State and local levels, such as electricity duties and VAT on fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism. This **Scheme for Reversion of duties and taxes on exported products** will be launched this year.

8. It is the vision of the Prime Minister that **each District should develop as an export hub**. Efforts of the Centre and State governments are being synergised and institutional mechanisms are being created.

9. Government e-Marketplace (GeM) is moving ahead for creating a Unified Procurement System in the country for providing a single platform for procurement of goods, services and works. It offers a great opportunity for Medium, Small and micro Enterprises(MSMEs). 3.24 lakh vendors are already on this platform. Its proposed to take its turnover to Rs. 3 lakh crores.

I propose to provide about **Rs. 27,300 crore for development and promotion of Industry and Commerce** for the year 2020-21.

## 2. Infrastructure

1. In his Independence Day speech 2019, Prime Minister had highlighted that Rs. 100 lakh crore would be invested on infrastructure over the next 5 years. As a follow up measure, I had launched the **National Infrastructure Pipeline** on 31st December 2019 of Rs. 103 lakh crore. It consists of more than 6500 projects across sectors and are classified as per their size and stage of development.

These new projects will include housing, safe drinking water, access to clean and affordable energy, healthcare for all, world-class educational institutes, modern railway stations, airports, bus terminals, metro and railway transportation, logistics and warehousing, irrigation projects, etc.

The National Infrastructure Pipeline envisions improving the ease of living for each individual citizen in the country. It's also will bring in generic and sectoral reforms in development, operation and maintenance of these infrastructure projects.

A huge employment opportunity exists for India's youth in construction, operation and maintenance of infrastructure. National Skill Development Agency will give special thrust to infrastructure-focused skill development opportunities.

(1). I propose to **set up a project preparation facility for infrastructure projects**. This programme would actively involve young engineers, management graduates and economists from our Universities.

(2). It is also **proposed to direct all infrastructure agencies of the government to involve youth-power in start-ups**. They will help in rolling out value added services in quality public infrastructure for citizens.

2. A **National Logistics Policy** will be released soon. Inter alia; it will clarify the roles of the Union Government, State Governments and key regulators. It will create a **single window e-logistics market** and focus on generation of employment, skills and making MSMEs competitive.

3. Accelerated development of highways will be undertaken. This will include development of 2500 Km access control highways, 9000 Km of economic corridors, 2000 Km of coastal and land port roads and 2000 Km of strategic highways. **Delhi-Mumbai Expressway** and two other packages would be completed by 2023 . Chennai-Bengaluru Expressway would also be started.

4. FASTag mechanism encourages us towards greater commercialisation of our highways so that NHAI can raise more resources. I propose to monetise at least twelve lots of highway bundles of over 6000 Km before 2024.

5. In carrying out its duty, the Indian Railways performs a service to the nation.
a) Within 100 days of assumption of this government, it has commissioned 550 wi-fi facilities in as many stations.
b) Eliminated unmanned crossings
c) Aims to achieve electrification of 27000 Km of tracks.
This will call for optimisation of costs. Railways has small operating surplus. **About Indian Railways, there are five measures, among others, that I wish to highlight:**
 Setting up a **large solar power capacity alongside the rail tracks**, on the land owned by the railways. A proposal is under consideration.
 **Four station re-development project**s and **operation of 150 passenger trains** would be done through PPP mode. The process of inviting private participation is underway.
 **More Tejas type trains** will connect iconic tourist destinations.
 **High speed train between Mumbai to Ahmedabad** would be actively pursued.
 148 km long **Bengaluru Suburban transport project** at a cost of Rs. 18600 crore, would have fares on metro model. Central Government would provide 20% of equity and facilitate external assistance up to 60% of the project cost.

6. Our sea-ports need to be more efficient. Technology has to used to improve performance. A governance framework keeping with global benchmarks needs to be put in place. This government would consider corporatizing at least one major port and subsequently its listing on the stock exchanges.

7. Inland Waterways received a boost in the last five years. The **Jal Vikas Marg on National Waterway-1** will be completed. Further, the 890 Km Dhubri-Sadiya connectivity will be done by 2022. Developing waterways has its impact on the eco-system on both the banks of the river. Our Prime Minister has conceptualised "Arth Ganga". Plans are afoot to energise economic activity along river banks.

8. Air traffic has been growing rapidly in the country as compared to global average. **One hundred more airports** would be developed by 2024 to support Udaan scheme. It is expected that the air fleet number shall go up from the present 600 to 1200 during this time.

I propose to provide about Rs. 1.70 lakh crore for transport Infrastructure in 2020-21.

9. Taking electricity to every household has been a major achievement. However, the distribution sector, particularly the DISCOMS are under financial stress. The Ministry intends to promote "smart" metering. I urge all the States and Union Territories **to replace conventional energy meters by prepaid smart meters** in the next 3 years. Also, this would give consumers the freedom to choose the supplier and rate as per their requirements. Further measure to reform DISCOMs would be taken.

I propose to provide about Rs. 22,000 crore to power and renewable energy sector in 2020-21

10. In the upstream sector of oil and gas, the **Open Acreage Licensing Policy** (OALP) is a success having awarded 1,37,000 sq km for exploration to private sector and to the CPSEs. City gas distribution rights are also awarded.

11. Further, it is proposed to expand the national gas grid from the present 16200 km to 27000 km, and

12. To deepen gas markets in India, further reforms will be undertaken to facilitate transparent price discovery and ease of transactions.

## 3. New Economy

1. The **new economy is based on innovations** that disrupt established business models. Artificial intelligence, Internet-of-Things (IoT), 3D printing, drones, DNA data storage, quantum computing, etc., are re-writing the world economic order. India has already embraced new paradigms such as the sharing economy with aggregator platforms displacing conventional businesses. Government has harnessed new technologies to enable direct benefit transfers and financial inclusion on a scale never imagined before.

2. It is now a cliché – “**data is the new oil**” and it is true that Analytics, Fintech and Internet of Things (IOT) are changing the way we deal with our lives. To take advantage of this, I propose to **bring out soon a policy to enable private sector to build Data Centre parks** throughout the country. It will enable our firms to skilfully incorporate data in every step of their value chains.

3. Our vision is that all “public institutions” at Gram Panchayat level such as Anganwadis, health and wellness centres, government schools, PDS outlets, post offices and police stations will be provided with digital connectivity. So, **Fibre to the Home** (FTTH) connections through **Bharatnet will link 100,000 gram panchayats this year**.
It is proposed to provide Rs. 6000 crore to Bharatnet programme in 2020-21.

4. We need to expand the base for knowledge-driven enterprises. **Intellectual property creation and protection** will play an important role. Several measures are proposed in this regard, which will benefit the Startups.

(1). A digital platform would be promoted that would facilitate seamless application and capture of IPRs. Also, in an Institute of Excellence, a Centre would be established that would work on the complexity and innovation in the field of Intellectual Property.
(2). Knowledge Translation Clusters would be set up across different technology sectors including new and emerging areas.
(3). For designing, fabrication and validation of proof of concept, and further scaling up Technology Clusters, harbouring such test beds and small scale manufacturing facilities would be established.
(4). Mapping of India’s genetic landscape is critical for next generation medicine, agriculture and for bio-diversity management. To support this development, we will initiate two new national level Science Schemes, to create a comprehensive database.
(5). The government proposes to provide early life funding, including a seed fund to support ideation and development of early stage Start-ups.

5. **Quantum technology** is opening up new frontiers in computing, communications, cyber security with wide-spread applications. It is expected that lots of commercial applications would emerge from theoretical constructs which are developing in this area. It is proposed to provide an outlay of Rs. 8000 crore over a period five years for the **National Mission on Quantum Technologies and Applications**.

# Caring Society- Components

## 1. Women & Child, Social Welfare

1. Health of mother and child are closely corelated. Nutrition is the critical component of health. To improve the nutritional status of children (0-6 years), adolescent girls, pregnant women and lactating mothers, our Prime Minister launched a “**Poshan Abhiyan**” in 2017-18. More than six lakh anganwadi workers are equipped with smart phones to upload the nutritional status of more than 10 crore households. The scale of these developments is unprecedented. I propose to provide Rs. 35600 crore for nutrition-related programmes for the financial year 2020-21.

2. **Women’s age of marriage** was increased from fifteen years to eighteen years in 1978, by amending erstwhile Sharda Act of 1929. As India progresses further, opportunities open up for women to pursue higher education and careers. There are imperatives of lowering MMR as well as improvement of nutrition levels. Entire issue about age of a girl entering motherhood needs to be seen in this light. I propose to **appoint a task force** that will present its recommendations in six months’ time.

3. In continuing with our government’s commitment to the welfare of women, this budget provides for about Rs. 28,600 crore for programs that are specific to women.

4. Our government is determined that **there shall be no manual cleaning of sewer systems or septic tanks**. Suitable technologies for such tasks have been identified by the Ministry of Housing and Urban Affairs. The Ministry is working

with urban local bodies for the adoption of these technologies. We will now take this to its logical conclusion through legislative and institutional changes. Financial support for wider acceptance of such technologies will be provided.

5. In furthering this government's commitment towards the welfare of **Scheduled Castes and Other Backward classes**, I propose a budget provision of about Rs. 85,000 crore for 2020-21.

6. In furthering development and welfare of Scheduled tribes, I provide in the Budget for the year 2020-21 an amount of about Rs. 53,700 crore.

7. This government is mindful of the concerns of senior citizens and Divyang. Accordingly, an enhanced allocation of about Rs. 9,500 crore is being provided for 2020-21.

## 2. Culture & Tourism

1. Our government proposes to establish an **Indian Institute of Heritage and Conservation under Ministry of Culture**; it shall have the status of a deemed University to start with. Acquisition of knowledge in disciplines such as museology and archaeology are essential for collecting and analysing scientific evidence of such findings and for dissemination through high quality museums. Currently lack of trained man-power is a handicap for both these disciplines. This also affects tourism.

2. **Five archaeological sites** would be developed as iconic sites with onsite Museums. They are: Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh) Shivsagar (Assam), Dholavira (Gujarat) and Adichanallur (Tamil Nadu).

3. Our Prime Minister in January 2020 announced **re-curation of the Indian Museum in Kolkata, which is the oldest in the country**.

(1). In the historic Old Mint building Kolkata, a museum on Numismatics and Trade will also be located. Four more museums from across the country shall be taken up for renovation and re-curation so that a world class experience can be offered to visitors. Our government shall also support setting up of a Tribal Museum in Ranchi (Jharkhand).

(2). A maritime museum would be set up at Lothal - the Harrapan age maritime site near Ahmedabad, by Ministry of Shipping.

I propose to provide Rs. 3,150 crore for Ministry of Culture for 2020-21.

4. India has moved up from rank 65 in 2014 to 34 in 2019 in the **Travel & Tourism Competitive Index** (World Economic Forum). Foreign exchange earnings grew 7.4% to Rs.1.88 lakh crores for the period January to November 2019 from Rs.1.75 lakh crores. **Growth of tourism directly relates to growth and employment**. States have a critical role to play. I expect the State governments to develop a roadmap for certain identified destinations and formulate financial plans during 2021 against which specified grants will be made available to the States in 2020-21.

For purpose of tourism promotion, I propose to allocate Rs. 2,500 crore for 2020-21.

## 3. Environment & Climate Change

1. In September 2019, the Prime Minister has launched the **Coalition for Disaster Resilient Infrastructure** (CDRI) with its Secretariat in Delhi. This global partnership is the **second such international initiative after the launch of International Solar Alliance in 2015**. This Global Partnership will help in addressing a number of Sustainable Development Goals (SDGs), as also the aims of Sendai framework. It will enhance climate change adaptation with a focus on disaster resilient infrastructure .

2. India submitted its **Nationally Determined Contribution**, under the Paris Agreement in 2015 on a "best effort" basis, keeping in mind the development imperative of the country. Its implementation effectively begins on 1st January 2021.

Our commitments as action will be executed in various sectors by the Departments/Ministries concerned through the normal budgeting process.

3. There are yet, **thermal power plants** that are old and their carbon emission levels are high. For such power plants, we propose that utilities running them **would be advised to close them, if their emission is above the pre-set norms**. The land so vacated can be put to alternative use.

4. In large **cities having population above one million, clean air is a matter of concern**. The government proposes to encourage such States that are formulating and implementing plans for ensuring cleaner air in cities above one million. Parameters for the incentives would be notified by the Ministry of Environment, Forests and Climate change. Allocation for this purpose is Rs. 4400 crore for 2020-21.

## Governance

1. Hon'ble Speaker, Sir, all the while I have explained the colour and composition of the bouquet of flowers – schemes and programmes. They were grouped under Aspirational India, Economic Development and Caring India. Now I speak about the two hands that will hold them. **One such hand is Governance** – clean, corruption-free, policy driven and good in intent and most importantly trusting in faith. Trusting every citizen, the aspirational youth, the hard-working women, the risk-taking entrepreneur, the ever hopeful and untiring farmer or the wise and old senior citizen. Many among them are taxpayers. Others may not be taxpayers today. Our Prime Minister has laid before us Ease of Living as a goal to be achieved on behalf of all citizens. An important aspect of both ease of living and ease of doing business is fairness and efficiency of tax administration. We wish to enshrine in the statutes a "**taxpayer charter**" through this budget. Our government would like to reassure taxpayers that we remain committed to taking measures so that our citizens are free from harassment of any kind.

2. There has been a debate about building into statutes, criminal liability for acts that are civil in nature. Hence, for Companies Act, certain amendments are proposed to be made that will correct this. Similarly, other laws would also be examined, where such provisions exist and attempts would be made to correct them.

3. The Government intends to introduce major reforms **in recruitment to Non-Gazetted posts** in governments and public sector banks. At present, candidates have to appear for multiple examinations conducted by multiple agencies at different points of time, for similar posts This places enormous burden on time, effort and cost of young people. To mitigate their hardship faced, it is proposed to set up a **National Recruitment Agency** (NRA) as an independent, professional, specialist organisation for conduct of a computer-based online Common Eligibility Test for recruitment to Non-Gazetted posts. A test-centre in every district, particularly in the Aspirational Districts would be set up.

4. For speedy disposal of commercial and other disputes, Government has constituted various Tribunals and specialised bodies. It is proposed to evolve a robust mechanism for appointment including direct recruitment to these bodies to attract best talents and professional experts.

5. A stable and predictable business environment is a key objective of this government. There is also a strong argument for ensuring that contracts are honoured. India has a sound framework related to Contracts Act. We shall deliberate upon strengthening it.

6. There is a growing need for the Indian Statistical system to meet the challenges of real time monitoring of our increasingly complex economy. Data must have strong credibility. The **proposed new National Policy on Official Statistics** would use latest technology including AI. It would lay down a road-map towards modernised data collection, integrated information portal and timely dissemination of information.

7. I am happy to inform that **India will host G 20 presidency in the year 2022** - the year of 75th anniversary of independence of Indian Nation. During this presidency, India would be able to drive considerably the global economic and development agenda. For this historic occasion, I allocate a sum of Rs. 100 crore to begin the preparations.

8. North Eastern region has a very high priority in Government's Developmental agenda. Government is ensuring smooth access to financial assistance from multilateral and bilateral funding agencies to help introduce innovative and global best practices. Central Government has effectively used an online portal to reduce gestation period of online. This has improved the flow of funds to the northeast region.

9. The Government is fully committed to supporting the all-round development of the newly formed **Union Territories of J&K and the Union Territory of Ladakh**. Accordingly, an amount of Rs. 30,757 crore has been provided for the Financial Year 2020-21. An amount of Rs. 5,958 crore has been provided for the Union Territory of Ladakh

# Financial Sector

1. If Governance was described as one of the pair of hands holding the bouquet consisting of Aspirational India, Economic Development and Caring India, the other is the Financial Sector. A clean, reliable and robust financial sector is critical to the economy. **In our efforts to achieve the USD 5 trillion economy**, the financial architecture should keep evolving and move from strength to strength.

2. We had earlier approved **consolidation of 10 banks into four**. In the last few years, Government of India has infused about Rs. 3,50,000 crore by way of capital into Public Sector Banks for regulatory and growth purposes. Governance reforms would be carried out in these banks, so that they become more competitive.
A few among them will be encouraged to approach capital market to raise additional capital.

3. I wish to inform this august House that robust mechanism is in place to monitor the health of all Scheduled Commercial Banks and that depositors' money is safe. Further, the Deposit Insurance and Credit Guarantee Corporation (DICGC) has been permitted to increase **Deposit Insurance Coverage for a depositor, which is now Rs. one lakh to Rs. five lakh per depositor**.

4. **To strengthen the Cooperative Banks, amendments to the Banking Regulation Act are proposed** for increasing professionalism, enabling access to capital and improving governance and oversight for sound banking through the RBI.

5. The limit for NBFCs to be eligible for debt recovery under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act 2002 is proposed to be reduced from Rs. 500 crore to asset size of Rs. 100 crore or loan size from existing Rs. 1 crore to Rs. 50 lakh.

6. In the last few years, the government has taken concrete steps to bring our banking system to be robust. However, there is a need for greater private capital. Accordingly, it is **proposed to sell the balance holding of Government of India IDBI Bank** to private, retail and institutional investors through the stock exchange.

7. There is a need to take further steps to bring in transparency and greater professionalism in Public Sector Banks. The government will take appropriate measures.

8. To help easy mobility while in jobs, we wish to infuse into the **Universal Pension coverage** with auto enrolment; also, we wish to place such mechanisms which can enable inter-operability and provide safeguards for the accumulated corpus.

Regulating role of PFRDAI requires strengthening. Necessary amendments would be carried out in Pension Fund Regulatory Development Authority of India Act that will also facilitate separation of NPS trust for government employees from PFRDAI. This would also enable establishment of a Pension Trust by the employees other than Government. I am confident that this will motivate citizens to plan for their old age.

9. **MSMEs** are vital to keep the wheels of economy moving. They also create job, innovate and are risk takers. Several measures for the MSMEs have been taken in the past few years. There are more **steps proposed** in this budget also.

(1). I propose to make necessary amendments to the Factor Regulation Act 2011. This will enable NBFCs to extend invoice financing to the MSMEs through TReDS, thereby enhancing their economic and financial sustainability.

(2). Working capital credit remains a major issue for the MSMEs. It is proposed to introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs. This subordinate debt to be provided by banks would count as quasi-equity and would be fully guaranteed through the Credit Guarantee Trust for Medium and Small Entrepreneurs (CGTMSE). The corpus of the CGTMSE would accordingly be augmented by the government.

(3). More than five lakh MSMEs have benefitted from **restructuring of debt** permitted by RBI in the last year. The restructuring window was to end on March 31, 2020. Government has asked RBI to consider extending this window till March 31, 2021.

(4). An **app-based invoice financing loans product** will be launched. This will obviate the problem of delayed payments and consequential cash flows mismatches for the MSMEs.

10. Many mid-size companies are successful domestically but not in export markets. For selected sectors such as pharmaceuticals, auto components and others, we propose to extend handholding support – for technology upgradations, R&D, business strategy etc. A scheme of Rs. 1000 crore will be anchored by EXIM Bank together with SIDBI. Both these institutions would contribute Rs. 50 crore each. This Rs. 100 crore would be achieved towards equity and technical assistance. Debt funding of Rs.900 crore from banks would be made available.

**<u>Financial Markets</u>**

1. Last year, in the budget speech, I had mentioned about deepening the bond market. To achieve the aspirational growth rate, we would require flow of capital in our financial system. A lot of work has been done on this in consultation with the RBI.

Hon'ble Speaker, Sir, I am pleased to inform this House of the developments:

(1). Certain specified categories of Government securities would be opened fully for non-resident investors, apart from being available to domestic investors as well.

(2). The limit for FPI in corporate bonds, currently at 9% of outstanding stock, will be increased to 15% of the outstanding stock of corporate bonds.

(3). To improve investors' confidence and to expand the scope of credit default swaps, we propose to formulate a legislation, to be placed soon before the House, for laying down a mechanism for netting of financial contracts.

2. The **Debt-based Exchange Traded Fund** (ETF) recently floated by the government was a big success. Government proposes to expand this by floating a new Debt-ETF consisting primarily of government securities. This will give retail investors access to government securities as much as giving an attractive investment for pension funds and long-term investors.

3. To address the liquidity constraints of the NBFCs/HFCs, post the Union budget 2019-20, the government formulated a Partial Credit Guarantee scheme for the NBFCs. To further this support of providing liquidity, a mechanism would be devised. Government will offer support by guaranteeing securities so floated.

**<u>Infrastructure Financing</u>**

1. Government's commitment for investment in infrastructure was reiterated when **Rs. 103 lakh crore National Infrastructure Pipeline projects** were announced. I would also like to inform that about Rs. 22,000 crore has already been provided, as support to Infrastructure Pipeline. This would cater for equity support to Infrastructure Finance Companies such as IIFCL and a subsidiary of NIIF. They would leverage it, as permissible, to create financing pipeline of more than Rs. 1,00,000 crore. This would create a major source of long term debt for infrastructure projects and fulfil a long awaited requirement.

2. IFSC, GIFT city has the potential to become a centre of international finance as well as a centre for high end data processing:

(1). GIFT IFSC has an approved Free Trade zone for housing vaults. It already has 19 insurance entities, 40 banking entities. It has also provided for setting up of precious metals testing laboratories and refining facilities. With the approval of the regulator, **GIFT City would set up an International Bullion exchange**(s) in GIFT-IFSC as an additional option for trade by global market participants. This will enable India to enhance its position worldwide, create jobs in India and will lead to better price discovery of gold.
(2). In recent years there has been a surge in trading volumes of Indian rupee in the offshore financial centres. The Government and RBI has taken various measures to permit Rupee derivatives to be traded in the International Financial Services Centre at GIFT city, Gujarat.

**Disinvestment**
1. Listing of companies on stock exchanges discipline a company and provides access to financial markets and unlocks its value. It also gives opportunity for retail investors to participate in the wealth so created. The government now **proposes to sell a part of its holding in LIC by way of Initial Public Offer** (IPO).

**Fiscal Management**
1. XV Finance Commission has given its first report pertaining to Financial Year 2020-21. In the spirit of co-operative federalism, I am pleased to announce that we have, in substantial measure, **accepted the recommendations of the Commission**. The commission would submit its final report to the President during the latter part of the year, for five years beginning 2021-22.

2. It is decided to transfer to the GST Compensation Fund balances due out of collection of the years 2016-17 and 2017-18, in two instalments. Hereinafter, transfers to the fund would be limited only to collection by way of GST compensation cess.

3. A fundamental overhaul of Centrally Sponsored Schemes and Central Sector Schemes is necessary, to align them with emerging social and economic needs of tomorrow, and to ensure that scarce public resources are spent optimally.

4. Recently there has been a debate over transparency and credibility of the projected fiscal numbers. Let me assure the House that the procedure adopted is compliant with the FRBM Act. This is also consistent with the practices hitherto followed.
However, for greater clarity, I have enumerated those **central Government debt that are not part of market borrowing** and are used to fund the expenditure at the annexes. **Servicing of interest and repayment of these debts as hitherto, are done out of Consolidated fund of India.**

5. Revised Estimates of Expenditure for the Financial Year 2019-20 are at a level of Rs. 26.99 lakh Crore and the receipts are estimated at Rs.19.32 lakh crore. We have **estimated nominal growth of GDP for year 2020-21, on the basis of trends available, at 10%.** Accordingly, receipts for the year 2020-21 are estimated at Rs. 22.46 lakh cr and, keeping in mind commitment of the Government towards various schemes and need for improvement in quality of life, level of expenditure has been kept at Rs. 30.42 lakh crore.

During the year Government has unfailingly worked towards keeping up the capital expenditure. Actually, there is substantial enhancement. All the flagship schemes of the government have been fully provided for.

6. Every budget must appropriately address the issue of fiscal deficit. Recently Government has undertaken very significant tax reforms for boosting investments. However, expected tax buoyancy will take time. We estimate a fiscal deficit of 3.8% in RE 2019-20 and 3.5% for BE 2020-21. This estimation is consistent with Government's abiding commitment to macroeconomic stability. It comprises of,

(a) 3.3% for year 2019-20, and 3% for the 2020-21 budget estimate;

(b) Section 4 (2) of the FRBM Act provides for a **trigger mechanism for a deviation** from the estimated fiscal deficit on account of structural reforms in the economy with unanticipated fiscal implications. Therefore, I have taken a deviation of 0.5%, consistent with Section 4(3) of FRBM Act, both for RE 2019-20 and BE 2020-21.

Accordingly, the return path is being laid before the parliament as a part of Medium Term Fiscal Policy cum Strategy Statement. This fiscal path commits us to the path of fiscal consolidation without compromising the needs of investment out of public funds.

Accordingly, net market borrowings for the year 2019-20 would be Rs. 4.99 lakh crore and for the year 2020-21, it would be Rs. 5.36 lakh crore.

7. A good part of the borrowings for the financial year 2020-21 would go towards Capital expenditure of the Government that has been scaled up by more than 21%. As, I had previously mentioned another about Rs. 22,000 crore have been allocated for equity to fund certain specified infrastructure finance companies, who would leverage it manifold and provide much needed long-term finance to Infrastructure sector. That should spur growth impulses in the economy.

## Direct Tax

1. Mr Speaker, Sir, our Government has spearheaded radical fiscal measures to ensure that India's economy continues to tread the path of high growth. These are times when countries are competing with each other like never before to become the most attractive destination for doing business. Therefore, to make sure that India stays globally competitive and a favoured destination for investment, we took a bold historic decision of reducing the corporate tax rate for new companies in the manufacturing sector to an unprecedented level of 15%. Similarly, for the existing companies, the rate has also been brought down to just 22%. As a result, our corporate tax rates are now amongst the lowest in the world. This will enable companies to expand their businesses and make fresh investments in the coming future. Though we will have loss of substantial revenue due to these measures in the short-run, I am certain that our economy will reap huge returns on this score in due course.

2. In continuation of the reform measures already taken so far, the tax proposals in this budget will introduce further reforms to stimulate growth, simplify tax structure, bring ease of compliance, and reduce litigations.

### Personal Income Tax and simplification of taxation

- In the interim Budget of 2019, our government exempted individuals having income up to Rs. 5 Lakh from paying any income tax. Presently, an individual pays 20% on income between Rs 5 Lakh to Rs. 10 Lakh and 30% on income above Rs. 10 Lakh. Further, currently the Income Tax Act is riddled with various exemptions and deductions which make compliance by the taxpayer and administration of the Income Tax Act by the tax authorities a burdensome process. It is almost impossible for a taxpayer to comply with the Income-tax law without taking help from professionals.

- In order to provide significant relief to the individual taxpayers and to simplify the Income-tax law, I propose to bring a new and simplified personal income tax regime wherein income tax rates will be significantly reduced for the individual taxpayers **who forgo certain deductions and exemptions**.

- Under the new regime, an individual shall be required to pay tax at the reduced rate of 10% for income between Rs. 5 Lakh to Rs. 7. 5 Lakh against the current rate of 20%.
- For income between Rs. 7.5 Lakh to Rs. 10 Lakh he will pay at the reduced rate of 15% against the current rate of 20 %.
- Similarly for the income between Rs. 10 Lakh to Rs. 12.5 Lakh the taxpayer will pay at the reduced rate of 20% against the current rate of 30 %.
- The income between Rs. 12.5 Lakh to Rs. 15 Lakh will be taxed at the reduced rate of 25% against the existing rate of 30 %.
- Incomes above Rs. 15 lakh will be continued to be taxed at the rate of 30 %.
- Those earning **up to Rs. 5 lakhs shall not pay any tax** either in the old regime or in the new regime. (Tax rebate of Rs 12,500 under section 87A available in new regime also)

| Taxable Income Slab (Rs.) | Existing tax rates | New tax rates |
|---|---|---|
| 0-2.5 Lakh | Exempt | Exempt |
| 2.5-5 Lakh | 5% | 5% |
| 5-7.5 Lakh | 20% | 10% |
| 7.5-10 Lakh | 20% | 15% |
| 10-12.5 Lakh | 30% | 20% |
| 12.5-15 Lakh | 30% | 25% |
| Above 15 Lakh | 30% | 30% |

Surcharge and cess shall be continued to be levied at the existing rates.

 The **new tax regime** shall be **optional** for the taxpayers. An **individual who is currently availing more deductions** & exemption under the Income Tax Act may choose to avail them and **continue to pay tax in the old regime**.

 The new personal income tax rates will entail estimated **revenue forgone of Rs. 40,000** crore per year. We have also initiated measures to prefill the income tax return so that an individual who opts for the new regime would need no assistance from an expert to file his return and pay income tax.

 In order to simplify income tax system, I have reviewed all the exemptions and deductions which got incorporated in the income tax legislation over the past several decades. It was surprising to know that currently more than one hundred exemptions and deductions of different nature are provided in the Income-tax Act. I have removed around 70 of them in the new simplified regime. We will review and rationalise the remaining exemptions and deductions in the coming years with a view to further simplifying the tax system and lowering the tax rate.

**Dividend Distribution Tax**

 Currently, companies are required to pay Dividend Distribution Tax (DDT) on the dividend paid to its shareholders at the rate of 15% plus applicable surcharge and cess in addition to the tax payable by the company on its profits.

 It has been argued that the system of levying DDT results in increase in tax burden for investors and especially those who are liable to pay tax less than the rate of DDT if the dividend income is included in their income.

 Further, non-availability of credit of DDT to most of the foreign investors in their home country results in reduction of rate of return on equity capital for them. **In order to increase the attractiveness of the Indian Equity Market** and to provide relief to a large class of investors, **I propose to remove the DDT** and adopt the classical system of dividend taxation under which the companies would not be required to pay DDT. The **dividend shall be taxed only in the hands of the recipients at their applicable rate**.

 Further, in order to remove the cascading effect, I also propose to allow deduction for the dividend received by holding company from its subsidiary. The removal of DDT will lead to estimated annual revenue forgone of Rs. 25,000 Crore.

 This is another bold move which will further make India an attractive destination for investment.

**Concessional tax rate for Electricity generation companies**

 In order to give boost to the manufacturing sector, new provisions were introduced in September 2019 offering a concessional corporate tax rate of 15% to the newly incorporated domestic companies in the manufacturing sector which start manufacturing by 31st March, 2023.

 In order to attract investment in power sector, I propose to extend the concessional corporate tax rate of 15% to new domestic companies engaged in the generation of electricity.

## Tax concession for foreign investments

 In order to incentivise the investment by the Sovereign Wealth Fund of foreign governments in the priority sectors, I propose to grant **100% tax exemption to their interest, dividend and capital gains income** in respect of investment made in infrastructure and other notified sectors before 31st March, 2024 and with a minimum lockin period of 3 years.

 In order to make available foreign funds at a lower cost, I propose to extend the period of concessional withholding rate of 5% under section 194LC for interest payment to non-residents in respect of moneys borrowed and bonds issued up to 30th June, 2023.

 I also propose to extend the period up to 30th June, 2023 for lower rate of withholding of 5% under section 194LD for interest payment to Foreign Portfolio Investors (FPIs) and Qualified Foreign Investors (QFIs) in respect of bonds issued by Indian companies and government securities.

 I further propose to extend the concessional rate of withholding of 5% under section 194LD to the interest payment made on the Municipal Bonds.

 In order to incentivise listing of bonds at IFSC exchange, I propose to further reduce the withholding rate from 5% to 4% on interest payment on the bonds listed on its exchange.

## Start-ups

Start-ups have emerged as engines of growth for our economy. Over the past year, our Government has taken several measures to handhold them and support their growth. During their formative years, Start-ups generally use **Employee Stock Option Plan** (ESOP) to attract and retain highly talented employees. ESOP is a significant component of compensation for these employees. Currently, ESOPs are taxable as perquisites at the time of exercise. This leads to cashflow problem for the employees who do not sell the shares immediately and continue to hold the same for the long-term. In order to give a boost to the start-up ecosystem, I propose to ease the burden of taxation on the employees by **deferring the tax payment** by five years or till they leave the company or when they sell their shares, whichever is earliest.

 Further, **an eligible Start-up having turnover up to 25 crores is allowed deduction of 100% of its the profits** for three consecutive assessment years out of seven years if the total turnover does not exceed 25 crore rupees. In order to extend this benefit to larger start-ups, I **propose to increase the turnover limit from existing Rs. 25 crore to Rs. 100 crores**. Moreover, considering the fact that in the initial years, a start-up may not have adequate profit to avail this deduction, I propose to extend the period of eligibility for claim of deduction from the existing 7 years to 10 years.

## Concessional tax rate for Co-operatives

 Co-operative societies play an extremely important role in our economy in facilitating access to credit, procurement of inputs and marketing of products to their members. These cooperatives are currently taxed at a rate of 30% with surcharge and cess. As a major concession and in order to bring parity between the co-operative societies and corporates, I **propose to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge and 4% cess with no exemption/deductions**. Further, I also propose to exempt these co-operative societies from Alternative Minimum Tax (AMT) just like companies under the new tax regime are exempted from the Minimum Alternate Tax (MAT).

## Medium, Small and Micro Enterprises (MSME)

 Currently, businesses having turnover of more than one crore rupees are required to get their books of accounts audited by an accountant. In order to reduce the compliance burden on small retailers, traders, shopkeepers who comprise the MSME sector, I propose to raise by five times the **turnover threshold for audit from the existing Rs. 1 crore to Rs. 5 crore.** Further, in order to boost less cash economy, I propose that the increased limit shall apply only to those businesses which carry out **less than 5% of their business transactions in cash**.

## Affordable housing

 For realisation of the goal of ‘Housing for All’ and affordable housing, in the last budget I had announced an additional deduction of up to one lakh fifty thousand rupees for interest paid on loans taken for purchase of an affordable house. The deduction was allowed on housing loans sanctioned on or before 31st March, 2020. In order to ensure that more persons avail this benefit and to further incentivise the affordable housing, I propose to **extend the date of loan sanction for availing this additional deduction by one more year.**

 Further, in order to boost the supply of affordable houses in the country, a tax holiday is provided on the profits earned by developers of affordable housing project approved by 31st March, 2020. In order to promote the affordable housing projects, I propose to extend the date of approval of affordable housing projects for **availing this tax holiday by one more** year.

**Concession to real estate transactions**

 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. In order to minimize hardship in real estate transaction and provide relief to the sector, I propose to increase the limit of 5% to 10%.

**Charity institutions**

 Acknowledging the important role played by the charitable institutions in the society, the income of these institutions is fully exempt from taxation. Further, donation made to these institutions is also allowed as deduction in computing the taxable income of the donor.

 Currently, a taxpayer is required to fill the complete details of the donee in the income tax return for availing deduction.

 In order to ease the process of claiming deduction for donation, it is proposed to **pre-fill the donee's information in taxpayer's return** on the basis of information of donations furnished by the donee. This would result in hassle-free claim of deduction for the donation made by the taxpayer.

 Further, in order to claim the tax exemption, the **charity institutions have to be registered with the Income Tax Department.** In the past, the process of the registration was completely manual and scattered all over the country.

 In order to simplify the compliance for the new and existing charity institutions, I propose to make the process of registration **completely electronic under** which a unique registration number (URN) shall be issued to all new and existing charity institutions. Further, to facilitate the registration of the new charity institution which is yet to start their charitable activities, I propose to allow them provisional registration for three years.

**Faceless appeals**

Our government is committed to bringing in transformational changes so that maximum governance is provided with minimum government. In order to impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. Currently, most of the functions of the Income Tax Department starting from the filing of return, processing of returns, issuance of refunds and assessment are performed in the electronic mode without any human interface. In order to take the reforms initiated by the Department to the next level and to eliminate human interface, I propose to amend the Income Tax Act so as to **enable Faceless appeal on the lines of Faceless assessment.**

**No Dispute but Trust Scheme – 'Vivad Se Vishwas'Scheme**

 Sir, in the past our Government has taken several measures to reduce tax litigations. In the last budget, Sabka Vishwas Scheme was brought in to reduce litigation in indirect taxes. It resulted in settling over 1,89,000 cases. Currently, there are 4,83,000 direct tax cases pending in various appellate forums i.e. Commissioner (Appeals), ITAT, High Court and Supreme Court. This year, I propose to bring a scheme similar to the indirect tax Sabka Vishwas for reducing litigations even in the direct taxes.

 Under the proposed 'Vivad Se Vishwas' scheme, a **taxpayer would be required to pay only the amount of the disputed taxes and will get complete waiver of interest and penalty** provided he pays by 31st March, 2020. Those who avail this scheme after 31st March, 2020 will have to pay some additional amount. The scheme will remain open till 30th June, 2020.

 Taxpayers in whose cases appeals are pending at any level can benefit from this scheme.

 I hope that taxpayers will make use of this opportunity to get relief from vexatious litigation process.

**Losses of merged banks**

 As a part of consolidation of the financial sector, our Government has brought out schemes for merger and amalgamation of public sector banks. In order to ensure that the amalgamated entities are able to take the benefit of unabsorbed losses and depreciation of the amalgamating entities, I propose to make necessary amendments to the provisions of the Income-tax Act.

**Taxpayer's Charter**

 Any tax system requires trust between taxpayers and the administration. This will be possible only when taxpayer's rights are clearly enumerated. Towards this end, and with the objective of enhancing the efficiency of the delivery system of the Income Tax Department, I propose to **amend the provisions of the Income Tax Act to mandate the Central Board of Direct Taxes (CBDT) to adopt a Taxpayers' Charter**. The details of the contents of the charter shall be notified soon.

**Instant PAN through Aadhaar**

 In the last Budget, I had introduced the interchangeability of PAN and Aadhaar for which necessary rules were already notified. In order to further ease the process of allotment of PAN, soon we will launch a system under which PAN shall be instantly allotted online on the basis of Aadhaar without any requirement for filling up of detailed application form.

 Our Government brought in the GST as a historic reform of the indirect taxes in 2017. We also took a path-breaking step of simplifying and rationalising corporate tax in September, 2019. More importantly, we offered a rate of corporate tax, which perhaps is the lowest in the world. Continuing on this path, we have now put the personal income tax at its lowest ever rate and totally removed DDT at the company's hands. Further, the direct taxes are now the lowest, simplest, and smoothest. Direct tax on the Start-ups also has seen many reformatory steps in quick succession. Even ease of compliance is seeing unprecedented changes. Last but not the least, personal interface with tax administration is at the minimum ever.

## Indirect Tax

1. Reforms are continuing in **GST**. **A simplified return** shall be implemented from the 1st April, 2020. This is under pilot run. It will make return filing simple with features like SMS based filing for nil return, return pre-filling, improved input tax credit flow and overall simplification.

2. Refund process has been simplified and has been made fully automated with no human interface.

3. **Electronic invoice is another innovation** wherein critical information shall be captured electronically in a centralized system. It will be implemented in a phased manner starting from this month itself on optional basis. It will facilitate compliance and return filing.

4. Several measures have been taken for improving compliance. **Aadhaar based verification** of taxpayers is being introduced. This will help in weeding out dummy or non-existent units. Dynamic QR-code is proposed for consumer invoices. GST parameters will be captured when payment for purchases is made through the QR-code. **A system of cash reward is envisaged to incentivise customers to seek invoice**. Deep data analytics and AI tools are being used for crackdown on GST input tax credit, refund, and other frauds and to identify all those who are trying to game the system. Invoice and input tax credit matching is being done wherein returns having mismatch more than 10 percent or above a threshold are identified and pursued. Significant policy level changes have also been made. GST rate structure is also being deliberated so as to address issues like inverted duty structure.

5. On Customs side, a number of measures have been taken for ease of doing business. India's quantum leap in the Trading Across Border parameter of **Ease of Doing Business rankings** by the World Bank is a testimony to these efforts. India's rank on this parameter improved from 146 to 80 in 2018 and further to 68 in 2019. Measures have also been taken for providing a level playing field to our domestic manufacturers, particularly the MSME sector and for securing borders.

6. It has been observed that imports under Free Trade Agreements (FTAs) are on the rise. Undue claims of FTA benefits have posed threat to domestic industry. Such imports require stringent checks. In this context, suitable provisions are being incorporated in the Customs Act. In the coming months we shall review Rules of Origin requirements, particularly for certain sensitive items, so as ensure that FTAs are aligned to the conscious direction of our policy.

7. We are also strengthening provisions relating to **safeguard duties which are applied when surge in imports causes serious injury to domestic industry**. Amended provisions shall enable regulating such surge in imports in a systematic way. The provisions for checking dumping of goods and imports of subsidized goods are also being strengthened for ensuring a level playing field for domestic industry. These changes are in line with the international best practices.

8. Exemptions from customs duty have been given in public interest from time to time. However, a number of these have outlived their utility or have become outdated. On review, certain such exemptions are being withdrawn. Remaining custom duty exemptions shall be comprehensively reviewed by September, 2020 for taking a view on their relevance. I propose to crowd source suggestions for such reviews. Suggestions would also be invited in respect of the Customs laws and procedures for aligning them with the needs of changing times and ease of doing business.

9. **Labour intensive sectors in MSME** are critical for employment generation. Cheap and low-quality imports are an impediment to their growth. Special attention has been taken to put measured restraint on import of those items which are being produced by our MSMEs with better quality. Keeping in view the need of this sector, customs **duty is being raised on items like footwear and furniture.**

10. Our policy of Make in India has started giving dividends. India is now making world class goods and exporting such products. We have made considerable progress in medical equipment too. **Till few years back we were dependent on imports for medical equipment. Now, not only we are manufacturing medical equipment but also exporting them in large quantities**. This sector deserves further fillip. Government has also been committed to provide health services to all. Ayushman Bharat has made it possible. **To achieve the twin objectives of giving impetus to the domestic industry and also to generate resource for health services, I propose to impose a nominal health cess, by way of a duty of customs, on the imports of medical equipment keeping in view that these goods are now being made significantly in India. The proceed from this cess shall be used for creating infrastructure for health services in the aspirational districts.**

11. Under Make in India initiative, well laid out customs duty rates were pre-announced for items like mobile phones, electric vehicles and their components. This has ensured gradual increase in domestic value addition capacity in India. Customs duty rates are being revised on electric vehicles, and parts of mobiles as part of such carefully conceived Phased Manufacturing Plans.

12. In other changes, customs duty is being reduced on certain inputs and raw materials while it is being revised upward on certain goods which are being made domestically. In the previous budget, basic custom duty of 10% was imposed on the news print and lightweight coated paper. However, since then I have received several references that this levy has put additional burden on print media at a time when it is going through a difficult phase. I, therefore, propose to reduce basic customs duty on imports of news print and light-weight coated paper from 10% to 5%.

13. Chemicals are crucial feed stocks for downstream users. PTA, for example, is a critical input for textile fibres and yarns. Its easy availability at competitive prices is desirable to unlock immense potential in textile sector which is a significant employment generator. Therefore, in the larger public interest, anti-dumping duty on PTA is being abolished.

14. As a revenue measure, I propose to **raise excise duty, by way of National Calamity Contingent Duty** on **Cigarettes and other tobacco products**. However, no change is being made in the duty rates of bidis.



**************** *The End* ***********************

*Annex-I*

**Budget Outlay for Major Sectors**

(₹ *crore*)

| Sl. No. | Sector Name | BE 19-20 | RE 19-20 | BE 20-21 |
|---|---|---|---|---|
| **I** | **Aspirational India** | **4,67,517** | **4,36,913** | **4,82,401** |
| a | Agriculture & Allied, Irrigation & Rural Development | 2,76,380 | 2,49,910 | 2,83,202 |
| b | Wellness, Water, Sanitation | 93,294 | 89,618 | 96,885 |
| c | Education & Skill Development | 97,843 | 97,385 | 1,02,314 |
| **II** | **Economic Development** | **2,23,695** | **2,24,941** | **2,37,604** |
| a | Industry & Commerce | 27,043 | 28,608 | 27,227 |
| b | Transport Infrastructure | 1,57,437 | 1,58,207 | 1,69,637 |
| c | Energy | 39,215 | 38,127 | 40,740 |
| **III** | **New Economy** | **40,534** | **34,724** | **42,852** |
| a | Information Technology & Space Technology | 19,127 | 18,979 | 20,379 |
| b | Communication (Bharat Net) | 8,350 | 3,000 | 8,000 |
| c | Science & Technology | 13,056 | 12,745 | 14,473 |
| **IV** | **Caring Society** | **59,036** | **54,831** | **62,626** |
| a | Women & Child Development and Social welfare | 50,850 | 48,210 | 53,876 |
| b | Culture & Tourism | 5,232 | 3,963 | 5,650 |
| c | Environment & Climate Change | 2,955 | 2,658 | 3,100 |
| **V** | **Financial Sector** | **19,002** | **23,686** | **40,433** |
| a | Banking, Insurance, Financial Market and Infra Finance | 19,002 | 23,686 | 40,433 |