

Budget 2014-2015

**Speech of
Arun Jaitley**

Minister of Finance

July 10, 2014

Madam Speaker,

I rise to present the Budget for the year 2014-15.

I. STATE OF THE ECONOMY

2. The people of India have decisively voted for a change. The verdict represents the exasperation of the people with the status-quo. India unhesitatingly desires to grow. Those living below the poverty line are anxious to free themselves from the curse of poverty. Those who have got an opportunity to emerge from the difficult challenges have become aspirational. They now want to be a part of the neo middle class. Their next generation has the hunger to use the opportunity that society provides for them. Slow decision making has resulted in a loss of opportunity. Two years of sub five per cent growth in the Indian economy has resulted in a challenging situation. We look forward to lower levels of inflation as compared to the days of double digit rates of food inflation in the last two years. The country is in no mood to suffer unemployment, inadequate basic amenities, lack of infrastructure and apathetic governance.

3. The slowdown in India broadly reflects the trend in many economies. In contrast to the aftermath of the crisis of 2008-09 when restoration of growth in advanced economies was the primary concern, the continuing slowdown being presently witnessed in many emerging economies has posed a threat to a sustained global recovery. Fortunately, there are green shoots of recovery being seen in the global economy. As per IMF, the world economy is projected to grow at 3.6 per cent in 2014 vis-à-vis 3.0 per cent in 2013, with the Euro area expected to register a positive growth after the contraction witnessed in 2012 and 2013. However, the performance of the US economy with attendant implication for the unconventional monetary policy stance and global financial conditions is pivotal to the fate of global recovery in the coming years. These are the head winds

against which the Indian economy would have to maneuver its way to attain high growth trajectory.

4. As Finance Minister I am duty bound to usher in a policy regime that will result in the desired macro-economic outcome of higher growth, lower inflation, sustained level of external sector balance and a prudent policy stance. The Budget is the most comprehensive action plan in this regard. In the first Budget of this NDA government that I am presenting before the august House, my aim is to lay down a broad policy indicator of the direction in which we wish to take this country. The steps that I will announce in this Budget are only the beginning of a journey towards a sustained growth of 7-8 per cent or above within the next 3-4 years along with macro-economic stabilization that includes lower levels of inflation, lesser fiscal deficit and a manageable current account deficit. Therefore, it would not be wise to expect everything that can be done or must be done to be in the first Budget presented within forty five days of the formation of this Government.

5. While higher growth is a sine qua non, we cannot be oblivious of the fact that there is a large population of this country which is below the poverty line. It is the poor who suffer the most. We have to ensure that our anti-poverty programs are well targeted. The growing aspirations of the people will be reflected in the development strategy followed by the Government led by the Prime Minister Shri Narendra Modi and its mandate of “Sab ka Saath Sab ka Vikas”. Allow me to assure this House that we have taken up the challenge in the right earnest. We shall leave no stone unturned in creating a vibrant and strong India.

6. The prevailing economic situation presents a great challenge. It calls for a conscious choice to be made by all of us. Should we allow this drift to carry on and watch helplessly? Should we allow our future to suffer because of our indecisiveness? Should we be victims of mere populism or wasteful expenditure? To me, the response and the remedy are both clear. The task before me today is very challenging because we need to revive growth, particularly in manufacturing and infrastructure to raise adequate resources for our developmental needs. On the other hand, the task is simple if we accept the principle that we cannot spend beyond our means. We need to introduce fiscal prudence that will lead to fiscal consolidation and discipline. Fiscal prudence to me is of paramount importance because of considerations of inter-generational equity. We cannot leave behind a legacy of debt for our future generations. We cannot go on spending today which would be financed by taxation at a future date. There is an urgent need to generate more resources to fuel the economy. For this, the tax to GDP ratio must be improved and non-tax revenues increased. We must remember that the decline in fiscal deficit from 5.7 per cent of GDP in 2011-12 to 4.8 per cent in 2012-13

and 4.5 per cent in 2013-14 was mainly achieved by reduction in expenditure rather than by way of realization of higher revenue. Although, the external sector witnessed a turn-around with the year ending with a Current Account Deficit of 1.7 per cent of the GDP against 4.7 per cent in 2012-13, this was mainly achieved through restriction on non-essential imports and slowdown in overall aggregate demand. Going forward, we must continue to be watchful of the CAD.

7. My predecessor has set up a very difficult task of reducing fiscal deficit to 4.1 per cent of the GDP in the current year. Considering that we had two years of low GDP growth, an almost static industrial growth, a moderate increase in indirect taxes, a large subsidy burden and not so encouraging tax buoyancy, the target of 4.1 per cent fiscal deficit is indeed daunting. Difficult, as it may appear, I have decided to accept this target as a challenge. One fails only when one stops trying. My Road map for fiscal consolidation is a fiscal deficit of 3.6 per cent for 2015-16 and 3 per cent for 2016-17. I am conscious of the fact that Iraq crisis is leaving an impact on oil prices and the situation in the middle-east continues to be volatile. Monsoon this year appears more unpredictable. While inflation has remained at elevated levels relative to what is perceived as acceptable, there has been a gradual moderation in WPI recently, from a high of 7.35% in 2012-13 and 5.98% in 2013-14. But we are still not out of the woods. We also must address fully the problem of black money which is curse of our economy. Faced with these adversities we have no option but to undertake some bold steps in order to enhance economic activity and spur growth in the economy. These steps are only the beginning of our effort to revive the growth spirit of the Indian Economy. They are directional.

Expenditure Management Commission

8. My Government is committed to the principle of “Minimum Government Maximum Governance”. To achieve this goal, time has come to review the allocative and operational efficiencies of Government expenditure to achieve maximum output. The Government will constitute an Expenditure Management Commission, which will look into various aspects of expenditure reforms to be undertaken by the Government. The Commission will give its interim report within this financial year. I also propose to overhaul the subsidy regime, including food and petroleum subsidies, and make it more targeted while providing full protection to the marginalized, poor and SC/STs. A new urea policy would also be formulated.

GST

9. The debate whether to introduce a Goods and Services Tax (GST) must now come to an end. We have discussed the issue for the past many years. Some

States have been apprehensive about surrendering their taxation jurisdiction; others want to be adequately compensated. I have discussed the matter with the States both individually and collectively. I do hope we are able to find a solution in the course of this year and approve the legislative scheme which enables the introduction of GST. This will streamline the tax administration, avoid harassment of the business and result in higher revenue collection both for the Centre and the States. I assure all States that government will be more than fair in dealing with them.

Tax Administration

10. The sovereign right of the Government to undertake retrospective legislation is unquestionable. However, this power has to be exercised with extreme caution and judiciousness keeping in mind the impact of each such measure on the economy and the overall investment climate. This Government will not ordinarily bring about any change retrospectively which creates a fresh liability. Hon'ble Members are aware that consequent upon certain retrospective amendments to the Income Tax Act 1961 undertaken through the Finance Act 2012, a few cases have come up in various courts and other legal fora. These cases are at different stages of pendency and will naturally reach their logical conclusion. At this juncture I would like to convey to this August House and also the investors community at large that we are committed to provide a stable and predictable taxation regime that would be investor friendly and spur growth. Keeping this in mind, we have decided that henceforth, all fresh cases arising out of the retrospective amendments of 2012 in respect of indirect transfers and coming to the notice of the Assessing Officers will be scrutinized by a High Level Committee to be constituted by the CBDT before any action is initiated in such cases. I hope the investor community both within India and abroad would repose confidence on our stated position and participate in the Indian growth story with renewed vigour.

Advance Ruling and Other Tax Related Measures

11. Tax demand of more than ₹ 4 lakh crore is under dispute and litigation before various Courts and Appellate authorities. This is one of the serious concerns of all taxpayers in this country. In order to reduce litigation in direct taxes, I propose to make certain legislative and administrative changes.

12. Currently, an advance ruling can be obtained about the tax liability of a non-resident from the Authority for Advance Rulings. This facility is not available to resident taxpayers except Public Sector Undertakings. I propose to enable resident taxpayers to obtain an advance ruling in respect of their income tax liability above a defined threshold. I also propose to strengthen the Authority for Advance Rulings by constituting additional benches. I further propose to enlarge

the scope of the Income-tax Settlement Commission so that taxpayers may approach the Commission for settlement of disputes. This would continue to be once in a lifetime opportunity for any taxpayer.

13. As an administrative measure, I propose to set up a High Level Committee to interact with trade and industry on a regular basis and ascertain areas where clarity in tax laws is required. Based on the recommendations of the Committee, the Central Board of Direct Taxes and the Central Board of Excise and Customs shall issue appropriate clarifications, wherever considered necessary, on the tax issues within a period of two months.

14. Transfer Pricing is a major area of litigation for both resident and non-resident taxpayers. I have proposed certain changes in the Transfer Pricing regulations, which I would spell out in Part-B of my speech.

15. I hope these measures would go a long way in improving the confidence of taxpayers in the tax system and would provide certainty and clarity in tax laws.

FDI

16. The policy of the NDA Government is to promote Foreign Direct Investment (FDI) selectively in sectors where it helps the larger interest of the Indian Economy. FDI in several sectors is an additionality of resource which helps in promoting domestic manufacture and job creation. India today needs a boost for job creation. Our manufacturing sector in particular needs a push for job creation.

17. India today is the largest buyer of Defence equipment in the world. Our domestic manufacturing capacities are still at a nascent stage. We are buying substantial part of our Defence requirements directly from foreign players. Companies controlled by foreign governments and foreign private sector are supplying our Defence requirements to us at a considerable outflow of foreign exchange. Currently we permit 26 per cent FDI in Defence manufacturing. The composite cap of foreign exchange is being raised to 49 per cent with full Indian management and control through the FIPB route.

18. The Insurance sector is investment starved. Several segments of the Insurance sector need an expansion. The composite cap in the Insurance sector is proposed to be increased up to 49 per cent from the current level of 26 per cent, with full Indian management and control, through the FIPB route.

19. To encourage development of Smart Cities, which will also provide habitation for the neo-middle class, requirement of the built up area and capital conditions for FDI is being reduced from 50,000 square metres to 20,000 square metres and from USD 10 million to USD 5 million respectively with a three year post completion lock in.

20. To further encourage this, projects which commit at least 30 per cent of the total project cost for low cost affordable housing will be exempted from minimum built up area and capitalisation requirements, with the condition of three year lock-in.

21. FDI in the manufacturing sector is today on the automatic route. The manufacturing units will be allowed to sell its products through retail including E-commerce platforms without any additional approval.

Bank Capitalization

22. Financial stability is the foundation of a rapid recovery. Our banking system needs to be further strengthened. To be in line with Basel-III norms there is a requirement to infuse ₹ 2,40,000 crore as equity by 2018 in our banks. To meet this huge capital requirement we need to raise additional resources to fulfill this obligation. While preserving the public ownership, the capital of these banks will be raised by increasing the shareholding of the people in a phased manner through the sale of shares largely through retail to common citizens of this country. Thus, while the government will continue to have majority shareholding, the citizens of India will also get direct shareholding in these banks, which currently they hold indirectly. We will also examine the proposal to give greater autonomy to the banks while making them accountable.

PSU Capital Expenditure

23. To give a thrust to investment in the economy, PSUs will also play their part constructively. I am assured that the PSUs will invest through capital investment a total sum of ₹ 2,47,941 crores in the current financial year to create a virtuous investment cycle.

Smart Cities

24. As the fruits of development reach an increasingly large number of people, the pace of migration from the rural areas to the cities is increasing. A neo middle class is emerging which has the aspiration of better living standards. Unless, new cities are developed to accommodate the burgeoning number of people, the existing cities would soon become unlivable. The Prime Minister has a vision of developing ‘one hundred Smart Cities’, as satellite towns of larger cities and by modernizing the existing mid-sized cities. To provide the necessary focus to this critical activity, I have provided a sum of ₹7,060 crore in the current fiscal.

e-Visa

25. Tourism is one of the larger job creators globally. Many economies world over are supported by tourism. In order to give a major boost to tourism in India, the facility of Electronic Travel Authorization (e-Visa) would be introduced in a

phased manner at nine airports in India where necessary infrastructure would be put in place within the next six months. The countries to which the Electronic Travel authorisation facility would be extended would be identified in a phased manner. This would further facilitate the visa on arrival facility.

REITs & InvITs

26. Real Estate Investment Trusts (REITS) have been successfully used as instruments for pooling of investment in several countries. I intend to provide necessary incentives for REITS which will have pass through for the purpose of taxation. As an innovation, a modified REITS type structure for infrastructure projects is also being announced as Infrastructure Investment Trusts (InvITs), which would have a similar tax efficient pass through status, for PPP and other infrastructure projects. These structures would reduce the pressure on the banking system while also making available fresh equity. I am confident these two instruments would attract long term finance from foreign and domestic sources including the NRIs.

Kissan Vikas Patra

27. Kissan Vikas Patra (KVP) was a very popular instrument among small savers. I plan to reintroduce the instrument to encourage people, who may have banked and unbanked savings to invest in this instrument.

Skill India

28. A national multi-skill programme called Skill India is proposed to be launched. It would skill the youth with an emphasis on employability and entrepreneur skills. It will also provide training and support for traditional professions like welders, carpenters, cobblers, masons, blacksmiths, weavers etc. Convergence of various schemes to attain this objective is also proposed.

Pradhan Mantri Krishi Sinchayee Yojana

29. Bulk of our farm lands are rain fed and dependent on monsoons. Therefore, there is a need to provide assured irrigation to mitigate risk. To improve access to irrigation we propose to initiate the scheme “Pradhan Mantri Krishi Sinchayee Yojana”. I propose to set aside a sum of ₹ 1,000 crore for this purpose.

Swatchh Bharat Abhiyan

30. The need for sanitation is of utmost importance. Although the Central Government is providing resources within its means, the task of total sanitation cannot be achieved without the support of all. The Government intends to cover every household by total sanitation by the year 2019, the 150th year of the Birth anniversary of Mahatma Gandhi through Swatchh Bharat Abhiyan.

Shyama Prasad Mukherji Rurban Mission

31. Gujarat has demonstrated successfully the Rurban development model of urbanization of the rural areas, through which people living in the rural areas can get efficient civic infrastructure and associate services. Shyama Prasad Mukherji Rurban Mission will be launched to deliver integrated project based infrastructure in the rural areas, which will also include development of economic activities and skill development. The preferred mode of delivery would be through PPPs while using various scheme funds for financing.

Deendayal Upadhyaya Gram Jyoti Yojana

32. Power is a vital input for economic growth and the Government is committed to providing 24x7 uninterrupted power supply to all homes. “Deen Dayal Upadhyaya Gram Jyoti Yojana” for feeder separation will be launched to augment power supply to the rural areas and for strengthening sub-transmission and distribution systems. I propose to set aside a sum of ₹ 500 crore for this purpose.

Statue of Unity

33. Government of Gujarat has embarked upon the mission to build the largest statue of Sardar Vallabh Bhai Patel. Sardar Patel stands as the symbol of the unity of the country. To support the Gujarat Government in this initiative to erect the Statue of Unity, I propose to set aside a sum of ₹ 200 crore.

II. PLAN & BUDGETARY ALLOCATIONS

34. I now turn to budgetary allocations. While announcing the allocations, I want to reiterate my Government’s firm commitment to strengthen the federal structure of the country and our resolve to work closely with the state governments for the larger good of the people.

Welfare of Scheduled Castes/Scheduled Tribes

35. Government is committed to the welfare of SCs and STs. This year an amount of ₹ 50,548 crore is proposed under the SC Plan and ₹ 32,387 crore under TSP.

36. To provide credit enhancement facility for young start up entrepreneurs from Scheduled Castes, who aspire to be part of the neo-middle class, I propose to set aside a sum of ₹ 200 crore which will be operationalised through a scheme by IFCI.

37. For the welfare of the tribals “Van Bandhu Kalyan Yojana” is being launched with an initial allocation of ₹ 100 crore.

Welfare of Senior Citizens

Varishtha Pension Bima Yojana

38. NDA Government during its last term in office had introduced the Varishtha Pension Bima Yojana (VPBY) as a pension scheme for senior citizens. Under the scheme a total no. of 3.16 lakh annuitants are being benefitted and the corpus amounts to ₹ 6,095 crore. I propose to revive the scheme for a limited period from 15 August, 2014 to 14 August, 2015 for the benefit of citizens aged 60 years and above.

39. A large amount of money is estimated to be lying as unclaimed amounts with PPF, Post Office, saving schemes etc. These are mostly out of investments belonging to the senior citizens and on their demise, remain unclaimed for want of relevant payment instructions. I propose to set up a committee to examine and recommend how this amount can be used to protect and further financial interests of the senior citizens. The committee will give its report not later than December this year.

40. Government is fully committed to the social security and welfare of employees serving in the organized sector. The Government is notifying minimum pension of ₹ 1,000 per month to all subscriber members of EP Scheme and has made an initial provision of ₹ 250 crore in the current financial year to meet the expenditure. Further, increase in mandatory wage ceiling of subscription to EPS from ₹ 6,500 to ₹ 15,000 has been made and a provision of ₹ 250 crore has been provided in the current budget. For the convenience of the subscribers, EPFO will launch the “Uniform Account Number” Service for contributing members to facilitate portability of Provident Fund accounts.

Empowerment of the Differently Abled Persons

41. Government will make all out efforts to create a more inclusive society for Persons with Disabilities to enable them to enjoy equal opportunities to lead an empowered life with dignity. I propose to extend the scheme for Assistance to Disabled Persons for purchase/fitting of Aids and Appliances (ADIP) to include contemporary aids and assistive devices. It is also proposed to establish National level institutes for Universal Inclusive Design and Mental Health Rehabilitation and also a Centre for Disability Sports.

Incentives for the Visually Challenged

42. The Braille Presses in the Government and private sector are not able to meet the demand of Braille Text books for the visually impaired students. It is proposed to provide assistance to the State Governments to establish fifteen new Braille Presses and modernize ten existing Braille Presses in the current financial year. Government will also print currency notes with Braille like signs to assist the visibly challenged persons.

Women & Child Development

43. Women's safety is a concern shared by all the honourable members of this House. We need to test out different approaches that can be validated and scaled up quickly. An outlay of ₹ 50 crores will be spent by Ministry of Road Transport & Highways on pilot testing a scheme on "Safety for Women on Public Road Transport". A sum of ₹ 150 crores will also be spent by Ministry of Home Affairs on a scheme to increase the safety of women in large cities. It is also proposed to set up "Crisis Management Centres" in all the districts of NCT of Delhi this year in all government and private hospitals. The funding will be provided from the Nirbhaya Fund.

Beti Bachao, Beti Padhao Yojana

44. It is a shame that while the country has emerged as a major player amongst the emerging market economies, the apathy towards girl child is still quite rampant in many parts of the country. Therefore I propose to launch Beti Bachao, Beti Padhao Yojana which will be a focused scheme which would help in generating awareness and also help in improving the efficiency of delivery of welfare services meant for women. I propose to set aside a sum of ₹ 100 crore for this.

Gender Mainstreaming

45. Government would focus on campaigns to sensitize people of this country towards the concerns of the girl child and women. The process of sensitization must begin early, therefore, the school curriculum must have a separate chapter on gender mainstreaming.

Rural Development

Pradhan Mantri Gram Sadak Yojana

46. Pradhan Mantri Gram Sadak Yojana initiated during the NDA-I under the stewardship of Prime Minister Atal Behari Vajpayee has had a massive impact in improvement of access for Rural population. It is time to reaffirm our commitment to a better and more energetic PMGSY under the dynamic leadership of Prime Minister Shri Narendra Modi. I propose to provide a sum of ₹ 14,389 crore.

MGNREGA

47. The Government is committed to providing wage and self-employment opportunities in rural areas. However, wage employment would be provided under MGNREGA through works that are more productive, asset creating and substantially linked to agriculture and allied activities.

National Livelihood Mission

48. Ajeevika, the National Rural Livelihood Mission (NRLM), aims to eliminate rural poverty through sustainable livelihood options. Under this mission, Women SHGs are provided bank loans at 4% on prompt repayment in 150 districts and at 7% in all other districts. I propose to extend the provision of bank loan for women SHGs at 4% in another 100 districts. I also propose to set up a “Start Up Village Entrepreneurship Programme” for encouraging rural youth to take up local entrepreneurship programs. I am providing an initial sum of ₹ 100 crore for this.

Rural Housing

49. The Rural Housing Scheme has benefited a large percentage of rural population who have availed credit through Rural Housing Fund (RHF). Accordingly, I propose to increase the allocations for the year 2014-15 to ₹ 8,000 crore for National Housing Bank (NHB) with a view to expand and continue to support Rural Housing in the country.

Watershed Development

50. To give an added impetus to watershed development in the country, I propose to start a new programme called “Neeranchal” with an initial outlay of ₹ 2,142 crores in the current financial year.

Panchayati Raj

51. Backward Region Grant Fund (BRGF) is being implemented in 272 backward districts in 27 States, to fill up the critical gaps in development of basic infrastructure facilities and for capacity building of Panchayats/ Gram Sabhas in backward areas. It is proposed to restructure the BRGF to address intra-district inequalities to ensure that backward sub-districts units within States receive adequate support.

Safe Drinking Water

52. Many of our drinking water sources have excess impurities like fluoride, arsenic and manmade contaminations due to untreated sewage, industrial effluents and leaching of pesticides and fertilizers. It is proposed to earmark ₹ 3,600 crore under National Rural Drinking Water Programme for providing safe drinking water in approximately 20,000 habitations affected with arsenic, fluoride, heavy/toxic elements, pesticides/ fertilizers through community water purification plants in next 3 years.

Health and Family Welfare

53. To move towards “Health for All”, the two key initiatives i.e. the Free Drug Service and Free Diagnosis Service would be taken up on priority.

54. In order to achieve universal access to early quality diagnosis and treatment to TB patients, two National Institutes of Ageing will be set up at AIIMS, New Delhi and Madras Medical College, Chennai. A national level research and referral Institute for higher dental studies would be set up in one of the existing Dental institutions.

55. It is a matter of great satisfaction that all the six new AIIMS at Jodhpur, Bhopal, Patna, Rishikesh, Bhubaneswar and Raipur, which are part of Pradhan Mantri Swasthya Suraksha Yojana, have become functional. A plan to set up four more AIIMS like institutions at Andhra Pradesh, West Bengal, Vidarbha in Maharashtra and Poorvanchal in UP is under consideration. I propose to set aside a sum of ₹ 500 crore for this. Presently 58 government medical colleges have been approved. It is also proposed to add 12 more government medical colleges. In addition, dental facilities would also be provided in all the hospitals.

56. For the first time, the Central Government will provide central assistance to strengthen the States’ Drug Regulatory and Food Regulatory Systems by creating new drug testing laboratories and strengthening the 31 existing State laboratories.

57. In keeping with the Government’s focus on improving affordable healthcare and to augment the transfer of technology for better health care facilities in rural India, fifteen Model Rural Health Research shall be set up in the states, which shall take up research on local health issues concerning rural population.

Education

School Education

58. Elementary education is one of the major priorities of the Government. There is a residual gap in providing minimal school infrastructure facilities. Government would strive to provide toilets and drinking water in all the girls school in first phase. An amount of ₹ 28,635 crore is being funded for Sarva Shiksha Abhiyan and ₹4,966 crore for Rashtriya Madhyamik Shiksha Abhiyan. A School Assessment Programme is being initiated at a cost of ₹ 30 crore. To infuse new training tools and motivate teachers, “Pandit Madan Mohan Malviya New Teachers Training Programme” is being launched. I am setting aside an initial sum of ₹ 500 crore for this.

59. To take advantage of the reach of the IT, I propose to allocate a sum of ₹100 crore for setting up virtual classrooms as Communication Linked Interface for Cultivating Knowledge (CLICK) and online courses.

Higher Education

60. The country needs a large number of Centres of higher learning which are world class. I propose to set up Jai Prakash Narayan National Centre for Excellence in Humanities in Madhya Pradesh. I also intend to set up five more IITs in the Jammu, Chhattisgarh, Goa, Andhra Pradesh and Kerala. Five IIMs would be set up in the States of Himachal Pradesh, Punjab, Bihar, Odisha and Maharashtra. I propose to set aside a sum of ₹ 500 crore for this.

61. Government also proposes to ease and simplify norms to facilitate education loans for higher studies.

Digital India

62. There is an imminent need to further bridge the divide between digital “haves” and “have-nots”. For this it is proposed to launch a pan India programme “Digital India”. This would ensure Broad band connectivity at village level, improved access to services through IT enabled platforms, greater transparency in Government processes and increased indigenous production of IT hardware and software for exports and improved domestic availability. Special focus would be on supporting software product startups. A National Rural Internet and Technology Mission for services in villages and schools, training in IT skills and E-Kranti for government service delivery and governance scheme is also proposed. I have provided a sum of ₹ 500 crore for this purpose.

63. A programme for promoting “Good Governance” would be launched and I propose to set aside a sum of ₹ 100 crore for this.

Information and Broadcasting

64. So far around 400 permissions for setting up of a Community Radio Stations have been issued. To encourage the growth in this sector, a new plan scheme is being taken up with an allocation of ₹ 100 crore. This scheme would support about 600 new and existing Community Radio Stations.

65. Film & Television Institute, Pune and Satyajit Ray Film & Television Institute, Kolkata are proposed to be accorded status of Institutes of national importance and a “National Centre for Excellence in Animation, Gaming and Special Effects will be set up.

Urban Development

Urban Renewal

66. It is time that our cities and towns undergo urban renewal and become better places to live in. While developing housing and other infrastructure, both physical and economic, which can have local variations, four fundamental

activities must underpin such development. These are provision of safe drinking water and sewerage management, use of recycled water for growing organic fruits and vegetable, solid waste management and digital connectivity. It is the vision of this Government that at least five hundred (500) such habitations must be provided support, while harnessing private capital and expertise through PPPs, to renew their infrastructure and services in the next ten years.

Pooled Municipal Debt Obligation Facility

67. Pooled Municipal Debt Obligation Facility: This facility was set up in 2006 with participation of several Banks to promote and finance infrastructure projects in Urban Area on shared risk basis. Present corpus of this facility is ₹5,000 Crores. This Government has a major focus of providing good infrastructure, including public transport, solid waste disposal, sewerage treatment and drinking water in the urban areas. In keeping with the Hon'ble Prime Minister's vision for urban areas it is proposed to enlarge it to ₹ 50,000 Crores with extension of the facility by five years to March 31, 2019.

Urban Transportation

68. Urban Metro Projects have proven to be very useful in decongesting large cities. For two million plus cities, planning of metro projects must begin now. Government will encourage development of metro rail systems, including light rail systems, in the PPP mode, which will be supported by the Central Government through VGF. In the current financial year, I propose to set aside a sum of ₹ 100 crore for Metro Projects in Lucknow and Ahmedabad.

Housing for All

69. Our government is committed to endeavour to have housing for all by 2022. For this purpose, I intend to extend additional tax incentive on home loans to encourage people, especially the young, to own houses.

70. I propose setting up a Mission on Low Cost Affordable Housing which will be anchored in the National Housing Bank. Schemes will be evolved to incentivize the development of low cost affordable housing. I propose to allocate this year also a sum of ₹ 4,000 crores for NHB with a view to increase the flow of cheaper credit for affordable housing to the urban poor/EWS/LIG segment. I have already outlined some other incentives such as easier flow of FDI in this sector. Government is willing to examine other suggestions that would spur growth in this sector.

71. I also propose to add inclusion of slum development in the list of Corporate Social Responsibility (CSR) activities to encourage the private sector to contribute more towards this activity.

Malnutrition

72. A national programme in Mission Mode is urgently required to halt the deteriorating malnutrition situation in India, as present interventions are not adequate. A comprehensive strategy including detailed methodology, costing, time lines and monitorable targets will be put in place within six months.

Minorities

73. A programme for the up gradation of skills and training in ancestral arts for development for the minorities called “Up gradation of Traditional Skills in Arts, Resources and Goods” would be launched to preserve the traditional arts and crafts which are rich heritage.

74. An additional amount of ₹ 100 crores for Modernization of Madarsas has been provided to the Department of School Education.

III. AGRICULTURE

75. Farming as an activity contributes nearly 1/6th to our National GDP and a major portion of our population is dependent on it for livelihood. It has risen to the challenge of making India largely self-sufficient in providing food for a growing population. To make farming competitive and profitable, there is an urgent need to step up investment, both public and private, in agro-technology development and creation and modernization of existing agri-business infrastructure. Indian Agricultural Research Institute, Pusa has been at the forefront of research in this area. However, since independence only one such centre has been established. Government will establish two more such institutions of excellence on similar pattern in Assam and Jharkhand with an initial sum of ₹100 crore in the current financial year. In addition, an amount of ₹ 100 crores is being set aside for setting up an “Agri-Tech Infrastructure Fund”.

76. It is also proposed to establish Agriculture Universities in Andhra Pradesh and Rajasthan and Horticulture Universities in Telangana and Haryana. An initial sum of ₹ 200 crores has been allocated for this purpose.

77. Deteriorating soil health has been a cause of concern and leads to sub optimal utilization of farming resources. Government will initiate a scheme to provide to every farmer a soil health card in a Mission mode. I propose to set aside a sum of ₹ 100 crore for this purpose and an additional ₹ 56 crores to set up 100 Mobile Soil Testing Laboratories across the country. There have also been growing concerns about the imbalance in the utilization of different types of fertilizers resulting in deterioration of the soil.

78. Climate change is a reality which all of us have to face together. Agriculture as an activity is most prone to the vagaries of climate change. To

meet this challenge, I propose to establish a “National Adaptation Fund” for climate change. As an initial sum an amount of ₹ 100 crore will be transferred to the Fund.

79. We are committed to sustaining a growth of 4% in Agriculture and for this we will bring technology driven second green revolution with focus on higher productivity and include “Protein revolution” as an area of major focus.

80. As a very large number of landless farmers are unable to provide land title as guarantee, institutional finance is denied to them and they become vulnerable to money lenders’ usurious lending. I propose to provide finance to 5 lakh joint farming groups of “**Bhoomi Heen Kisan**” through NABARD in the current financial year.

81. Price volatility in the agriculture produce creates uncertainties and hardship for the farmers. To mitigate this I am providing a sum of ₹ 500 crore for establishing a Price Stabilization Fund.

82. The farmers and consumers’ interest will be further served by increasing competition and integrating markets across the country. To accelerate setting up of a National Market, the Central Government will work closely with the State Governments to re-orient their respective APMC Acts., to provide for establishment of private market yards/ private markets. The state governments will also be encouraged to develop Farmers’ Markets in town areas to enable the farmers to sell their produce directly.

83. I also propose to set aside a sum of ₹ 50 crores for the development of indigenous cattle breeds and an equal amount for starting a blue revolution in inland fisheries.

Agriculture Credit

84. Banks are providing strong credit support to the agriculture sector. A target of ₹ 8 lakh crore has been set for agriculture credit during 2014-15 which, I am confident, the banks will surpass this.

Interest Subvention Scheme for Short Term Crop Loans

85. Under the Interest Subvention Scheme for short term crop loans, the banks are extending loans to farmers at a concessional rate of 7%. The farmers get a further incentive of 3% for timely repayment. I propose to continue the Scheme in 2014-15.

Rural Infrastructure Development Fund

86. NABARD operates the Rural Infrastructure Development Fund (RIDF), out of the priority sector lending shortfall of the banks, which helps in creation

of infrastructure in agriculture and rural sectors across the country. I propose to raise the corpus of RIDF by an additional ₹ 5,000 crores from the target given in the Interim Budget to ₹ 25,000 crores in the current financial year.

Warehouse Infrastructure Fund

87. Increasing warehousing capacity for increasing the shelf life of agriculture produces and thereby the earning capacity of the farmers is of utmost importance. Keeping in view the urgent need for availability of scientific warehousing infrastructure in the country, I propose an allocation of ₹ 5,000 crore for the fund for the year 2014-15.

Creation of Long Term Rural Credit Fund

88. The share of long term investment credit in agriculture is going down as compared to short term crop loan. This is severely hampering the asset creation in agriculture and allied activities. In order to give a boost to long term investment credit in agriculture, I propose to set up “Long Term Rural Credit Fund” in NABARD for the purpose of providing refinance support to Cooperative Banks and Regional Rural Banks with an initial corpus of ₹ 5,000 crore.

Allocation of STCRC (Refinance) Fund

89. The Short Term Cooperative Rural Credit (STCRC) – Refinance Fund was announced in Union Budget 2008-09 with initial corpus of ₹ 5,000 crore. In order to ensure increased and uninterrupted credit flow to farmers and to avoid high cost market borrowings by NABARD, I propose to allocate an amount of ₹50,000 crore for STCRC Fund during 2014-15.

Producers Development and Upliftment Corpus (PRODUCE)

90. The issue of profitability of small holding based agriculture has assumed importance in view of increasing proportion of small and marginal farmers in the country. I propose to supplement NABARD’s Producers’ organization development fund for Producer’s development and upliftment called PRODUCE with a sum of ₹ 200 crore which will be utilized for building 2,000 producers organizations across the country over the next two years.

Food Security

91. Government is committed to reforms in the food sector. Restructuring FCI, reducing transportation and distribution losses and efficacy of PDS would be taken up on priority.

92. Government is also committed to provide wheat and rice at reasonable prices to the weaker sections of the society. Even if due to inadequate rainfall

there is a marginal decline in agriculture production, stocks in the Central pool are adequate to meet any exigency. Government shall, when required, undertake open market sales to keep prices under control.

Kisan TV

93. Kisan TV, dedicated to the interests of the agriculture and allied sector will be launched in the current financial year. This will disseminate real time information to the farmers information regarding new farming techniques, water conservation, organic farming etc. I propose to set aside a sum of ₹ 100 crore for this purpose.

IV. INDUSTRY

94. The eBiz platform aims to create a business and investor friendly ecosystem in India by making all business and investment related clearances and compliances available on a 24x7 single portal, with an integrated payment gateway. All Central Government Departments and Ministries will integrate their services with the eBiz platform on priority by 31 December this year.

95. A National Industrial Corridor Authority, with its headquarters in Pune, is being set up to coordinate the development of the industrial corridors, with smart cities linked to transport connectivity, which will be the cornerstone of the strategy to drive India's growth in manufacturing and urbanization. I have provided an initial corpus of ₹ 100 crore for this purpose.

96. The Amritsar Kolkata Industrial master planning will be completed expeditiously for the establishment of industrial smart cities in seven States of India. The master planning of three new smart cities in the Chennai-Bengaluru Industrial Corridor region, viz., Ponneri in Tamil Nadu, Krishnapatnam in Andhra Pradesh and Tumkur in Karnataka will also be completed.

97. The perspective plan for the Bengaluru Mumbai Economic corridor (BMEC) and Vizag-Chennai corridor would be completed with the provision for 20 new industrial clusters.

98. Kakinada, its adjoining area and the port will be developed as the key drivers of economic growth in the region with a special focus on hardware manufacturing.

99. Exports cannot be exponentially increased unless the states play a very active role in export promotion by providing good infrastructure and full facilitation. It will be our endeavor to engage with the states to take India's exports to a higher growth trajectory. It is proposed to establish an Export promotion Mission to bring all stakeholders under one umbrella.

Special Economic Zones

100. The Government is committed to revive the Special Economic Zones (SEZs) and make them effective instruments of industrial production, economic growth, export promotion and employment generation. For achieving this, effective steps would be undertaken to operationalize the Special Economic Zones, to revive the investors' interest to develop better infrastructure and to effectively and efficiently use the available unutilized land.

Apprenticeship

101. Comparing the size of the Indian economy, the performance of the Apprenticeship Training Scheme is not satisfactory and a large number of training facilities in the industry are unutilized. Apprenticeship Act will be suitably amended to make it more responsive to industry and youth. We will also encourage MSMEs to avail of the benefits of this scheme.

Micro, Small and Medium Enterprises sector

102. SMEs form the backbone of our Economy. They account for a large portion of our industrial output and employment. The bulk of service sector enterprises are also SMEs. Most of these SMEs are Own Account Enterprises. Most importantly a majority of these enterprises are owned or run by SCs, STs and OBCs. Financing to this sector is of critical importance, particularly as it benefits the weakest sections. There is need to examine the financial architecture for this sector. I propose to appoint a committee with representatives from the Finance Ministry, Ministry of MSME, RBI to give concrete suggestions in three months.

103. Promotion of entrepreneurship and start-up Companies remains a challenge. While there have been some efforts to encourage, one principal limitation has been availability of start-up capital by way of equity to be brought in by the promoters. In order to create a conducive eco-system for the venture capital in the MSME sector it is proposed to establish a ₹ 10,000 crore fund to act as a catalyst to attract private Capital by way of providing equity, quasi equity, soft loans and other risk capital for start-up companies.

104. To establish technology centre network to promote innovation, entrepreneurship and agro-industry, I propose to set up a fund with a corpus of ₹200 crore.

105. The definition of MSME will be reviewed to provide for a higher capital ceiling. A programme to facilitate forward and backward linkages with multiple value chain of manufacturing and service delivery will also be put in place.

106. Entrepreneur friendly legal bankruptcy framework will also be developed for SMEs to enable easy exit. A nationwide “District level Incubation and Accelerator Programme” would be taken up for incubation of new ideas and providing necessary support for accelerating entrepreneurship.

Textiles

107. I propose to set up a Trade Facilitation Centre and a Crafts Museum with an outlay of ₹50 crore to develop and promote handloom products and carry forward the rich tradition of handlooms of Varanasi, where I also intend to support a Textile mega-cluster. I also propose to set up six more Textile mega-clusters at Bareily, Lucknow, Surat, Kuttch, Bhagalpur, Mysore and one in Tamil Nadu. I am allocating a sum of ₹ 200 crore for this purpose.

108. I also propose to set up a Hastkala Academy for the preservation, revival, and documentation of the handloom/handicraft sector in PPP mode in Delhi. I have set aside a sum of ₹ 30 crore for this purpose.

109. I propose to start a Pashmina Promotion Programme (P-3) and a programme for the development of other crafts of Jammu & Kashmir. I am setting aside a sum of ₹50 crore for this purpose.

V. INFRASTRUCTURE

110. India has emerged as the largest PPP market in the world with over 900 projects in various stages of development. PPPs have delivered some of the iconic infrastructure like airports, ports and highways which are seen as models for development globally. But we have also seen the weaknesses of the PPP framework, the rigidities in contractual arrangements, the need to develop more nuanced and sophisticated models of contracting and develop quick dispute redressal mechanism. An institution to provide support to mainstreaming PPPs called 3P India will be set up with a corpus of ₹500 crores.

Shipping

111. A policy for encouraging the growth of Indian controlled tonnage will be formulated to ensure increase in employment of the Indian seafarers. Development of ports is also critical for boosting trade. Sixteen new port projects are proposed to be awarded this year with a focus on port connectivity. ₹ 11,635 crore will be allocated for the development of Outer Harbour Project in Tuticorin for phase I. SEZs will also be developed in Kandla and JNPT. A comprehensive policy will also be announced to promote Indian ship building industry in the current financial year.

Inland Navigation

112. Development of inland waterways can improve vastly the capacity for the transportation of goods. A project on the river Ganga called ‘Jal Marg Vikas’ (National Waterways-I) will be developed between Allahabad and Haldia to cover a distance of 1620 kms, which will enable commercial navigation of at least 1500 tonne vessels. The project will be completed over a period of six years at an estimated cost of ₹ 4,200 crore.

New Airports

113. Despite increase in air connectivity air travel is still out of reach of a large number of aspirational Indians. Scheme for development of new airports in Tier I and Tier II will be launched for implementation through Airport Authority of India or PPPs.

Roads sector

114. Roads sector constitutes a very important artery of communication in the country. The sector had taken shape from 1998-2004 under NDA-I. The sector again needs huge amount of investment along with debottlenecking from maze of clearances. I propose investment in National Highways Authority of India and State Roads of an amount of ₹37,880 crores, which includes ₹ 3,000 crores for the North East. During CFY a target of NH construction of 8500 km will be achieved.

115. A modern nation needs multiple sources of transport. A country of the size of India must have a transport network which can ensure faster travel across cities which are geographically distant. This will also improve the supply chain in transporting goods across cities. We will initiate work on select expressways in parallel to the development of the Industrial Corridors. For project preparation NHAI shall set aside a sum of ₹ 500 crore.

Power

116. To promote cleaner and more efficient thermal power, I propose to allocate an initial sum of ₹ 100 crore for preparatory work for a new scheme “Ultra-Modern Super Critical Coal Based Thermal Power Technology.”

Coal

117. Comprehensive measures for enhancing domestic coal production are being put in place along with stringent mechanism for quality control and environmental protection, which includes supply of crushed coal and setting up of washeries. The existing impasse in the coal sector will be resolved and adequate quantity of coal will be provided to power plants which are already commissioned or would be commissioned by March 2015, to unlock dead investments. An

exercise to rationalize coal linkages which will optimize transport of coal and reduce cost of power is underway.

New & Renewable Energy

118. New and Renewable energy deserves a very high priority. It is proposed to take up Ultra Mega Solar Power Projects in Rajasthan, Gujarat, Tamil Nadu, and Laddakh in J&K. I have set aside a sum of ₹ 500 crores for this. We are launching a scheme for solar power driven agricultural pump sets and water pumping stations for energizing one lakh pumps. I propose to allocate a sum of ₹ 400 crores for this purpose. An additional ₹ 100 crore is set aside for the development of 1 MW Solar Parks on the banks of canals. Implementation of the Green Energy Corridor Project will be accelerated in this financial year to facilitate evacuation of renewable energy across the country.

Petroleum & Natural Gas

119. It is my Government's intention to accelerate production and exploitation of Coal Bed Methane reserves. The possibility of using modern technology to revive old or closed wells will also be explored to maximize production from such fields.

120. The usage of PNG will be rapidly scaled up in a Mission mode as it is "clean" and efficient to deliver.

121. We have at present about 15,000 km of gas pipeline systems in the country. In order to complete the gas grid across the country, an additional 15,000 km of pipelines are required. It is proposed to develop these pipelines using appropriate PPP models. This will help increase the usage of gas, domestic as well as imported, which, in the long-term will be beneficial in reducing dependence on any one energy sources.

Mining

122. It is my Government's intention to encourage investment in mining sector and promote sustainable mining practices to adequately meet the requirements of industry without sacrificing environmental concerns. The current impasse in mining sector, including, iron ore mining, will be resolved expeditiously. Changes, if necessary, in the MMDR Act, 1957 would be introduced to facilitate this.

Revision of Royalty Rate

123. There have been requests from several State Governments to revise rate of Royalty on minerals. Hon'ble Members are aware that rate of Royalty can be revised after a period of three years. Last revision took place in August, 2009. Therefore, another revision, which is due, will be undertaken to ensure greater revenue to the State Governments.

VI. FINANCIAL SECTOR

Capital Market

124. Financial sector is at the heart of the growth engine. Globalization helps channelize external savings to India to bridge the resource gap but also renders the financial sector vulnerable to the vagaries of the global economy. We have seen this in the recent past in ample measure. It is essential to strengthen and modernize the legislative regulatory framework. There are some important recommendations of the Financial Sector Legislative Reforms Commission like the enactment of the Indian Financial Code which is considered necessary for better governance and accountability. It will be my endeavor to complete the ongoing process of consultations with all the stakeholders expeditiously on this. It is also essential to have a modern monetary policy framework to meet the challenge of an increasingly complex economy. Government will, in close consultation with the RBI, put in place such a framework.

125. While the impact of the above measures will be felt in the medium term, towards the same objective, I propose to:

- i. Advise financial sector regulators to take early steps for a vibrant, deep and liquid corporate bond market and deepen the currency derivatives market by eliminating unnecessary restrictions.
- ii. Extend a liberalized facility of 5% withholding tax to all bonds issued by Indian corporate abroad for all sectors and extend the validity of the scheme to 30.06.2017.
- iii. Liberalize the ADR/GDR regime to allow issuance of depository receipts on all permissible securities.
- iv. Allow international settlement of Indian debt securities.
- v. Completely revamp the Indian Depository Receipt (IDR) and introduce a much more liberal and ambitious Bharat Depository Receipt (BhDR).
- vi. Clarify the tax treatment on income of foreign fund whose fund managers are located in India to resolve a long-standing problem. Details will be presented in Part B.

126. The Indian capital markets have been a source of risk capital for a growing India. I propose to take a number of measures to further energize these markets including:

- i. Introduction of uniform KYC norms and inter-usability of the KYC records across the entire financial sector.

- ii. Introduce one single operating demat account so that Indian financial sector consumers can access and transact all financial assets through this one account.

127. As part of strengthening the regulatory framework for commodity markets, the Warehouse Development and Regulatory Authority (WD&RA) has begun a transformation plan to invigorate the warehousing sector and significantly improve post-harvest lending to farmers against negotiable warehouse receipts. This plan will be implemented with vigor.

128. There is an urgent need to converge the current Indian accounting standards with the International Financial Reporting Standards (IFRS). I propose for adoption of the new Indian Accounting Standards (Ind AS) by the Indian companies from the financial year 2015-16 voluntarily and from the financial year 2016-17 on a mandatory basis. Based on the international consensus, the regulators will separately notify the date of implementation of AS Ind for the Banks, Insurance companies etc. Standards for the computation of tax would be notified separately.

Banking

129. There have been some suggestions for consolidation of Public Sector Banks. Government, in principle, agrees to consider these suggestions.

130. To provide all households in the country with banking services, a time bound programme would be launched as Financial Inclusion Mission on 15 August this year. It would particularly focus to empower the weaker sections of the society, including women, small and marginal farmers and labourers. Two bank accounts in each household are proposed to be opened which will also be eligible for credit.

131. Long term financing for infrastructure has been a major constraint in encouraging larger private sector participation in this sector. On the asset side, banks will be encouraged to extend long term loans to infrastructure sector with flexible structuring to absorb potential adverse contingencies, sometimes known as the 5/25 structure. On the liability side, banks will be permitted to raise long term funds for lending to infrastructure sector with minimum regulatory pre-emption such as CRR, SLR and Priority Sector Lending (PSL).

132. After making suitable changes to current framework, a structure will be put in place for continuous authorization of universal banks in the private sector in the current financial year. RBI will create a framework for licensing small banks and other differentiated banks. Differentiated banks serving niche interests, local area banks, payment banks etc. are contemplated to meet credit and remittance needs of small businesses, unorganized sector, low income households, farmers and migrant work force.

133. The rising Non Performing Assets of Public Sector Banks is a matter of concern for the Government. Six new Debt Recovery Tribunals would be set up at Chandigarh, Bengaluru, Ernakulum, Dehradun, Siliguri and Hyderabad. Government will work out effective means for revival of other stressed assets.

Insurance Sector

134. Benefits of insurance in India have not reached a large section of the people and insurance penetration and density are very low. The Government would work towards addressing this situation in multi-pronged manner with the support of all stakeholders concerned. This would include suitable incentives, using banking correspondents, strengthening micro-offices opened by public sector insurance. It is also proposed to take up the pending insurance laws (amendment) Bill for consideration of the Parliament.

135. As part of the legislative initiatives under financial sector reforms, it is proposed to bridge the regulatory gap under the Prize Chits and Money Circulation Scheme (Banning) Act, 1978. This step is expected to facilitate effective regulation of companies and entities which have duped a large number of poor and vulnerable people in this country.

Small Savings

136. To address the concerns of decline in savings rate and improving returns for small savers, I propose to revitalize small savings.

137. My Government attaches utmost importance to the welfare of Girl Child. A special small savings instrument to cater to the requirements of educating and marriage of the Girl Child will be introduced. A National Savings Certificate with insurance cover will also be launched to provide additional benefits for the small saver.

138. In the PPF Scheme, annual ceiling will be enhanced to ₹1.5 lakh p.a. from ₹1 lakh at present.

VII. DEFENCE & INTERNAL SECURITY

139. There can be no compromise with the defence of our country. I therefore propose to allocate an amount of ₹ 2,29,000 crore for the current financial year for Defence.

One Rank One Pension

140. We reaffirm our commitment to our brave soldiers. A policy of “One Rank One Pension” has been adopted by the Government to address the pension

disparities. We propose to set aside a further sum of ₹ 1,000 crore to meet this year's requirement.

Modernization

141. Modernization of the armed forces is critical to enable them to play their role effectively in the Defence of India's strategic interests. I, therefore, propose to increase the capital outlay for Defence by ₹ 5,000 crore over the amount provided for in the interim Budget. This includes a sum of ₹ 1,000 crore for accelerating the development of the Railway system in the border areas. Urgent steps would also be taken to streamline the procurement process to make it speedy and more efficient.

War Memorial

142. The country is deeply indebted to the officers and the jawans of the armed forces for having made huge sacrifices to defend its honour. In doing so a very large number of them gave up their lives. It is a privilege for the nation to erect a befitting memorial in their memory. I am happy to announce that a War Memorial will be constructed in the Princes Park. It will be supplemented by a War Museum. I am allocating a sum of ₹ 100 crore for this purpose.

The Defence Production

143. In the year 2011 a separate fund was announced to provide necessary resources to public and private sector companies, including SMEs, as well as academic and scientific institutions to support research and development of Defence systems that enhance cutting-edge technology capability in the country. However, beyond the announcement, no action was taken. Therefore, I propose to set aside an initial sum of ₹ 100 crore to set up a Technology Development Fund to support this objective.

Internal Security

144. The scheme for modernization of state police forces would be reviewed. I propose to enhance the allocation from a sum of ₹ 1,847 crore in the BE of 2013-14 to ₹ 3,000 crore in the current financial year. I am also allocating adequate funds for carrying out small but much needed developmental activities as Additional Central Assistance for Left Wing Extremist Affected districts.

145. In order to strengthen and modernize border infrastructure, a sum of ₹ 2,250 crore has been set aside. In addition, a sum of ₹ 990 crore has been allocated for the socio economic development of the villages along the borders. A sum of ₹ 150 crore has also been ear-marked for the construction of Marine Police Station, Jetties, for the purchase of boats etc.

National Police Memorial

146. The nation is equally indebted to the officers and the jawans of the Police forces, including the central armed police forces, who are constantly engaging with the enemy within and in the process sacrificing their lives in the line of duty. I announce the construction of a befitting National Police Memorial. I propose to set aside a sum of ₹ 50 crores for this purpose in the current financial year.

VIII. CULTURE & TOURISM

147. India's rich cultural, historical, religious and natural heritage provides a huge potential for the development of tourism and job creation as an Industry. I propose to create 5 tourist circuits around specific themes and set aside a sum of ₹ 500 crore for this purpose.

148. National Mission on Pilgrimage Rejuvenation and Spiritual Augmentation Drive (PRASAD) shall be launched in this financial year. A sum of ₹ 100 crore is being set aside for this purpose.

149. National Heritage City Development and Augmentation Yojana (HRIDAY) will also be launched for conserving and preserving the heritage characters of these cities. To begin with I propose to launch this programme in the cities such as Mathura, Amritsar, Gaya, Kanchipuram, Vellankani and Ajmer. I propose to set aside a sum of ₹ 200 crore for this purpose. The Project will work through a partnership of Government, academic institutions and local community combining affordable technologies.

150. Archeological sites preservation requires urgent attention lest our ancient heritage is lost to all future generations. For this purpose, I intend to set aside a sum of ₹ 100 crore.

151. Sarnath-Gaya-Varanasi Buddhist circuit would also be developed with world class tourist amenities to attract tourists from all over the world.

152. Goa has emerged as a major international convention centre. It has also been declared as the permanent venue for International Film Festival of India. There is an urgent need to develop world class convention facilities. This can best be done in close collaboration with the private sector. Government of India will fully support this initiative to develop the facilities in PPP mode through the VGF scheme.

Water Resources and cleaning of Ganga

Linking of Rivers

153. Rivers form the lifeline of our country. They provide water not only for producing food for the multitudes but also drinking water. Unfortunately the

country is not uniformly blessed with perennial rivers. Therefore, an effort to link the rivers can give rich dividends to the country. It is time that we made a serious effort to move in this direction. To expedite the preparation of the Detailed Project Reports, I propose to set aside a sum of ₹ 100 crore.

Sacred Rivers

154. Substantial amount of money has been spent in the conservation and improvement of the Ganga, which has a very special sacred place in the collective consciousness of this country. However, the efforts have not yielded desired results because of the lack of concerted effort by all the stakeholders. I propose to set up Integrated Ganga Conservation Mission called “Namami Gange” and set aside a sum of ₹ 2,037 crores for this purpose.

Development of Ghats and beautification of Riverfront

155. Our Riverfronts and Ghats are not only places of rich historical heritage but many of these are also sacred. To start this process in the country, I propose to set aside a sum of ₹ 100 crore for Ghat development and beautification of river front at Kedarnath, Haridwar, Kanpur, Varanasi, Allahabad, Patna and Delhi in the current financial year.

NRI Ganga Fund

156. NRIs have been a very important contributor to the development process in India, in areas such as education, health and preservation of culture. In this context, to harness their enthusiasm to contribute towards the conservation of the river Ganga, NRI Fund for Ganga will be set up which will finance special projects.

Science and Technology

Technology Research Centres

157. The Department of Science & Technology has some of country’s leading research centres in the areas such as nanotechnology, materials science and bio-medical device technology. The government will strengthen at least five such institutions as Technical Research Centres to make them more effective in the innovation space through Public Private Partnerships.

Stimulating Investment In Biotechnology

158. The development of biotech clusters in Faridabad and Bengaluru will be scaled up and taken to the highest international quality. This effort will include global partnerships in accessing model- organism resources for disease biology, stem cell biology and for high-end electron microscopy.

159. The nascent agri-biotech cluster in Mohali will be scaled up to include plant-genetic and phenotype platforms. Secondary agriculture will be a major thrust in Mohali through collaborations in the public and private sector. In addition, two new clusters, in Pune and Kolkata will be established.

160. Global partnerships will be developed under India's leadership to transform the Delhi component of the International Centre for Genetic Engineering and Biotechnology (ICGEB) into a world-leader in life sciences and biotechnology.

Indian Space Programme

161. Several major space missions are planned for 2014-15 which include the experimental flight of India's future heavy capacity launcher GSLV Mk-III, one commercial launch of PSLV and two more navigational satellites.

162. Our Mars Orbiter spacecraft is in its 300 days long voyage to Planet Mars along the designated helio-centric trajectory. Mars Orbiter Spacecraft is expected to be orbiting around Mars on September 24, 2014.

Sports and Youth Affairs

Sports

163. Sports are an integral part of growing up and personality development. Unfortunately, in our country, sports have not been mainstreamed to date. Government will set up national level Sports Academies for major games in different parts of the country to mainstream sports. Academies with international level facilities for training of accomplished athletes and for nurturing best talent in the country at junior and sub-junior level will also be set up for Shooting, Archery, Boxing, Wrestling, Weightlifting and various Track and field events.

164. Jammu & Kashmir has a lot of sporting talent which is not finding expression due to inadequate sports facilities. I propose to provide a sum of ₹200 crore for upgrading the indoor and outdoor sports stadiums to international standards in Jammu and in Kashmir Valley.

165. I also propose to set up a sports university in Manipur. For this I am providing a sum of ₹ 100 crore in the current financial year.

166. Unique sports traditions have developed in the Himalayan region in the countries and the states that are a part of it. To promote these, India will start an annual event to promote these games and would invite countries such as Nepal and Bhutan also to participate in addition to the Indian states such as J&K, Uttarakhand, Himachal Pradesh, Sikkim and the North Eastern States.

167. I also propose to set aside a sum of ₹ 100 crore for the training of our sports women and men for the forthcoming Asian and Commonwealth games.

Youth

168. Employment exchanges will be transformed into career centres and in addition for providing information about job availability. These centers will also extend counseling facilities to the youth for selecting the jobs best suited to their ability and aptitude. I have set aside a sum of ₹ 100 crore for this purpose.

169. Youth of India are pragmatic and forward looking and wish to be leaders in all fields. In order to promote leadership skills, I propose to set up “A Young Leaders Programme” with an initial allocation of ₹ 100 crore.

IX. OTHER PROPOSALS

Displaced Kashmiri Migrants

170. Displaced Kashmiri migrants require our special support for rehabilitation. For this, I intend to provide a sum of ₹ 500 crore in the current financial year.

Conservation of Himalayas

171. There is a great need to increase the capacity in the country for Himalayan Studies. I propose to set up a National Centre for Himalayan Studies in Uttarakhand with an initial outlay of ₹ 100 crore.

Academy for Customs

172. It is proposed to set up the National Academy for Customs & Excise at Hindupur in Andhra Pradesh.

North Eastern States

Organic Food

173. North Eastern Region of India has tremendous potential for development of organic farming. With a growing global demand for organic food, people living in the NE states can reap rich harvest from development of commercial organic farming. To facilitate this, I propose to provide a sum of ₹ 100 crore for this purpose in the current financial year.

North East Railway Connectivity

174. North Eastern Region has suffered from under development and a sense of isolation due to lack of proper connectivity. Development of rail system is

urgently required to bridge this gap. I intend to expedite the development of rail connectivity in the region and for this purpose I propose to set aside an additional sum of ₹ 1,000 crore over and above the amount provided for in the interim Budget.

24x7 Channel for the North East

175. TV is a very powerful tool for the expression of cultural identities and for creating greater awareness of the richness of the diversity of our country. To provide a strong platform to rich cultural and linguistic identity of the North-East, a new 24x7 channel called “Arun Prabha” will be launched.

Andhra Pradesh and Telangana

176. My Government is committed to addressing the issues relating to development of Andhra Pradesh and Telangana in the AP Re-organization Act, 2014. Provision has been made by various Ministries/Departments to fulfill the obligation of Union Government for both the States.

National Capital Territory of Delhi

177. NCT of Delhi faces large in-migration every year. Delhi is plagued by frequent transmission related problems and issues of water distribution and supply. In order to overcome this and make Delhi a world class city, I propose to provide ₹ 200 crore for power reforms and ₹ 500 crore for water reforms.

178. In addition, to solve the long term water supply issues to the capital region, construction of long pending Renuka Dam would be taken up on priority. I have provided an initial sum of ₹ 50 crore for this.

Andaman and Nicobar Island and Puducherry

179. Andaman and Nicobar Island are part of our rich cultural heritage. In order to tide over communication related problems of the Island, I propose to allot a sum of ₹ 150 crore.

180. Similarly, I propose to provide ₹ 188 crore to Puducherry for meeting commitments for Disaster preparedness.

X. BUDGET ESTIMATES

181. I now turn to the Budget estimates for Main Budget 2014-15. We have inherited a legacy, wherein, continuance of fiscal consolidation cannot be compromised while providing for the essential items. However, we have mandate to fulfill for the people. Keeping this in mind we have prepared the estimates of expenditure and receipts for Financial Year 2014-15.

182. Non-Plan expenditure estimates for the Financial Year are ₹ 12,19,892 crore. While preparing Non-Plan estimates due care has been taken to fully provide for all the essential activities. Additional amounts have been provided for fertilizer subsidy and capital expenditure of Armed Forces.

183. While preparing estimates of plan expenditure, attention was paid to the absorptive capacity of the Department and on achieving greater outcome with the same financial outlay. In 2013-14, plan funds to the tune of ₹ 4,53,085 crore could be utilised. Plan allocation of ₹ 5,75,000 crore in the Main Budget 2014-15 mark an increase of 26.9% over actuals for 2013-14 and have been targeted towards Agriculture, capacity creation in Health and Education, Rural Roads and National Highways Infrastructure, Railways network expansion, clean energy initiatives, development of water resources and river conservation plans. Further thorough convergence of programmes greater impact from the money spent will be achieved.

184. Total expenditure estimates thus stands at ₹ 17,94,892 crore.

185. To finance this expenditure, it is estimated that Gross Tax receipts will be ₹ 13,64,524 crore. After devolving the share of states, share of centre will be ₹ 9,77,258 crore. Non Tax Revenues for the current Financial Year will be ₹ 2,12,505 crore and capital receipts other than borrowings will be ₹ 73,952 crore.

186. With the above estimates, fiscal deficit will be 4.1% of GDP and Revenue deficit will be 2.9 per cent of GDP.

187. Hon'ble Members will recall that it was the initiative of the previous NDA Government under Shri Atal Bihari Vajpayee, which had made compulsory 10% allocation of plan funds for North Eastern Region and had made them Non-lapsable in nature. From the current Budget, we have introduced a Statement which will separately show plan allocation made for North Eastern Region. In Financial Year 2014-15, an allocation of ₹ 53,706 crore has been made for North Eastern Region. We have further made an allocation of ₹ 98,030 crore for women and ₹ 81,075 crore for child welfare.

PART B**XI. TAX PROPOSALS**

188. Madam Speaker, I shall now present my tax proposals.

189. Taxes are important for every economy to fund Government expenditure on security and welfare of its people. In the interim Budget 2014-15, my predecessor had set revenue collection targets for direct taxes as well as indirect taxes, which appear to be ambitious. I propose to retain these targets and it shall be my endeavour to achieve the same. The impact of the tax changes now proposed have of course been factored into the Budget Estimates, 2014-15.

190. While preparing the tax proposals, I had to encounter the challenge of an extremely limited fiscal space. Nonetheless, I propose to introduce measures to revive the economy, promote investment in manufacturing sector and rationalize tax provisions so as to reduce litigation as well as to address the problem of inverted duty structure in certain areas. I also propose to give relief to individual taxpayers and to certain sectors of the economy.

Direct Taxes

191. Let me begin with direct taxes.

192. Madam Speaker, I do not propose to make any change in the tax rate. However, with a view to provide relief to small and marginal taxpayers and senior citizens, I propose to increase personal income tax exemption limit by ₹50,000 that is, from ₹2 lakh to ₹2.5 lakh in the case of individual taxpayers who are below the age of 60 years. Similarly, I also propose to raise the exemption limit from ₹2.5 lakh to ₹3 lakh in the case of senior citizens.

193. I do not propose to make any change in the rate of surcharge either for the corporates or the individuals, HUFs, firms etc.

194. The education cess for all taxpayers shall continue at 3 percent.

195. In the year 2012-13 the gross domestic savings were 30.1% of the GDP as compared to 33.7% in the year 2009-10. Increase in savings and their productive use leads to higher economic growth. The households are the main contributors to savings. Therefore, to encourage domestic investment in long

term savings, I propose to increase the investment limit under section 80C of the Income-tax Act from ₹ 1 lakh to ₹ 1.5 lakh.

196. Housing continues to be an area of concern for middle and lower middle class due to high cost of financing. Therefore, to reduce this burden, I propose to increase the deduction limit on account of interest on loan in respect of self occupied house property from ₹ 1.5 lakh to ₹ 2 lakh.

197. Infrastructure and construction sectors have a significant role in the economy. Growth in these sectors is necessary to revive the economy and generate jobs for millions of our young boys and girls. As stated earlier and with a view to attract large scale investment in these sectors, I have provided a conducive tax regime for Infrastructure Investment Trusts and Real Estate Investment Trusts to be set up in accordance with regulations of the Securities and Exchange Board of India.

198. The manufacturing sector is of paramount importance for the growth of our economy. This sector has multiplier effect on creation of jobs. Last year, an incentive in the form of investment allowance to a manufacturing company that invests more than ₹ 100 crore in plant and machinery during the period from 01.04.2013 to 31.03.2015 was announced. Considering the need to incentivize smaller entrepreneurs, I propose to provide investment allowance at the rate of 15 percent to a manufacturing company that invests more than ₹ 25 crore in any year in new plant and machinery. This benefit will be available for three years i.e. for investments upto 31.03.2017. The Scheme announced last year will continue to operate in parallel till 31.03.2015.

199. I also propose to extend the investment linked deduction to two new sectors, namely, slurry pipelines for the transportation of iron ore, and semiconductor wafer fabrication manufacturing units. This will boost investment in these two critical sectors.

200. Supply of power continues to be a major area of concern for the country. Therefore, instead of annual extensions, I propose to extend the 10 year tax holiday to the undertakings which begin generation, distribution and transmission of power by 31.03.2017. This stability in our policy will help the investors to plan their investments better.

201. Foreign Portfolio Investors (FPIs) have invested more than ₹ 8 lakh crore (about 130 billion US \$) in India. One of their concerns is uncertainty in taxation on account of characterization of their income. Moreover, the fund managers of these foreign investors remain outside India under the apprehension that their presence in India may have adverse tax consequences. With a view to put an end

to this uncertainty and to encourage these fund managers to shift to India, I propose to provide that income arising to foreign portfolio investors from transaction in securities will be treated as capital gains.

202. The concessional rate of tax at 15 percent on dividends received by Indian companies from their foreign subsidiaries has resulted in enhanced repatriation of funds from abroad. I propose to continue with this concessional rate of 15 percent on foreign dividends without any sunset date. This will ensure stability of taxation policy.

203. In order to augment low cost long term foreign borrowings for Indian companies, I propose to extend the eligible date of borrowing in foreign currency from 30.06.2016 to 30.06.2017 for a concessional tax rate of 5 percent on interest payments. I also propose to extend this tax incentive to all types of bonds instead of only infrastructure bonds. I hope this measure will enable the companies to step up their investments in India.

204. In order to reduce litigation on transfer pricing issues, I propose to make certain changes in Transfer Pricing regulations.

- (1) An Advance Pricing Agreement (APA) scheme was introduced in the year 2012. It has received good response. I propose to strengthen the administrative set up of APA to expedite disposal of applications. Further, I propose to introduce a “Roll Back” provision in the APA scheme so that an APA entered into for future transactions may also be applied to international transactions undertaken in previous four years in specified circumstances.
- (2) In order to align Transfer Pricing regulations in India with the best available practices, I propose to introduce range concept for determination of arm's length price. However, the arithmetic mean concept will continue to apply where number of comparable is inadequate. The relevant data is under analysis and appropriate rules will be prescribed.
- (3) As per existing provisions of Transfer Pricing Regulations, only one year data is allowed to be used for comparable analysis with some exception. I propose to amend the regulations to allow use of multiple year data.

Necessary legislative amendments to give effect to the above proposals including those relating to the Authority for Advance Rulings and Income-tax Settlement Commission will be moved in the current session of the Parliament.

205. In the case of Mutual Funds, other than equity oriented funds, the capital gains arising on transfer of units held for more than a year is taxed at a concessional rate of 10% whereas direct investments in banks and other debt instruments attract a higher rate of tax. This allows tax arbitrage opportunity. This arbitrage has hardly benefitted retail investors as their percentage is very small among such Mutual Fund investors. With a view to remove this tax arbitrage, I propose to increase the rate of tax on long term capital gains from 10 percent to 20 percent on transfer of units of such funds. I also propose to increase the period of holding in respect of such units from 12 months to 36 months for this purpose.

206. In the year 2003, the tax liability on income by way of dividends was shifted from the shareholder to the company. The shareholder was required to pay tax on the gross dividends, but now the company pays tax on the dividend amount net of taxes. Similarly, in the case of Mutual Fund, income distribution tax is paid on the income distributed net of taxes. I propose to remove this anomaly both in the case of the company and the Mutual Fund.

207. Currently, where an assessee fails to deduct and pay tax on specified payments to residents, 100 percent of such payments are not allowed as deduction while computing his income. This has caused undue hardship to taxpayers, particularly where the rate of tax is only 1 to 10%. Hence, I propose to provide that instead of 100 percent, only 30% of such payments will be disallowed.

208. The Direct Taxes Code Bill, 2010 has lapsed with the dissolution of the 15th Lok Sabha. Having considered the report of the Standing Committee on Finance and the views expressed by the stakeholders, my predecessor had placed a revised Code in the public domain in March, 2014. The Government shall consider the comments received from the stakeholders on the revised Code. The Government will also review the DTC in its present shape and take a view in the whole matter.

209. Income-tax Department is expected to function not only as an enforcement agency but also as a facilitator. A number of Aykar Seva Kendras (ASK) have been opened in different parts of the country. I propose to extend this facility by opening 60 more such Seva Kendras during the current financial year to promote excellence in service delivery.

210. The focus of any tax administration is to broaden the tax base. Our policy thrust is to adopt non intrusive methods to achieve this objective. In this direction, I propose to make greater use of information technology techniques.

211. Net Effect of the direct tax proposals is revenue loss of ₹ 22,200 crore.

Indirect Taxes

212. I now turn to indirect taxes and shall begin with customs duties.

213. Manufacturing sector is under stress due to a variety of reasons. To boost domestic manufacture as also to address the issue of inverted duties, I propose to reduce the basic customs duty (BCD) on:

- Fatty acids, crude palm stearin, RBD and other palm stearin, specified industrial grade crude oils from 7.5 percent to Nil for manufacture of soaps and oleo-chemicals;
- Crude glycerin from 12.5 percent to 7.5 percent and crude glycerin used in the manufacture of soaps from 12.5 percent to Nil;
- Steel grade limestone and steel grade dolomite from 5 percent to 2.5 percent;
- Battery waste and battery scrap from 10 percent to 5 percent;
- Coal tar pitch from 10 percent to 5 percent;
- Specified inputs for manufacture of spandex yarn from 5 percent to Nil.

214. In order to encourage new investment and capacity addition in the chemicals and petrochemicals sector, I propose to reduce the basic customs duty on reformate from 10 percent to 2.5 percent; on ethane, propane, ethylene, propylene, butadiene and ortho-xylene from 5 percent to 2.5 percent; on methyl alcohol and denatured ethyl alcohol from 7.5 percent to 5 percent; and on crude naphthalene from 10 percent to 5 percent.

215. The demand for electronics is growing very fast. To boost domestic production and reduce our dependence on imports, I intend to take the following steps:

- Impose basic customs duty at 10 percent on specified telecommunication products that are outside the purview of the Information Technology Agreement;
- Exempt all inputs/components used in the manufacture of personal computers from 4 percent special additional duty (SAD);
- Impose education cess on imported electronic products to provide parity between domestically produced goods and imported goods;
- Exempt 4 percent SAD on PVC sheet and ribbon used for the manufacture of smart cards.

216. Cathode ray TVs are used by weaker sections who cannot afford to buy more expensive flat panel TVs. I propose to exempt colour picture tubes from basic customs duty to make cathode ray TVs cheaper. The duty concession will help revive manufacturing of TVs in the SME sector and create employment opportunities. At the same time, to encourage production of LCD and LED TVs below 19 inches in India, I propose to reduce the basic customs duty on LCD and LED TV panels of below 19 inches from 10 percent to Nil. Further, to encourage manufacture of LCD and LED TV panels, I propose to exempt from basic customs duty specified inputs used in their manufacture.

217. The domestic stainless steel industry is presently suffering from severe under-utilization of capacity. To give an impetus to the stainless steel industry, I propose to increase the basic customs duty on imported flat-rolled products of stainless steel from 5 percent to 7.5 percent.

218. We need to maximize our utilization of solar power. The existing duty structure incentivizes imports rather than domestic manufacture of solar photovoltaic cells and modules. Therefore, I propose to exempt from basic customs duty:

- specified inputs for use in the manufacture of EVA sheets and back sheets;
- flat copper wire for the manufacture of PV ribbons.

A concessional basic customs duty of 5 percent is also being extended to machinery and equipment required for setting up of a project for solar energy production.

219. To promote wind energy, I propose to reduce the basic customs duty from 10 percent to 5 percent on forged steel rings used in the manufacture of bearings of wind operated electricity generators. Also, I propose to exempt the SAD of 4 percent on parts and raw materials required for the manufacture of wind operated generators. Further, I propose to prescribe a concessional basic customs duty of 5 percent on machinery and equipment required for setting up of compressed biogas plants (Bio-CNG).

220. I have only highlighted some of the proposals in the Budget 2014-15. I am sure these measures would incentivize value addition, generate income and create more jobs in India.

221. I have also undertaken several tax rationalization measures. At present, coal attracts customs duties at different rates. I propose to rationalize the duty structure on all non-agglomerated coal at 2.5 percent basic customs duty and 2 percent CVD. Henceforth, anthracite coal, bituminous coal, coking coal, steam

coal and other coal will attract the same duty. This will eliminate all assessment disputes and transaction costs associated with testing of various parameters of coal.

222. Metallurgical coke is manufactured out of coking coal. The basic customs duty on metallurgical coke is being increased from Nil to 2.5 percent in line with the duty on coking coal.

223. Ships imported for breaking up attract basic customs duty at 5 percent. As against this, melting scrap of iron or steel attracts basic customs duty at 2.5 percent. I propose to rationalize the duty on ship breaking scrap and melting scrap of iron or steel by reducing the basic customs duty on ships imported for breaking up from 5 percent to 2.5 percent.

224. Semi-processed, half cut or broken diamonds are presently exempt from basic customs duty. As against this, cut and polished diamonds and coloured gemstones attract basic customs duty of 2 percent. To prevent mis-use and avoid assessment disputes, the basic customs duty on semi-processed, half cut or broken diamonds, cut and polished diamonds and coloured gemstones is being rationalized at 2.5 percent. To encourage exports, pre-forms of precious and semi-precious stones are being fully exempted from basic customs duty.

225. To encourage exports of readymade garments I propose to increase the duty free entitlement for import of trimmings, embellishments and other specified items from 3 percent to 5 percent of the value of their exports.

226. Considering the need to conserve our natural resources, I propose to increase the export duty on bauxite from 10 percent to 20 percent.

227. The free baggage allowance under the baggage rules was last revised in 2012. As a measure of passenger facilitation, I propose to increase the free baggage allowance from ₹ 35,000 to ₹ 45,000.

228. I shall now deal with excise duties.

229. To provide a fillip to the capital goods, consumer durables and automobile sectors, and given our commitment to revive economic growth, I have already extended the excise duty concessions beyond 30th June 2014 for a period of 6 months up to 31st December 2014. We expect the industry to show positive results in the coming months.

230. In continuation, I have a few more proposals to boost domestic production. Minimization of harvest and post harvest losses of agricultural produce is an important measure for tackling food inflation and ensuring food security. The

losses in fruits and vegetables are mainly due to lack of adequate processing capacity. To incentivize expansion of processing capacity, I propose to reduce the excise duty on specified food processing and packaging machinery from 10 percent to 6 percent.

231. As a measure of relief to the footwear industry, most of which are in SME sector, I propose to reduce the excise duty from 12 percent to 6 percent on footwear of retail price exceeding ₹ 500 per pair but not exceeding ₹ 1,000 per pair. Footwear of retail price up to ₹ 500 per pair will continue to remain exempted.

232. I propose to withdraw the concessional excise duty (2 percent without Cenvat benefit and 6 percent with Cenvat benefit) on smart cards and levy a uniform excise duty at 12 percent. Consequently, imports will attract higher CVD. This will help domestic industry.

233. To develop renewable sources of energy, I propose to exempt from excise duty:

- EVA sheets and solar back sheets and specified inputs used in their manufacture;
- solar tempered glass used in the manufacture of solar photovoltaic cells and modules;
- flat copper wire for the manufacture of PV ribbons for use in solar cells and modules;
- machinery and equipment required for setting up of a project for solar energy production;
- forged steel rings used in the manufacture of bearings of wind operated generators;
- machinery and equipment required for setting up of compressed biogas plants (Bio-CNG).

234. To set at rest an on-going dispute, I propose to exempt PSF and PFY manufactured from plastic waste and scrap including PET bottles from excise duty with effect from 29th June, 2010 to 7th May, 2012. I also propose to levy prospectively a nominal duty of 2 percent without Cenvat benefit and 6 percent with Cenvat benefit on such PSF and PFY.

235. To encourage sports, I propose to prescribe a concessional excise duty of 2 percent without Cenvat benefit and 6 percent with Cenvat benefit on sports gloves.

236. While undertaking all these measures, I also need to mobilize resources. Accordingly, I propose to increase the specific excise duty on cigarettes in the range of 11 percent to 72 percent. Similar increases are proposed on cigars, cheroots and cigarillos. Likewise, the excise duty is being increased from 12 percent to 16 percent on pan masala, from 50 percent to 55 percent on unmanufactured tobacco and from 60 percent to 70 percent on gutkha and chewing tobacco. I also propose to levy an additional duty of excise at 5 percent on aerated waters containing added sugar. These are healthy measures and I hope everyone would welcome them from the point of view of human and fiscal health.

237. Clean Energy Cess is presently levied on coal, peat and lignite for the purposes of financing and promoting clean energy initiatives and funding research in the area of clean energy. I propose to expand the scope of purposes of levying the said cess to include financing and promoting clean environment initiatives and funding research in the area of clean environment. To finance these additional initiatives, I propose to increase the Clean Energy Cess from ₹ 50 per tonne to ₹100 per tonne.

238. I shall now deal with service tax.

239. In recent times, among indirect taxes, service tax has shown the highest rate of growth. Since my overall objective is to prepare the indirect tax regime for a smooth transition to Goods and Services Tax, changes have been kept minimal at this stage. The twin objectives in this sector of indirect taxes are to widen the tax base and enhance compliance. My proposals in relation to Service Tax are in line with these objectives.

240. To broaden the tax base in Service Tax, it is necessary to prune the negative list and exemptions to the extent possible. Accordingly, the negative list has been reviewed and service tax leviable currently, on sale of space or time for advertisements in broadcast media, is being extended to cover such sales on other segments like online and mobile advertising. Sale of space for advertisements in print media however would remain excluded from service tax. Similarly, tax is being proposed on the service provided by radio-taxis to place them on par with rent-a-cab service. These new levies will come into effect from a date to be notified after the passing of the Finance Bill.

241. In furtherance of the effort to broaden the tax base, certain exemptions are being withdrawn, including those extended to services by air-conditioned contract carriages and technical testing of newly developed drugs on human participants.

242. To spur growth in certain sectors, I have tried to correct the bottlenecks which have been brought to my knowledge. Indian shipping industry had been

representing that they are losing business in a tough global scenario, due to a provision in the Place of Provision of Services Rules, which is now being addressed through an amendment. Similarly, to encourage growth in the transport of goods through coastal vessels, the tax incidence is being reduced. In response to the request of the tourism sector, services provided by Indian tour operators to foreign tourists in relation to a tour wholly conducted outside India is being taken out of the tax net. A long standing demand of this sector has been to allow Cenvat credit for services of rent-a-cab and tour operators. I now propose to allow credit in the same line of business.

243. I had to accept a few requests for exemptions from the social sector, since exemption-induced distortion would be comparatively less in such sectors. At the request of the Ministry of Agriculture, service tax on loading, unloading, storage, warehousing and transportation of cotton, whether ginned or baled, is being exempted to bring it on par with certain other agricultural produce. Services provided by the Employees' State Insurance Corporation for the period prior to 1st July 2012 is being exempted.

244. For the benefit of the common man, the exemption presently available for specified micro insurance schemes is being expanded to cover all life micro-insurance schemes where the sum assured does not exceed ₹ 50,000 per life insured. Since taxes should not come in the way of safe disposal of medical and clinical wastes, services provided by common bio-medical waste treatment facilities are being exempted.

245. Certain changes are also proposed for bringing about greater clarity and for reducing litigation regarding the scope of exemptions. These include functions ordinarily entrusted to a municipality and services in relation to education.

246. There are a few more decisions which entail small gains or losses of revenue. Certain amendments are also being proposed in the Customs and Central Excise Acts and in the Finance Act, 1994 relating to service tax. These changes are reflected in the budget documents.

247. My tax proposals on the indirect taxes side are estimated to yield ₹ 7,525 crore.

248. I have some more proposals which are in the nature of facilitating trade and resolving disputes. I shall highlight only a few.

249. Faster clearance of import and export cargo reduces transaction costs and improves business competitiveness. To help achieve these objectives, measures are being initiated to extend the existing 24x7 customs clearance facility

to 13 more airports in respect of all export goods and to 14 more sea ports in respect of specified import and export goods.

250. It is also proposed to implement an ‘Indian Customs Single Window Project’ to facilitate trade. Under this, importers and exporters would lodge their clearance documents at a single point only. Required permissions, if any, from other regulatory agencies would be obtained online without the trader having to approach these agencies. This would reduce interface with Governmental agencies, dwell time and the cost of doing business.

251. The scheme of Advance Ruling in indirect taxes is being expanded to cover resident private limited companies. This will allow these companies to seek advance ruling in respect of new activities being proposed to be undertaken by them. The scope of Settlement Commission is being enlarged to facilitate quick dispute resolution.

252. To expedite the process of disposal of appeals, amendments have been proposed in the Customs and Central Excise Acts with a view to freeing appellate authorities from hearing stay applications and to take up regular appeals for final disposal.

253. Madam Speaker, with these words I commend the Budget to the House.

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Budget 2015-2016

**Speech of
Arun Jaitley**

Minister of Finance

February 28, 2015

Madam Speaker,

I rise to present the Budget of the Union for the year 2015-16.

2. I present this Budget in an economic environment which is far more positive than in the recent past. When other economies are facing serious challenges, India is about to take-off on a faster growth trajectory once again. The International Monetary Fund (IMF) has downgraded its earlier forecast of global economic growth by 0.3%, and the World Trade Organization has revised its forecast of world trade growth from 5.3% to 4%. Forecasts for India, however, have either been upgraded, or remained the same, without downgrades. Madam Speaker, we have also embraced the States as equal partners in the process of economic growth. States have been economically empowered more than ever before and it is my belief that every rupee of public expenditure, whether undertaken by the Centre or the States, will contribute to the betterment of people's lives through job creation, poverty elimination and economic growth.

3. In the last nine months, the NDA Government headed by Prime Minister Shri Narendra Modi, has undertaken several significant steps to energise the economy. The credibility of the Indian economy has been re-established. The world is predicting that it is India's chance to fly.

Kuch to phool khilaye humne, aur kuch phool khilane hai

Mushkil yeh hai bag me ab tak, kaante kai purane hai

4. Though the Union Budget is essentially a Statement of Account of public finances, it has historically become a significant opportunity to indicate the direction and the pace of India's economic policy. My proposals, therefore, lay out the roadmap for accelerating growth, enhancing investment and passing on the benefit of the growth process to the common man, woman, youth and child: those, whose quality of life needs to be improved. This is the path which we will

doggedly and relentlessly pursue. As the Prime Minister has often said, we are a round-the-clock, round-the-year Government.

5. Madam, allow me to describe the changes in the Indian economy since we first took office. In November, 2012, CPI inflation, stood at 11.2%, the current account deficit by the first quarter of 2013-14 had reached 4.6% of GDP, and normal foreign inflows until March 2014 were \$15 billion. We inherited a sentiment of, if I may say so, doom and gloom, and the investor community had almost written us off.

6. We have come a long way since then. The latest CPI inflation rate is 5.1%, and the wholesale price inflation is negative; the current account deficit for this year is expected to be below 1.3% of GDP; based on the new series, real GDP growth is expected to accelerate to 7.4%, making India the fastest growing large economy in the world; foreign inflows since April 2014 have been about \$55 billion, so that our foreign exchange reserves have increased to a record \$340 billion; the rupee has become stronger by 6.4% against a broad basket of currencies; and ours was the second-best performing stock market amongst the major economies. In short, Madam Speaker, we have turned around the economy dramatically, restoring macro-economic stability and creating the conditions for sustainable poverty elimination, job creation and durable double-digit economic growth. Domestic and international investors are seeing us with renewed interest and hope.

7. While being mindful of the challenges, Madam Speaker, this gives us reason to feel optimistic. With all the humility at my command, I submit that this opportunity has arisen because we have created it. The people of India had voted resoundingly for quick change, faster growth and highest levels of transparency. They wanted the scam, scandal and corruption Raj to end. They wanted a Government in which they can trust. We have lived up to that trust.

8. Our actions have not been confined to the core or macro-economic areas alone. Illustratively, action has been taken with regard to allocation of natural resources; financial inclusion; health and hygiene of the common man; girls and their education; employment for the youth; improved and non-adversarial tax administration; effective delivery of benefits; investment and job creation; welfare of labour; agricultural productivity and increasing farm incomes; power; digital connectivity; skilling our youth; efficient and better work culture in Government; ease of doing business; mainstreaming North Eastern States; and, reviving our pride in the nation and culture. I am giving the details in an Annexure to this speech.

9. Madam Speaker, of the work that we have done, I would like to talk of three achievements as they demonstrate the quality and conviction of our government. One is the success of the Jan Dhan Yojana. Financial inclusion has

been talked about for decades now. Who would have thought that in a short period of 100 days, over 12.5 crore families could have been brought into the financial mainstream? The other is coal auctions. Earlier, the States only got benefits of royalty. Now, by the transparent auction process that we are carrying out, the coal bearing States will be getting several lakh of crore of rupees which they can use for creation of long awaited community assets and for welfare of their people.

10. The third is ‘Swachh Bharat’ which we have been able to transform into a movement to regenerate India. I can speak of, for example, the 50 lakh toilets already constructed in 2014-15, and I can also assure the Members of this august House that we will indeed attain the target of building six crore toilets. But, Madam, Swachh Bharat is not only a programme of hygiene and cleanliness but, at a deeper level, a programme for preventive health care, and building awareness.

11. We are now embarked on two more game changing reforms. GST and what the Economic Survey has called the JAM Trinity – Jan Dhan, Aadhar and Mobile – to implement direct transfer of benefits. GST will put in place a state-of-the-art indirect tax system by 1st April, 2016. The JAM Trinity will allow us to transfer benefits in a leakage-proof, well-targetted and cashless manner.

12. Madam Speaker, one of the major achievements of my government has been to conquer inflation. This decline, in my view, represents a structural shift. Going forward, we expect CPI inflation to remain at close to 5% by the end of the year. This will allow for further easing of monetary policy.

13. To ensure that our victory over inflation is institutionalized and hence continues, we have concluded a Monetary Policy Framework Agreement with the RBI, as I had promised in my Budget Speech for 2014-15. This Framework clearly states the objective of keeping inflation below 6%. We will move to amend the RBI Act this year, to provide for a Monetary Policy Committee.

14. The Central Statistics Office has recently released a new series for GDP, which involves a number of changes relative to the old series. Based on the new series, estimated GDP growth for 2014-15 is 7.4%. Growth in 2015-16 is expected to be between 8 to 8.5%. Aiming for a double-digit rate seems feasible very soon.

15. I now come to the task ahead of us. In respect of social and economic indicators, for seven decades now, we have worked in terms of percentages, and numbers of beneficiaries covered. It is quite obvious that incremental change is not going to take us anywhere. We have to think in terms of a quantum jump.

16. The year 2022 will be the Amrut Mahotsav, the 75th year, of India’s independence. The vision of what the Prime Minister has called ‘Team India’, led by the States and guided by the Central Government, should include:

- (i) A roof for each family in India. The call given for ‘Housing for all’ by 2022 would require Team India to complete 2 crore houses in urban areas and 4 crore houses in rural areas.
- (ii) Each house in the country should have basic facilities of 24-hour power supply, clean drinking water, a toilet, and be connected to a road.
- (iii) At least one member from each family should have access to the means for livelihood and, employment or economic opportunity, to improve his or her lot.
- (iv) Substantial reduction of poverty. All our schemes should focus on and centre around the poor. Each of us has to commit ourselves to this task of eliminating absolute poverty.
- (v) Electrification, by 2020, of the remaining 20,000 villages in the country, including by off-grid solar power generation.
- (vi) Connecting each of the 1,78,000 unconnected habitations by all weather roads. This will require completing 1,00,000 km of roads currently under construction plus sanctioning and building another 1,00,000 km of road.
- (vii) Good health is a necessity for both quality of life, and a person’s productivity and ability to support his or her family. Providing medical services in each village and city is absolutely essential.
- (viii) Educating and skilling our youth to enable them to get employment is the altar before which we must all bow. To ensure that there is a senior secondary school within 5 km reach of each child, we need to upgrade over 80,000 secondary schools and add or upgrade 75,000 junior/middle, to the senior secondary level. We also have to ensure that education improves in terms of quality and learning outcomes.
- (ix) Increase in agricultural productivity and realization of reasonable prices for agricultural production is essential for the welfare of rural areas. We should commit to increasing the irrigated area, improving the efficiency of existing irrigation systems, promoting agro-based industry for value addition and increasing farm incomes, and reasonable prices for farm produce.
- (x) In terms of communication, the rural and urban divide should no longer be acceptable to us. We have to ensure connectivity to all the villages without it.

- (xi) Two-thirds of our population is below 35. To ensure that our young get proper jobs, we have to aim to make India the manufacturing hub of the world. The Skill India and the Make in India programmes are aimed at doing this.
- (xii) We also have to encourage and grow the spirit of entrepreneurship in India and support new start-ups. Thus can our youth turn from being job-seekers, to job-creators.
- (xiii) The Eastern and North Eastern regions of our country are lagging behind in development on many fronts. We need to ensure that they are on par with the rest of the country.

17. By the time of the 75th year of Indian independence, Amrut Mahotsav of our independence is reached, we have to achieve all of the above, so that India becomes a prosperous country; and a responsible global power. This will be our true and meaningful tribute to our freedom fighters.

Major Challenges Ahead

18. As I stated earlier, Madam Speaker, I am also mindful of the five major challenges I have to reckon with. Firstly, Agricultural incomes are under stress. Our second challenge is increasing investment in infrastructure. With private investment in infrastructure via the public private partnership (PPP) model still weak, public investment needs to step in, to catalyse investment.

19. Our third major challenge is that manufacturing has declined from 18% to 17% of GDP as per new GDP data; and manufacturing exports have remained stagnant at about 10% of GDP. The Make in India programme is aimed at meeting this challenge, thus creating jobs.

20. Fourth, we need to be mindful of the need for fiscal discipline in spite of rising demands for public investment. In keeping with the true spirit of co-operative federalism, we have devolved a 42% share of the divisible pool of taxes to States. As members of this august House are aware, this is an unprecedented increase which would empower states with more resources. The devolution to the States would be of the order of ₹5.24 lakh crore in 2015-16 as against the devolution of ₹3.38 lakh crore as per revised estimates of 2014-15. Another ₹3.04 lakh crore would be transferred by way of grants and plan transfers. Thus, total transfer to the States will be about 62% of the total tax receipts of the country.

21. In spite of the consequential reduced fiscal space for the Centre, the Government has decided to continue supporting important national priorities such as agriculture, education, health, MGNREGA, and rural infrastructure including roads. Programmes targeted for the poor and the under-privileged, will be continued by us.

22. With fiscal space not just reduced but squeezed, I have to meet the fifth challenge of maintaining fiscal discipline. Economic growth this year, at 11.5%, was lower in nominal terms by about 2%, due to lower inflation. Consequently, tax buoyancy was also significantly lower. Despite this, Madam, I have kept my word, and we will meet the challenging fiscal deficit target of 4.1% of GDP, that we had inherited. Madam Speaker, I need to overcome these challenges to reduce and eliminate poverty.

Fiscal Roadmap

23. I want to underscore that my government still remains firm on achieving the medium term target of 3% of GDP. But that journey has to take account of the need to increase public investment. The total additional public investment over and above the RE is planned to be ₹1.25 lakh crore out of which ₹70,000 crore would be capital expenditure from budgetary outlays. We also have to take into account the drastically reduced fiscal space; uncertainties that implementation of GST will create; and the likely burden from the report of the 7th Pay Commission. Rushing into, or insisting on, a pre-set time-table for fiscal consolidation pro-cyclically would, in my opinion, not be pro-growth. With the economy improving, the pressure for accelerated fiscal consolidation too has decreased. In these circumstances, I will complete the journey to a fiscal deficit of 3% in 3 years, rather than the two years envisaged previously. Thus, for the next three years, my targets are: 3.9%, for 2015-16; 3.5% for 2016-17; and, 3.0% for 2017-18. The additional fiscal space will go towards funding infrastructure investment.

24. I am moving amendments accordingly, in the Finance Bill, to the FRBM Act.

25. Madam Speaker, I want to round up the discussion on the fiscal road map on an optimistic note. While there is a compositional shift, the aggregate envelope for job creation, poverty elimination and building infrastructure is not disturbed; in fact it goes up this year, and every subsequent year, in the same proportion as the tax revenues of the Union, and the State Governments increase. From this national perspective of public finances, not only is the path to fiscal consolidation on track, aggregate annual capital expenditure of the Governments, as a whole, can be expected to rise significantly, by more than 0.5% of GDP.

26. Madam Speaker, it may be noted that the budget reflects considerable scaling up of disinvestment figures. This will include both disinvestment in loss making units, and some strategic disinvestment.

Good Governance

27. Madam, Speaker, this Government is committed in its resolve, as Indians, to regain our pre-eminence as a just and compassionate country. Well-intentioned

schemes introduced in the past, have often been ill-targeted, riddled with leakages and delivered with inefficiency. The same is true of subsidies. Subsidies are needed for the poor and those less well off. What we need is a well targeted system of subsidy delivery. We need to cut subsidy leakages, not subsidies themselves. We are committed to the process of rationalizing subsidies based on this approach.

28. We have embarked on that path. The direct transfer of benefits, started mostly in scholarship schemes, will be further expanded with a view to increasing the number of beneficiaries from the present 1 crore to 10.3 crore. Similarly, ₹6,335 crore have so far been transferred directly, as LPG subsidy to 11.5 crore LPG consumers. I am sure, persons who are better-off, such as those in the top tax bracket, and those genuinely concerned for the welfare of the poor, such as members of this House, will give up their LPG subsidy voluntarily.

Agriculture

29. Our commitment to farmers runs deep. We have already taken major steps to address the two major factors critical to agricultural production: soil and water. An ambitious Soil Health Card Scheme has been launched to improve soil fertility on a sustainable basis. In order to improve soil health, I also propose to support Agriculture Ministry's organic farming scheme – "Paramparagat Krishi Vikas Yojana". The Pradhanmantri Gram Sinchai Yojana is aimed at irrigating the field of every farmer and improving water use efficiency to provide 'Per Drop More Crop'. I am allocating ₹5,300 crore to support micro-irrigation, watershed development and the Pradhan Mantri Krishi Sinchai Yojana. I urge the States to chip in substantially in this vital sector.

30. To support the agriculture sector with the help of effective and hassle-free agriculture credit, with a special focus on small and marginal farmers, I propose to allocate ₹25,000 crore in 2015-16 to the corpus of Rural Infrastructure Development Fund (RIDF) set up in NABARD; ₹15,000 crore for Long Term Rural Credit Fund; ₹45,000 crore for Short Term Cooperative Rural Credit Refinance Fund; and ₹15,000 crore for Short Term RRB Refinance Fund.

31. Farm credit underpins the efforts of our hard-working farmers. I have, therefore, set up an ambitious target of ₹8.5 lakh crore of credit during the year 2015-16 which, I am sure, the banks will surpass.

32. Our government is committed to supporting employment through MGNREGA. We will ensure that no one who is poor is left without employment. We will focus on improving the quality and effectiveness of activities under MGNREGA. I have made an initial allocation of ₹34,699 crore for the programme.

33. While the farmer is no longer in the clutches of the local trader, his produce still does not command the best national price. To increase the incomes of farmers, it is imperative that we create a National agricultural market, which will have the incidental benefit of moderating price rises. I intend this year to work with the States, in NITI, for the creation of a Unified National Agriculture Market.

Funding the Unfunded

34. Madam Speaker, our government firmly believes that development has to generate inclusive growth. While large corporate and business entities have a role to play, this has to be complemented by informal sector enterprises which generate maximum employment. There are some 5.77 crore small business units, mostly individual proprietorship, which run small manufacturing, trading or service businesses. 62% of these are owned by SC/ST/OBC. These bottom-of-the-pyramid, hard-working entrepreneurs find it difficult, if not impossible, to access formal systems of credit. I, therefore, propose to create a Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of ₹20,000 crore, and credit guarantee corpus of ₹3,000 crore. MUDRA Bank will refinance Micro-Finance Institutions through a Pradhan Mantri Mudra Yojana. In lending, priority will be given to SC/ST enterprises. These measures will greatly increase the confidence of young, educated or skilled workers who would now be able to aspire to become first generation entrepreneurs; existing small businesses, too, will be able to expand their activities. Just as we are banking the un-banked, we are also funding the un-funded.

35. A significant part of the working capital requirement of a MSME arises due to long receivables realization cycles. We are in the process of establishing an electronic Trade Receivables Discounting System (TReDS) financing of trade receivables of MSMEs, from corporate and other buyers, through multiple financiers. This should improve the liquidity in the MSME sector significantly.

36. Bankruptcy law reform, that brings about legal certainty and speed, has been identified as a key priority for improving the ease of doing business. SICA (Sick Industrial Companies Act) and BIFR (Bureau for Industrial and Financial Reconstruction) have failed in achieving these objectives. We will bring a comprehensive Bankruptcy Code in fiscal 2015-16, that will meet global standards and provide necessary judicial capacity.

37. The Government is committed to increasing access of the people to the formal financial system. In this context, Government proposes to utilize the vast Postal network with nearly 1,54,000 points of presence spread across the villages of the country. I hope that the Postal Department will make its proposed Payments Bank venture successful so that it contributes further to the Pradhan Mantri Jan Dhan Yojana.

38. To bring parity in regulation of Non-Banking Financial Companies (NBFCs) with other financial institutions in matters relating to recovery, it is proposed that NBFCs registered with RBI and having asset size of ₹500 crore and above will be considered for notifications as 'Financial Institution' in terms of the SARFAESI Act, 2002.

From Jan Dhan to Jan Suraksha

39. A large proportion of India's population is without insurance of any kind - health, accidental or life. Worryingly, as our young population ages, it is also going to be pension-less. Encouraged by the success of the Pradhan Mantri Jan Dhan Yojana, I propose to work towards creating a universal social security system for all Indians, specially the poor and the under-privileged.

40. The soon-to-be-launched Pradhan Mantri Suraksha Bima Yojna will cover accidental death risk of ₹2 lakh for a premium of just ₹12 per year. Similarly, we will also launch the Atal Pension Yojana, which will provide a defined pension, depending on the contribution, and its period. To encourage people to join this scheme, the Government will contribute 50% of the beneficiaries' premium limited to ₹1,000 each year, for five years, in the new accounts opened before 31st December, 2015.

41. The third Social Security Scheme that I wish to announce is the Pradhan Mantri Jeevan Jyoti Bima Yojana which covers both natural and accidental death risk of ₹2 lakhs. The premium will be ₹330 per year, or less than one rupee per day, for the age group 18-50.

42. There are unclaimed deposits of about ₹3,000 crore in the PPF, and approximately ₹6,000 crore in the EPF corpus. I have proposed the creation of a Senior Citizen Welfare Fund, in the Finance Bill, for appropriation of these amounts to a corpus which will be used to subsidize the premiums of vulnerable groups such as old age pensioners, BPL card-holders, small and marginal farmers and others. A detailed scheme would be issued in March.

43. Madam Speaker, special regard needs to be paid to the population of senior citizens in the country which is now approximately 10.5 crore, out of which over one crore are above the age of 80 years. 70% live in rural areas and a large number are in the BPL category. A sizeable percentage of them also suffer from age related disabilities. Ours is a society that venerates its elders. I, therefore, propose that a new scheme for providing Physical Aids and Assisted Living Devices for senior citizens, living below the poverty line.

44. In sum, these social security schemes reflect our commitment to utilize the Jan Dhan platform, to ensure that no Indian citizen will have to worry about illness, accidents, or penury in old age. Being sensitive to the needs of the poor, under-privileged and the disadvantaged, my Government also remains committed

to the ongoing welfare schemes for the SCs, STs and Women. Despite serious constraints on Union finances, allocations made this year are as follows:

SC	₹ 30,851 crore
ST	₹ 19,980 crore
Women	₹ 79,258 crore

45. An integrated education and livelihood scheme called ‘Nai Manzil’ will be launched this year to enable Minority Youth who do not have a formal school-leaving certificate to obtain one and find better employment. Further, to showcase civilization and culture of the Parsis, the Government will support, in 2015-16, an exhibition, ‘The Everlasting Flame’. The allocation for the Ministry of Minority Affairs is being protected. The BE for the year 2015-16 is ₹3,738 crore.

Infrastructure

46. Madam, it is no secret that the major slippage in the last decade has been on the infrastructure front. Our infrastructure does not match our growth ambitions. There is a pressing need to increase public investment. I have, therefore, increased outlays on both the roads and the gross budgetary support to the railways, by ₹14,031 crore, and ₹10,050 crore respectively. The CAPEX of the public sector units is expected to be ₹ 3,17,889 crore, an increase of approximately ₹80,844 crore over RE 2014-15. In fact, all told, investment in infrastructure will go up by ₹70,000 crore in the year 2015-16, over the year 2014-15 from the Centre’s Funds and resources of CPSEs.

47. Secondly, I intend to establish a National Investment and Infrastructure Fund (NIIF), and find monies to ensure an annual flow of ₹ 20,000 crore to it. This will enable the Trust to raise debt, and in turn, invest as equity, in infrastructure finance companies such as the IRFC and NHB. The infrastructure finance companies can then leverage this extra equity, many fold. Thirdly, I also intend to permit tax free infrastructure bonds for the projects in the rail, road and irrigation sectors. Fourth, the PPP mode of infrastructure development has to be revisited, and revitalised. The major issue involved is rebalancing of risk. In infrastructure projects, the sovereign will have to bear a major part of the risk without, of course, absorbing it entirely.

48. Fifth, I also intend to establish, in NITI, the Atal Innovation Mission (AIM). AIM will be an Innovation Promotion Platform involving academics, entrepreneurs, and researchers and draw upon national and international experiences to foster a culture of innovation, R&D and scientific research in India. The platform will also promote a network of world-class innovation hubs and Grand Challenges for India. Initially, a sum of ₹150 crore will be earmarked for this purpose.

49. India has a well regarded and world-class IT industry with revenues of about US\$ 150 billion, over US\$ 100 billion of exports, employing nearly 40 lakh people directly. We are now seeing a growing interest in start-ups. Experimenting in cutting edge technologies, creating value out of ideas and initiatives and converting them into scalable enterprises and businesses is at the core of our strategy for engaging our youth and for inclusive and sustainable growth of the country. Concerns such as a more liberal system of raising global capital, incubation facilities in our Centres of Excellence, funding for seed capital and growth, and ease of Doing Business etc. need to be addressed to create lakh of jobs and hundreds of billion dollars in value.

50. With this objective, Government is establishing a mechanism to be known as SETU (Self-Employment and Talent Utilisation). SETU will be a Techno-Financial, Incubation and Facilitation Programme to support all aspects of start-up businesses, and other self-employment activities, particularly in technology-driven areas. I am setting aside ₹ 1,000 crore initially in NITI Aayog for this purpose.

51. As the success of so-called minor ports has shown, ports can be an attractive investment possibility for the private sector. Ports in the public sector need to both attract such investment as well as leverage the huge land resources lying unused with them. To enable us to do so, ports in public sector will be encouraged, to corporatize, and become companies under the Companies Act.

52. Madam Speaker, investors spend a large amount of time and resources on getting the multiple permissions required. We aim towards ease of doing in India. I have myself launched the e-Biz Portal which integrates 14 regulatory permissions at one source. Good States are embracing and joining this platform. However, if we really want to create jobs, we have to make India an investment destination which permits the start of a business in accordance with publicly stated guidelines and criteria.

53. I intend to appoint an Expert Committee for this purpose to examine the possibility and prepare a draft legislation where the need for multiple prior permissions can be replaced with a pre-existing regulatory mechanism.

54. The Government also proposes to set up 5 new Ultra Mega Power Projects, each of 4000 MWs in the plug-and-play mode. All clearances and linkages will be in place before the project is awarded by a transparent auction system. This should unlock investments to the extent of ₹ 1 lakh crore. The Government would also consider similar plug-and-play projects in other infrastructure projects such as roads, ports, rail lines, airports etc. I am happy to announce that the second unit of Kudankulam Nuclear Power Station will be commissioned in 2015-16.

55. Madam Speaker, I hope to garner some additional resources during the year from tax buoyancy. If I am successful, then over and above the budgetary allocation, I will endeavour to enhance allocations to MGNREGA by ₹5,000 crore; Integrated Child Development Scheme (ICDS) by ₹1,500 crore; Integrated Child Protection Scheme (ICPS) by ₹500 crore; and the Pradhan Mantri Krishi Sinchay Yojana by ₹3,000 crore; and the initial inflow of ₹5,000 crore into the NIIF.

Financial Markets

56. One vital factor in promoting investment in India, including in the infrastructure sector, is the deepening of the Indian Bond market, which we have to bring at the same level as our world class equity market. I intend to begin this process this year by setting up a Public Debt Management Agency (PDMA) which will bring both India's external borrowings and domestic debt under one roof.

57. I also propose to merge the Forwards Markets Commission with SEBI to strengthen regulation of commodity forward markets and reduce wild speculation. Enabling legislation, amending the Government Securities Act and the RBI Act is proposed in the Finance Bill, 2015.

58. Capital Account Controls is a policy, rather than a regulatory, matter. I, therefore, propose to amend, through the Finance Bill, Section-6 of FEMA to clearly provide that control on capital flows as equity will be exercised by the Government, in consultation with the RBI.

59. A properly functioning capital market also requires proper consumer protection. I, therefore, also propose to create a Task Force to establish a sector-neutral Financial Redressal Agency that will address grievances against all financial service providers. I am also glad to inform the House that work assigned to the Task Forces on the Financial Data Management Centre, the Financial Sector Appellate Tribunal, the Resolution Corporation, and the Public Debt Management Agency are progressing satisfactorily. We have also received a large number of suggestions regarding the Indian Financial Code (IFC), which are currently being reviewed by the Justice Srikrishna Committee. I hope, sooner rather than later, to introduce the IFC in Parliament for consideration.

60. Madam, Speaker, this is just the beginning. I have a vision of putting in place a direct tax regime which is internationally competitive on rates, is without exemptions, incentivises savings, and does not realize tax from intermediaries. Such a direct tax regime would match the modernized indirect taxes regime we are putting in place by way of GST, and will bring both greater transparency and greater investments.

61. Madam Speaker the situation with regard to the dormant Employees Provident Fund (EPF) accounts and the claim ratios of ESIs is too well known to be repeated here. It has been remarked that both EPF and ESI have hostages, rather than clients. Further, the low paid worker suffers deductions greater than the better paid workers, in percentage terms.

62. With respect to the Employees Provident Fund (EPF), the employee needs to be provided two options. Firstly, the employee may opt for EPF or the New Pension Scheme (NPS). Secondly, for employees below a certain threshold of monthly income, contribution to EPF should be optional, without affecting or reducing the employer's contribution. With respect to ESI, the employee should have the option of choosing either ESI or a Health Insurance product, recognized by the Insurance Regulatory Development Authority (IRDA). We intend to bring amending legislation in this regard, after stakeholder consultation.

Monetising Gold

63. India is one of the largest consumers of gold in the world and imports as much as 800-1000 tonnes of gold each year. Though stocks of gold in India are estimated to be over 20,000 tonnes, mostly this gold is neither traded, nor monetized. I propose to:

- (i) Introduce a Gold Monetisation Scheme, which will replace both the present Gold Deposit and Gold metal Loan Schemes. The new scheme will allow the depositors of gold to earn interest in their metal accounts and the jewelers to obtain loans in their metal account. Banks/other dealers would also be able to monetize this gold.
- (ii) Also develop an alternate financial asset, a Sovereign Gold Bond, as an alternative to purchasing metal gold. The Bonds will carry a fixed rate of interest, and also be redeemable in cash in terms of the face value of the gold, at the time of redemption by the holder of the Bond.
- (iii) Commence work on developing an Indian Gold Coin, which will carry the Ashok Chakra on its face. Such an Indian Gold Coin would help reduce the demand for coins minted outside India and also help to recycle the gold available in the country.

64. One way to curb the flow of black money is to discourage transactions in cash. Now that a majority of Indians has or can have, a RUPAY debit card. I, therefore, proposes to introduce soon several measures that will incentivize credit or debit card transactions, and disincentivise cash transactions.

Investment

65. Alternate Investment Funds Regulations have been notified by SEBI. Such alternate investment funds provide another vehicle for facilitating domestic investments. Keeping in view the need to increase investments from all sources, I propose to also allow foreign investments in Alternate Investment Funds.

66. To further simplify the procedures for Indian Companies to attract foreign investments, I propose to do away with the distinction between different types of foreign investments, especially between foreign portfolio investments and foreign direct investments, and replace them with composite caps. The sectors which are already on a 100% automatic route would not be affected.

67. The ‘Act East’ policy of the Government of India endeavours to cultivate extensive economic and strategic relations in South-East Asia. In order to catalyze investments from the Indian private sector in this region, a Project Development Company will, through separate Special Purpose Vehicles (SPVs), set up manufacturing hubs in CMLV countries, namely, Cambodia, Myanmar, Laos and Vietnam.

Safe India

68. My Government is committed to safety and security of women. In order to support programmes for women security, advocacy and awareness, I have decided to provide another ₹ 1,000 crore to the Nirbhaya Fund.

Tourism

69. While India has 25 (twenty five) Cultural World Heritage Sites. These facilities are still deficient and require restoration, including landscape restoration; signage and interpretation centres; parking; access for the differently abled; visitors' amenities, including securities and toilets; illumination and plans for benefiting communities around them. I propose to provide resources to start work along these lines for the following Heritage Sites:

- (i) Churches & Convents of Old Goa
- (ii) Hampi, Karnataka
- (iii) Elephanta Caves, Mumbai
- (iv) Kumbalgarh and other Hill Forts of Rajasthan
- (v) Rani ki Vav, Patan, Gujarat
- (vi) Leh Palace, Ladakh, J&K
- (vii) Varanasi Temple town, UP
- (viii) Jalianwala bagh, Amritsar, Punjab
- (ix) Qutub Shahi Tombs, Hyderabad, Telengana

70. After the success of VISA on arrival issued to travelers of 43 countries, I propose to increase the countries covered to 150, in stages.

Green India

71. Madam, as environmental degradation hurts the poor more than others, we are committed to make our development process as green as possible. Our de facto ‘Carbon Tax’ on most petroleum products compares favourably with international norms. With regard to coal, there is a need to find a balance between taxing pollution, and the price of power. However, beginning this year, I intend to start on that journey too. My Government is also launching a Scheme for Faster Adoption and manufacturing of Electric Vehicles (FAME). I am proposing an initial outlay of ₹75 crore for this Scheme in 2015-16. The Ministry of New Renewable Energy has revised its target of renewable energy capacity to 1,75,000 MW till 2022, comprising 100,000 MW Solar, 60,000 MW Wind, 10,000 MW Biomass and 5000 MW Small Hydro.

72. Madam, Speaker, we are putting the scam, scandal and corruption Raj behind us. Malfeasance in public procurement can perhaps be contained by having a procurement law and an institutional structure consistent with the UNCITRAL model. I believe, Parliament needs to take a view soon on whether we need a procurement law, and if so, what shape it should take.

73. On the other hand, disputes arising in public contracts take long to resolve, and the process is very costly too. My Government proposes to introduce a Public Contracts (Resolution of Disputes) Bill to streamline the institutional arrangements for resolution of such disputes.

74. There is also a need, I feel, to tackle the lack of common approach and philosophy in the regulatory arrangements prevailing even within the different sectors of infrastructure. Our Government, therefore, also proposes to introduce a regulatory reform law that will bring about a cogency of approach across various sectors of infrastructure.

Skill India

75. India is one of the youngest nations in the world with more than 54% of the total population below 25 years of age. Our young people have to be both educated and employable for the jobs of the 21st Century. The Prime Minister has explained how Skill India needs to be closely coordinated with Make in India. Yet today less than 5% of our potential workforce gets formal skill training to be employable and stay employable.

76. We will soon be launching a National Skills Mission through the Skill Development and Entrepreneurship Ministry. The Mission will consolidate skill initiatives spread across several Ministries and allow us to standardize procedures and outcomes across our 31 Sector Skill Councils.

77. With rural population still forming close to 70% of India's population, enhancing the employability of rural youth is the key to unlocking India's demographic dividend. With this in mind, we had launched the Deen Dayal Upadhyay Gramin Kaushal Yojana. ₹ 1,500 crore has been set apart for this scheme. Disbursement will be through a digital voucher directly into qualified student's bank account.

78. This is the year when we will be entering the 100th birth anniversary of Shri Deen Dayalji Upadhyay. The intention of the Government is to celebrate the anniversary of this great nationalist, in a befitting manner. A 100th Birthday Celebration Committee will be announced soon, and adequate resources provided for the celebration.

79. With a view to enable all poor and middle class students to pursue higher education of their choice without any constraint of funds, I propose to set up a fully IT based Student Financial Aid Authority to administer and monitor Scholarship as well Educational Loan Schemes, through the Pradhan Mantri Vidya Lakshmi Karyakram. We will ensure that no student misses out on higher education for lack of funds.

80. Hon'ble Members will remember that in the Budget Speech of July, I had indicated my intention to provide one major Central Institute in each State. In the fiscal year 2015-16, I propose to set up All India Institutes of Medical Sciences in J&K, Punjab, Tamil Nadu, Himachal Pradesh and Assam. Keeping in view the need to augment Medical Sciences in Bihar, I propose to set up another AIIMS like institution in these States. I propose to set up an IIT in Karnataka, and upgrade Indian School of Mines, Dhanbad into a full-fledged IIT. I also propose to set up a Post Graduate Institute of Horticulture Research and Education in Amritsar. IIMs will be setup in J&K and Andhra Pradesh. In Kerala, I propose to upgrade the existing National Institute of Speech and Hearing to a University of Disability Studies and Rehabilitation. I also propose three new National Institutes of Pharmaceutical Education and Research: in Maharashtra, Rajasthan, and Chattisgarh; and an Institutes of Science and Education Research in Nagaland and Odisha. I also propose to set up a Centre for Film Production, Animation and Gaming in Arunachal Pradesh, for the North-Eastern States; and Apprenticeship Training Institute for Women in Haryana and Uttrakhand.

81. In order to improve the Governance of Public Sector banks, the Government intends to set up an autonomous bank Board Bureau. The Bureau will search and select heads of Public Sector banks and help them in developing differentiated strategies and capital raising plans through innovative financial methods and instruments. This would be an interim step towards establishing a holding and investment Company for Banks.

Digital India

82. Madam, Speaker, I would like to inform the House we are making good progress towards making Digital India. The National Optical Fibre Network Programme (NOFNP) of 7.5 lakh kms. networking 2.5 lakh villages is being further speeded up by allowing willing States to undertake its execution, on reimbursement of cost as determined by Department of Telecommunications. Andhra Pradesh is the first State to have opted for this manner of implementation.

83. As Members are aware, in making their recommendations, the Finance Commission has not distinguished between special category and other states. Moreover, both Bihar and West Bengal are going to be amongst the biggest beneficiaries of the recommendations of the Finance Commission. Yet, the Eastern States have to be given an opportunity to grow even faster. I, therefore, propose to give similar special assistance to Bihar and West Bengal as has been provided by the Government of India in the case of Government of Andhra Pradesh. As regards Andhra Pradesh and Telengana, the Government is committed to comply with all the legal commitments made to these States at the time of reorganization.

84. In spite of the large increase in devolution to states, which implies reduced fiscal space for the Centre in the same proportion we are committed to the welfare of the poor and the neo-middle class. Keeping this in mind, adequate provision is being made for the schemes for the poor and the dis-advantaged. Illustratively, I have allocated ₹ 68,968 crore to the education sector including mid-day meals, ₹ 33,152 crore to the health sector and ₹ 79,526 crore for rural development activities including MGNREGA, ₹ 22,407 crore for housing and urban development, ₹ 10,351 crore for women and child development, ₹ 4,173 crore for Water Resources and Namami Gange. The significant sums that will be spent by the States on these programmes will ensure a quantum leap in expenditures in these areas. I urge states to utilize their enhanced resources effectively in these areas.

85. Madam, Speaker, I am delighted to report good progress for DMIC corridors: the Ahmedabad-Dhaura Investment Region in Gujarat, and the Shendra-Bidkin Industrial Park near Aurangabad, in Maharashtra, are now in a position to start work on basic infrastructure. In the current year, I have earmarked an initial sum of ₹ 1,200 crore. However, as the pace of expenditure picks up, I will provide them additional funds.

86. Defence of every square inch of our mother land comes before anything else. So far, we have been over dependent on imports, with its attendant unwelcome spin-offs. Our Government has already permitted FDI in defence so that the Indian-controlled entities also become manufacturers of defence equipments, not only for us, but for export. We are thus pursuing the Make in India policy to achieve greater self-sufficiency in the area of defence equipment,

including aircraft. Members of this august House would have noted that we have been both transparent and quick in making defence equipment related purchase decisions, thus keeping our defence forces ready for any eventuality. This year too, I have provided adequately for the needs of the armed forces. As against likely expenditure of this year of ₹ 2,22,370 crore the budget allocation for 2015-16 is ₹ 2,46,727 crore.

87. While India produces some of the finest financial minds, including in international finance, they have few avenues in India to fully exhibit and exploit their strength to the country's advantage. GIFT in Gujarat was envisaged as International Finance Centre that would actually become as good an International Finance Centre as Singapore or Dubai, which, incidentally, are largely manned by Indians. The proposal has languished for years. I am glad to announce that the first phase of GIFT will soon become a reality. Appropriate regulations will be issued in March.

88. For the quick resolution of commercial disputes, the Government proposes to set up exclusive commercial divisions in various courts in India based on the recommendations of the 253rd Report of the Law Commission. The Government proposes to introduce a Bill in the parliament after consulting stakeholders in this regard.

89. Madam Speaker, the Government will, during this session, also place before the Parliament the required Bills, to convert Ordinances issued by the Government into Acts of Parliament.

BUDGET ESTIMATES

90. I now turn to the Budget Estimates for Budget 2015-16.

91. Non-Plan expenditure estimates for the Financial Year are estimated at ₹ 13,12,200 crore. Plan expenditure is estimated to be ₹ 4,65,277 crore, which is very near to the R.E. of 2014-15. Total Expenditure has accordingly been estimated at ₹ 17,77,477 crore. The requirements for expenditure on Defence, Internal Security and other necessary expenditures are adequately provided.

92. Gross Tax receipts are estimated to be ₹ 14,49,490 crore. Devolution to the States is estimated to be ₹ 5,23,958 crore. Share of Central Government will be ₹ 9,19,842 crore. Non Tax Revenues for the next fiscal are estimated to be ₹ 2,21,733 crore.

93. With the above estimates, fiscal deficit will be 3.9 per cent of GDP and Revenue Deficit will be 2.8 per cent of GDP.

PART B

Madam Speaker,

94. I now turn to my tax proposals.

95. Taxation is an instrument of social and economic engineering. Tax collections help the Government to provide education, healthcare, housing and other basic facilities to the people to improve their quality of life and to address the problems of poverty, unemployment and slow development. To achieve these objectives, it has been our endeavour in the last nine months to foster a stable taxation policy and non-adversarial tax administration. A very important dimension to our tax administration is the fight against the scourge of black money. A number of measures have already been taken in this direction. I propose to do much more.

96. We need to revive growth and investment to ensure that more jobs are created for our youth and benefits of development reach millions of our poor. We need an enabling tax policy for this. I have already introduced the Bill to amend the Constitution of India for Goods and Services Tax (GST) in the last Session of this august House. GST is expected to play a transformative role in the way our economy functions. It will add buoyancy to our economy by developing a common Indian market and reducing the cascading effect on the cost of goods and services. We are moving in various fronts to implement GST from the next year.

97. We need to match this transformative piece of legislation in indirect taxation with transformative measures in direct taxation. The basic rate of Corporate Tax in India at 30% is higher than the rates prevalent in the other major Asian economies, making our domestic industry uncompetitive. Moreover, the effective collection of Corporate Tax is about 23%. We lose out on both counts, i.e. we are considered as having a high Corporate Tax regime but we do not get that tax due to excessive exemptions. A regime of exemptions has led to pressure groups, litigation and loss of revenue. It also gives room for avoidable discretion. I, therefore, propose to reduce the rate of Corporate Tax from 30% to 25% over the next 4 years. This will lead to higher level of investment, higher growth and more jobs. This process of reduction has to be necessarily accompanied by rationalisation and removal of various kinds of tax exemptions and incentives for corporate taxpayers, which incidentally account for a large number of tax disputes.

98. I wanted to start the phased reduction of corporate tax rate and phased elimination of exemptions right away; but I thought it would be appropriate to give advance notice that these changes will start from the next financial year.

Our stated policy is to avoid sudden surprises and instability in tax policy. Exemptions to individual taxpayers will, however, continue since they facilitate savings which get transferred to investment and economic growth.

99. While finalising my tax proposals, I have adopted certain broad themes, which include:

- A. Measures to curb black money;
- B. Job creation through revival of growth and investment and promotion of domestic manufacturing and ‘Make in India’;
- C. Minimum government and maximum governance to improve the ease of doing business;
- D. Benefits to middle class taxpayers;
- E. Improving the quality of life and public health through Swachch Bharat initiatives; and
- F. Stand alone proposals to maximise benefits to the economy.

100. Madam Speaker, the first and foremost pillar of my tax proposals is to effectively deal with the problem of black money which eats into the vitals of our economy and society. The problems of poverty and inequity cannot be eliminated unless generation of black money and its concealment is dealt with effectively and forcefully.

101. In the last 9 months several measures have been initiated in this direction. A major breakthrough was achieved in October, 2014 when a delegation from the Revenue Department visited Switzerland and the Swiss authorities agreed to (a) provide information in respect of cases independently investigated by the Income-tax Department; (b) confirm genuineness of bank accounts and provide non-banking information; (c) provide such information in a time bound manner; and (d) commence talks with India for Automatic Exchange of Information between the two countries at the earliest. Investigation into cases of undisclosed foreign assets has been accorded the highest priority, resulting in detection of substantial amounts of unreported income. For strengthening collection of information from various sources domestically, a new structure is being put in place which includes electronic filing of statements by reporting entities. This will ensure seamless integration of data and more effective enforcement.

102. Tracking down and bringing back the wealth which legitimately belongs to the country is our abiding commitment to the country. Recognising the limitations under the existing legislation, we have taken a considered decision to enact a comprehensive new law on black money to specifically deal with such money stashed away abroad. To this end, I propose to introduce a Bill in the current Session of the Parliament.

103. With your permission, Madam Speaker, I would like to highlight some of the key features of the proposed new law on black money.

- (1) Concealment of income and assets and evasion of tax in relation to foreign assets will be prosecutable with punishment of rigorous imprisonment upto 10 years. Further,
 - this offence will be made non-compoundable;
 - the offenders will not be permitted to approach the Settlement Commission; and
 - penalty for such concealment of income and assets at the rate of 300% of tax shall be levied.
- (2) Non filing of return or filing of return with inadequate disclosure of foreign assets will be liable for prosecution with punishment of rigorous imprisonment up to 7 years.
- (3) Income in relation to any undisclosed foreign asset or undisclosed income from any foreign asset will be taxable at the maximum marginal rate. Exemptions or deductions which may otherwise be applicable in such cases, shall not be allowed.
- (4) Beneficial owner or beneficiary of foreign assets will be mandatorily required to file return, even if there is no taxable income.
- (5) Abettors of the above offences, whether individuals, entities, banks or financial institutions will be liable for prosecution and penalty.
- (6) Date of Opening of foreign account would be mandatorily required to be specified by the assessee in the return of income.
- (7) The offence of concealment of income or evasion of tax in relation to a foreign asset will be made a predicate offence under the Prevention of Money-laundering Act, 2002 (PMLA). This provision would enable the enforcement agencies to attach and confiscate unaccounted assets held abroad and launch prosecution against persons indulging in laundering of black money.
- (8) The definition of ‘proceeds of crime’ under PMLA is being amended to enable attachment and confiscation of equivalent asset in India where the asset located abroad cannot be forfeited.
- (9) The Foreign Exchange Management Act, 1999 (FEMA) is also being amended to the effect that if any foreign exchange, foreign security or any immovable property situated outside India is held in contravention of the provisions of this Act, then action may be taken

for seizure and eventual confiscation of assets of equivalent value situated in India. These contraventions are also being made liable for levy of penalty and prosecution with punishment of imprisonment up to five years.

104. As regards curbing domestic black money, a new and more comprehensive Benami Transactions (Prohibition) Bill will be introduced in the current session of the Parliament. This law will enable confiscation of benami property and provide for prosecution, thus blocking a major avenue for generation and holding of black money in the form of benami property, especially in real estate.

105. A few other measures are also proposed in the Budget for curbing black money within the country. The Finance Bill includes a proposal to amend the Income-tax Act to prohibit acceptance or payment of an advance of ₹20,000 or more in cash for purchase of immovable property. Quoting of PAN is being made mandatory for any purchase or sale exceeding the value of ₹1 lakh. The third party reporting entities would be required to furnish information about foreign currency sales and cross border transactions. Provision is also being made to tackle splitting of reportable transactions. To improve enforcement, CBDT and CBEC will leverage technology and have access to information in each other's database.

106. Madam Speaker, the second pillar of my taxation proposals this year is job creation through revival of growth and investment and promotion of domestic manufacturing and 'Make in India'. I propose to undertake a series of steps in this direction to attract capital, both domestic and foreign. Tax 'pass through' is proposed to be allowed to both Category-I and Category-II Alternative Investment Funds, so that tax is levied on the investors in these Funds and not on the Funds per se. This will step up the ability of these Funds to mobilise higher resources and make higher investments in small and medium enterprises, infrastructure and social projects and provide the much required private equity to new ventures and start-ups.

107. A step was taken in the last Budget to encourage Real Estate Investment Trusts (REITs) and Infrastructure Investments Trusts (InvITs) by providing partial pass through to them. These collective investment vehicles have an important role to revive construction activity. A large quantum of funds is locked up in various completed projects which need to be released to facilitate new infrastructure projects to take off. I therefore propose to rationalise the capital gains regime for the sponsors exiting at the time of listing of the units of REITs and InvITs, subject to payment of Securities Transaction Tax (STT). The rental income of REITs from their own assets will have pass through facility.

108. The present taxation structure has an inbuilt incentive for fund managers to operate from offshore locations. To encourage such offshore fund managers to relocate to India, I propose to modify the Permanent Establishment (PE) norms to the effect that mere presence of a fund manager in India would not constitute PE of the offshore funds resulting in adverse tax consequences.

109. Implementation of the General Anti Avoidance Rule (GAAR) has been a matter of public debate. The investment sentiment in the country has now turned positive and we need to accelerate this momentum. There are also certain contentious issues relating to GAAR which need to be resolved. It has therefore been decided to defer the applicability of GAAR by two years. Further, it has also been decided that when implemented, GAAR would apply prospectively to investments made on or after 01.04.2017.

110. Today I see a lot of young entrepreneurs running business ventures or wanting to start new ones. They need latest technology. Therefore, to facilitate technology inflow to small businesses at low costs, I propose to reduce the rate of income tax on royalty and fees for technical services from 25% to 10%.

111. To generate greater employment opportunities, it is proposed to extend the benefit of deduction for employment of new regular workmen to all business entities. The eligibility threshold of minimum 100 regular workmen is being reduced to fifty.

112. The role of indirect taxes is also very important in the context of promotion of domestic manufacturing and Make in India. In indirect taxes, therefore, I propose to reduce the rates of basic customs duty on certain inputs, raw materials, intermediates and components (in all 22 items) so as to minimise the impact of duty inversion and reduce the manufacturing cost in several sectors. Some other changes address the problem of CENVAT credit accumulation due to the levy of SAD. I propose to fully exempt all goods, except populated printed circuit boards for use in manufacture of ITA bound items from SAD and reduce the SAD on imports of certain other inputs and raw materials subject to actual user condition. These changes are detailed in the Annexure to the Budget Speech.

113. My next proposal is regarding minimum government and maximum governance with focus on ease of doing business and simplification of Tax Procedures without compromising on tax revenues. The total wealth tax collection in the country was ₹1,008 crore in 2013-14. Should a tax which leads to high cost of collection and a low yield be continued or should it be replaced with a low cost and higher yield tax? The rich and wealthy must pay more tax than the less affluent ones. I have therefore decided to abolish the wealth tax and replace it with an additional surcharge of 2% on the super-rich with a taxable income of over ₹1 crore. This will lead to tax simplification and enable the Department to

focus more on ensuring tax compliance and widening the tax base. As against a tax sacrifice of ₹1,008 crore, through these measures the Department would be collecting about ₹9,000 crore from the 2% additional surcharge. Further, to track the wealth held by individuals and entities, the information regarding the assets which are currently required to be furnished in wealth-tax return will be captured in the income tax returns. This will ensure that the abolition of wealth tax does not lead to escape of any income from the tax net.

114. The provision relating to indirect transfers in the Income-tax Act which is a legacy from the previous government contains several ambiguities. This provision is being suitably cleaned up. Further, concerns regarding applicability of indirect transfer provisions to dividends paid by foreign companies to their shareholders will be addressed by the Central Board of Direct Taxes through a clarificatory circular. These changes would eliminate the scope for discretionary exercise of power and provide a hassle free structure to the taxpayers. I reiterate what I had said in the last Budget that ordinarily retrospective tax provisions adversely impact the stability and predictability of the taxation regime and resort to such provisions shall be avoided.

115. Further, to reduce the associated hassles to smaller taxpayers and the compliance costs in domestic transfer pricing, I propose to increase the threshold limit from ₹5 crore to ₹20 crore.

116. In order to rationalise the MAT provisions for FIIs, profits corresponding to their income from capital gains on transactions in securities which are liable to tax at a lower rate, shall not be subject to MAT.

117. The Tax Administration Reform Commission (TARC) has given a number of recommendations to improve the administration in the Tax Departments. These recommendations are in advanced stage of examination and will be appropriately implemented during the course of this year.

118. As part of the movement towards GST, I propose to subsume the Education Cess and the Secondary and Higher Education Cess in Central Excise duty. In effect, the general rate of Central Excise Duty of 12.36% including the cesses is being rounded off to 12.5%. I also propose to revise the specific rates of Central Excise duty in certain other commodities, as detailed in the Annexure. However, in the case of petrol and diesel such specific rates are being revised only to the extent of subsuming the quantum of education cess presently levied on them, keeping the total incidence of excise duties unchanged. The ad-valorem rates of excise duty lower than 12% and those higher than 12% with a few exceptions are not being increased. Some changes are also being made to excise levy on cigarettes and the compounded levy scheme applicable to pan masala, gutkha and certain other tobacco products.

119. To give a boost to domestic leather footwear industry, the excise duty on footwear with leather uppers and having retail price of more than ₹1000 per pair is being reduced to 6%.

120. To further facilitate the ease of doing business, online central excise and service tax registration will be done in two working days. The assessees under these taxes will be allowed to issue digitally signed invoices and maintain electronic records. These measures will cut down lot of paper work and red tape. Time limit for taking CENVAT credit on inputs and input services is being increased from six months to one year as a measure of business facilitation.

121. Introduction of GST is eagerly awaited by Trade and Industry. To facilitate a smooth transition to levy of tax on services by both the Centre and the States, it is proposed to increase the present rate of service tax plus education cesses from 12.36% to a consolidated rate of 14%.

122. Madam Speaker, cleanliness of households and clean environment are very important social causes. The fourth pillar of my taxation proposals this year therefore relates to initiatives for the Swachh Bharat Abhiyan. In my direct tax proposals, I have proposed 100% deduction for contributions, other than by way of CSR contributions, to the Swachh Bharat Kosh. A similar tax treatment is also proposed for the Clean Ganga Fund.

123. In indirect taxes, I propose to increase the Clean Energy Cess from ₹100 to ₹200 per metric tonne of coal, etc. to finance clean environment initiatives. Excise duty on sacks and bags of polymers of ethylene other than for industrial use is being increased from 12% to 15%. It is also proposed to have an enabling provision to levy Swachh Bharat Cess at a rate of 2% or less on all or certain services if need arises. This Cess will be effective from a date to be notified. Resources generated from this cess will be utilised for financing and promoting initiatives towards Swachh Bharat.

124. It is also proposed to exempt services by common affluent treatment plants from service tax. The concessions from customs and excise duties currently available on specified parts for manufacture of electrically operated vehicles and hybrid vehicles are being extended by one more year i.e. up to 31.3.2016.

125. Madam Speaker, the fifth pillar of my taxation proposals this year is extension of benefits to middle class tax payers. The proposals in this regard are as follows :

- Increase in the limit of deduction in respect of health insurance premium from ₹15,000 to ₹25,000.
 - For senior citizens the limit will stand increased to ₹30,000 from the existing ₹20,000.

- For very senior citizens of the age of 80 years or more, who are not covered by health insurance, deduction of ₹ 30,000 towards expenditure incurred on their treatment will be allowed.
- The deduction limit of ₹ 60,000 towards expenditure on account of specified diseases of serious nature is proposed to be enhanced to ₹80,000 in case of very senior citizens.
- Additional deduction of ₹ 25,000 will be allowed for differently abled persons under Section 80DD and Section 80U of the Income-tax Act.
- The limit on deduction on account of contribution to a Pension Fund and the New Pension Scheme is proposed to be increased from ₹1 lakh to ₹1.5 lakh.
- To provide social safety net and the facility of pension to individuals, an additional deduction of ₹ 50,000 is proposed to be provided for contribution to the New Pension Scheme under Section 80CCD. This will enable India to become a pensioned society instead of a pensionless society.
- Investments in Sukanya Samridhi Scheme is already eligible for deduction under Section 80C. All payments to the beneficiaries including interest payment on deposit will also be fully exempt.
- Transport allowance exemption is being increased from ₹800 to ₹1,600 per month.
- For the benefit of senior citizens, service tax exemption will be provided on Varishta Bima Yojana.

126. Madam Speaker, I am giving these concessions to individual taxpayers despite inadequate fiscal space. After taking into account the tax concession given to middle class tax payers in my last Budget and this Budget, today an individual tax payer will get tax benefit of ₹4,44,200 as detailed in the annexure. As and when my fiscal capacity improves, individual taxpayers will have a lot to look forward to.

127. Madam Speaker, there are several stand-alone proposals relating to taxation. These include conversion of existing excise duty on petrol and diesel to the extent of ₹4 per litre into Road Cess to fund investment in roads and other infrastructure. An additional sum of ₹ 40,000 crore will be made available through this measure for these sectors. In service tax, exemption is being extended to certain pre cold storage services in relation to fruits and vegetables so as to

incentivise value addition in this crucial sector. The Negative List under service tax is being slightly pruned and certain other exemptions are being withdrawn to widen the tax base.

128. Yoga is India's well acknowledged gift to the world. It is proposed to include yoga within the ambit of charitable purpose under Section 2(15) of the Income-tax Act. Further, to mitigate the problem being faced by many genuine charitable institutions, it is proposed to modify the ceiling on receipts from activities in the nature of trade, commerce or business to 20% of the total receipts from the existing ceiling of ₹25 lakh. A national database of non profit organisations is also being developed.

129. Enactment of a Direct Taxes Code (DTC) has been under discussion for quite some time. Most of the provisions of the DTC have already been included in the Income-tax Act. Among the very few aspects of DTC which were left out, we have addressed some of the issues in the present Budget. Further, the jurisprudence under the Income-tax Act is well evolved. Considering all these aspects, there is no great merit in going ahead with the Direct Tax Code as it exists today.

130. Madam Speaker, the details of direct and indirect tax proposals are given in the Annexure to the Budget speech and the other budget documents laid on the Table of the House. My direct tax proposals would result in revenue loss of ₹8,315 crore, whereas the proposals in indirect taxes are expected to yield ₹23,383 crore. Thus, the net impact of all tax proposals would be revenue gain of ₹15,068 crore.

CONCLUSION

131. To conclude, Madam Speaker, it is no secret that expectations of this Budget have been high. People who urge us to undertake Big Bang Reforms, also say that the Indian economy is a giant super tanker, or an elephant. An elephant, Madam Speaker, moves slowly but surely. Even our worst critics would admit that we have moved rapidly. In this speech, I think I have clearly outlined not only what we are going to do immediately, but also a roadmap for the future.

132. I think I can genuinely stake, for our Government, a claim of intellectual honesty. We have been consistent in what we have said, and what we are doing. We are committed, Madam Speaker, to achieving what we have been voted to power for: Change, growth, jobs and genuine, effective upliftment of the poor and the under-privileged. Our commitment to the 'Daridra Narayan' is steadfast, as is commitment to the Constitutional principles of Equality and Justice for All,

without concern for caste, creed or religion. This will be in the spirit of the Upanishad-inspired mantra:

*Om Sarve Bhavantu Sukhinah
 Sarve Santu Nir-Aamayaah
 Sarve Bhadraanni Pashyantu
 Maa Kashcid-Duhkha-Bhaag-Bhavet
 Om Shaantih Shaantih Shaantih
 (OM! May All Be Happy
 May All Be Free From Illness
 May All See What is Beneficial
 May No One Suffer)*

133. With these words, Madam Speaker, I commend the Budget to the House.

ANNEXURE

- **Allocation of Natural Resources:** Auction of coal, reform in the mining sector to see that resources are used for development of the country and its people;
- **Financial Inclusion:** through the Pradhan Mantri Jan Dhan Yojana-making every Indian a part of the financial system;
- **Health and hygiene of the common man:** Launched a successful campaign of Swachh Bharat to ensure cleanliness, leading to better productivity and well being of the poor;
- **Girl Child & their Education:** Started a drive for constructing toilets in the remaining elementary schools and also Launched the Beti Bachao-Beti padhao campaign;
- **Creation of Employment for the Youth:** Launched the ‘Make in India’ campaign and combined it with a detailed process and policy re-engineering to make India a Global Manufacturing Hub for creation of job opportunities for millions of youth;
- **Hassle Free Business Environment:** Created a non-adversarial tax regime, ending tax terrorism; Secured the political agreement on the goods and services tax (GST), that will allow legislative passage of the constitutional amendment bill;

- **Delivery of benefits to the poor made efficient:** Started direct transfer of cooking gas subsidy on a national scale by use of technology;
- **Attracting Investment to create Jobs:** Increased FDI caps in defence, Insurance and Railway Infrastructure; rationalised the conditions for FDI in construction and medical devices sectors;
- **Expanding the job market and ensuring welfare of the labour:** Facilitated Sates which work to improve its Labour Laws and brought systemic changes in the area through the umbrella programme of ‘Shrameva Jayate’;
- **Better agri-productivity; more income to farmers:** Launched the programme for Soil Health cards for better productivity in agriculture;
- **Energising the country:** Brought rapid growth in power sector inspite of uncertainty on the coal front and launched ambitious programmes for new and renewable energy;
- **Technology-from grass root to the Space:** Launched the Digital India programme to make India a knowledge & innovation based society with Broadband connectivity being taken to all villages, Success of Mars Orbiter Mission;
- **Skill India programme:** Created a separate Ministry for skill development which is about to launch a massive programme;
- **Efficiency & better work culture in Government:** Brought a culture of responsibility without fear, and with efficiency and transparency; created an environment of trusting the citizens-encouraging self-certification in a number of areas;
- **Red tape to Red carpet:** Ending the red tape, created the ‘Ease of Doing Business’ in India by reforming and rationalising a large number of procedures, rules and regulations;
- **North-eastern part of the country brought in the mainstream:** North East given special priority in the development process by two visits of PM and launch of important infrastructure projects;
- **Pride in the Nation and its culture:** Brought out India’s cultural and spiritual strength through UNO’s recognition for Yoga, Namami Gange, Ghat and heritage city development programmes.

ANNEXURE TO PART-B OF THE BUDGET SPEECH

The Finance Bill, 2015 proposes to make amendments in the Income-tax Act, 1961, Wealth-tax Act, 1957, Excise Tariff Act, Customs Act, Finance Act, 1994 and Finance (No.2) Act, 2004. A gist of the main amendments is given below:-

Direct Taxes

2. Rates of tax

- 2.1 It is proposed that there will be no change in the rate of personal income-tax and the rate of tax for companies in respect of income earned in the financial year 2015-16, assessable in the assessment year 2016-17.
- 2.2 It is further proposed to levy a surcharge @12% on individuals, HUFs, AOPs, BOIs, artificial juridical persons, firms, cooperative societies and local authorities having income exceeding ₹ 1 crore. Surcharge in the case of domestic companies having income exceeding ₹ 1 crore and upto ₹ 10 crore is proposed to be levied @ 7% and surcharge @ 12% is proposed to be levied on domestic companies having income exceeding ₹ 10 crore.
- 2.3 It is further proposed that in the case of foreign companies the surcharge will continue to be levied @2% if the income exceeds ₹ 1 crore and is upto ₹ 10 crore, and @5% if the income exceeds ₹ 10 crore.
- 2.4 It is also proposed to levy a surcharge @12% as against current rate of 10% on additional income-tax payable by companies on distribution of dividends and buyback of shares, or by mutual funds and securitisation trusts on distribution of income.
- 2.5 The education cess on income-tax @ 2% for fulfilment of the commitment of the Government to provide and finance universalised quality based education and 1% of additional surcharge called ‘Secondary and Higher Education Cess’ on tax and surcharge is proposed to be continued for the financial year 2015-16 for all taxpayers.

3. A. Measures to curb black money

- 3.1 With a view to curbing the generation of black money in real estate, it is proposed to amend the provisions of section 269SS and 269T of the Income-tax Act so as to prohibit acceptance or re-payment of advance in cash of ₹ 20,000 or more for any transaction in immovable property. It is also proposed to provide a penalty of an equal amount in case of contravention of such provisions.

- 3.2 Offence of making false declaration/documents in the transaction of any business relating to Customs (section 132 of the Customs Act) to be predicate offence under PMLA to curb trade based money laundering.
- 4. B. Job creation through revival of growth and investment and promotion of domestic ‘manufacturing’ and ‘Make in India’.**
- 4.1 Taking into account the representations received from various stakeholders and international developments in this regard, it is proposed to defer applicability of General Anti Avoidance Rule (GAAR) by 2 years. Accordingly, it is proposed to be applicable for income of the financial year 2017-18 (A.Y. 2018-19) and subsequent years. It is also proposed that the investments made upto 31.03.2017 shall not be subjected to GAAR.
- 4.2 With a view to streamline the taxation regime of Alternative Investment Funds (AIFs), it is proposed to provide pass through status to all the sub-categories of category-I and also to category-II AIFs governed by the regulations of Securities and Exchange Board of India (SEBI).
- 4.3 With a view to facilitate relocation of fund managers of offshore funds in India, it is proposed to modify the permanent establishment (PE) norms.
- 4.4 With a view to give effect to the provisions of section 94 of the Andhra Pradesh Reorganisation Act, 2014, it is proposed to provide an additional investment allowance (@15%) and additional depreciation (@15%) to new manufacturing units set-up during the period 01.04.2015 to 31.03.2020 in notified areas of Andhra Pradesh and Telangana.
- 4.5 In respect of Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (INVITs), it is proposed to provide that the sponsor will be given the same treatment on offloading of units at the time of listing as would have been available to him if he had offloaded his shareholding of special purpose vehicle (SPV) at the stage of direct listing. Further, the rental income arising from real estate assets directly held by the REIT is also proposed to be allowed to pass through and to be taxed in the hands of the unit holders of the REIT.
- 4.6 It is proposed to amend the provisions of section 194LD of the Income-tax Act so as to extend the period of applicability of reduced rate of tax at 5% in respect of income of foreign investors (FIIs and QFIIs) from corporate bonds and government securities, from 31.5.2015 to 30.06.2017.
- 4.7 With a view to obviate the problems faced by small companies and to facilitate the inflow of technology, it is proposed to amend the provisions of section 115A of the Income-tax Act so as to reduce the rate of tax on royalty and fees for technical services from 25% to 10%.

4.8 With a view to facilitating generation of employment, it is proposed to amend the provisions of section 80JJAA of the Income-tax Act so as to provide that tax benefit under the said section shall be available to a ‘person’ deriving profits from manufacture of goods in a factory and paying wages to new regular workmen. The eligibility threshold of minimum 100 workmen is proposed is to reduced to fifty.

4.9 Additional depreciation @ 20% is allowed on new plant and machinery installed by a manufacturing unit or a unit engaged in generation and distribution of power. However, if the asset is installed after 30th September of the previous year only 10% of the additional depreciation is allowed. It is proposed to allow the remaining 10% of the additional depreciation in the subsequent previous year.

5. C. Minimum government and maximum governance to improve the ease of doing business

5.1 Section 9 of the Income-tax Act was amended by Finance Act, 2012 to clarify that if an asset, being a share of, or interest, in a company or an entity derives its value, directly or indirectly, substantially from an asset situated in India, the gain arising from transfer of such share or interest shall be taxable in India. After the clarificatory amendment, a large number of representations were received from various quarters seeking clarification on certain terms used in the amended provisions. An Expert Committee was also constituted to look into the concerns. Taking into account the recommendations made by the Expert Committee and the concerns raised by the various stakeholders, it is proposed to amend the provisions of the Income-tax Act so as to provide that:-

- the share or interest shall be deemed to derive its value substantially from the assets located in India, if on the specified date, the value of such assets represents at least fifty per cent of the fair market value of all the assets owned by the company or entity. However, the indirect transfer provisions would not apply if the value of Indian assets does not exceed ₹ 10 crore. Further, the principle of proportionality will apply to the taxation of gains arising from indirect transfer of Indian assets.
- the Indian entity shall be obligated to furnish information relating to the offshore transactions having the effect of directly or indirectly modifying the ownership structure or control of the Indian company or entity. In case of non-compliance, a penalty is also proposed.
- the indirect transfer provisions shall not apply in a case where the transferor of share or interest in a foreign entity, along with his associated enterprises, neither holds the right of control or

management nor holds voting power or share capital or interest exceeding five percent. of the total voting power or total share capital in the foreign company or entity, directly or indirectly, holding the Indian assets.

- the capital gains shall be exempt in respect of transfer of share of a foreign company deriving its value, directly or indirectly, substantially from the shares of an Indian company, under a scheme of amalgamation or demerger.
- 5.2 It is proposed to amend the provisions of section 92BA of the Income-tax Act so as to increase the threshold limit for applicability of transfer pricing regulations to specified domestic transactions from ₹5 crore to ₹20 crore.
- 5.3 It is proposed to amend the provisions of section 2(15) of the Income-tax Act so as to include ‘yoga’ as a specific category of activity in the definition of ‘charitable purpose’ and also to provide relief for activities in the nature of business undertaken by genuine charitable organizations subject to the condition that aggregate receipts from such activity is less than 20% of the total receipts.
- 5.4 It is proposed to exempt the income of Core Settlement Guarantee Fund established by Clearing Corporations as per mandate of SEBI.
- 5.5 It is proposed to amend the provisions of section 255 of the Income-tax Act so as to increase the monetary limit from ₹5 lakh to ₹15 lakh, for a case to be heard by a Single Member Bench of the ITAT.
- 5.6 It is proposed to amend the provisions of the Income-tax Act so as to provide tax neutrality on transfer of units of a scheme of a Mutual Fund under the process of consolidation of schemes of Mutual Funds as per SEBI Regulations, 1996.
- 5.7 It is proposed to amend the provisions of the Income-tax Act so as to provide a mechanism to pre-empt the repetitive appeals by the revenue in the same assessee’s case on the same question of law year after year.
- 5.8 It is proposed to empower the Board to prescribe rules for grant of relief in respect of taxes paid in foreign jurisdictions.
- 5.9 It is proposed to abolish the levy of Wealth-tax with effect from 2016-17 (Assessment Year) for reducing the compliance burden on the tax payers. The revenue loss on account of such abolition is proposed to be compensated by increase in the existing surcharge by 2% in case of domestic companies and all non corporate taxpayers.

- 5.10 With a view to rationalise the dispute resolution mechanism available to taxpayer in the form of Settlement Commission, it is proposed to provide that while making an application to the Settlement Commission for an assessment year which has been re-opened by the Assessing Officer, the assessee can make an application for other assessment years in which the proceedings could be re-opened provided the return of income for such assessment years has been furnished by the assessee.

6. D. Improving the quality of life and public health through Swachh Bharat Initiatives

- 6.1 It is proposed to provide that the donations (other than the CSR contributions made in accordance with section 135 of the Companies Act, 2013) made to Swachh Bharat Kosh (by both resident and non-resident) and Clean Ganga Fund (by resident) shall be eligible for 100% deduction under section 80G of the Income-tax Act.

7. E. Benefits to middle class taxpayers

With a view to encourage savings and to promote health care among individual taxpayers, a number of measures are proposed to be taken by way of incentives under the Income-tax Act. The same are enumerated below:-

- 7.1 It is proposed to provide that investment in Sukanya Samridhi Scheme will be eligible for deduction u/s 80C and any payment from the scheme shall not be liable to tax.
- 7.2 It is proposed to increase the limit of deduction u/s 80D of the Income-tax Act from ₹ 15,000 to ₹ 25,000 on health insurance premium (in case of senior citizen from ₹ 20,000 to ₹ 30,000). It is also proposed to allow deduction of expenditure of similar amount in case of a very senior citizen not eligible to take health insurance.
- 7.3 It is proposed to increase the limit of deduction in case of very senior citizens u/s 80DDB of the Income-tax Act on expenditure on account of specified diseases from ₹ 60,000 to ₹ 80,000.
- 7.4 It is proposed to increase the limit of deduction u/s 80DD of the Income-tax Act in respect of maintenance, including medical treatment of a dependant who is a person with disability, from ₹ 50,000 to ₹ 75,000. It is also proposed to increase the limit of deduction from ₹ 1 lakh to ₹ 1.25 lakh in case of severe disability.
- 7.5 It is proposed to increase the limit of deduction u/s 80U of the Income-tax Act in case of a person with disability, from ₹ 50,000 to ₹ 75,000. It is also proposed to increase the limit of deduction from ₹ 1 lakh to ₹ 1.25 lakh in case of severe disability.

- 7.6 It is proposed to increase the limit of deduction u/s 80CCC of the Income-tax Act on account of contribution to a pension fund of LIC or IRDA approved insurer from ₹ 1 lakh to ₹ 1.5 lakh.
- 7.7 It is proposed to increase the limit of deduction u/s 80CCD of the Income-tax Act on account of contribution by the employee to National Pension Scheme (NPS) from ₹ 1 lakh to ₹ 1.50 lakh. It is also proposed to provide a deduction of upto ₹ 50,000 over and above the limit of ₹ 1.50 lakh in respect of contributions made to NPS.
- 7.8 It is proposed to amend the provisions of section 197A of the Income-tax Act so as to provide the facility of filing self-declaration of non-deduction of tax by the recipients of taxable maturity proceeds of life insurance policy.
- 7.9 Under the existing provisions of the Income-tax Act, an individual buying an immovable property from a resident is required to deduct tax but is not required to obtain TAN for depositing the tax so deducted. With a view to extend the same facility to an individual or HUF purchasing an immovable property from a non-resident, it is proposed to relax the requirement of obtaining TAN by the individual or HUF who is required to deduct tax on acquisition of immovable property from a non-resident.
- 7.10 It is proposed to provide that donation made to National Fund for Control of Drug Abuse (NFCDA) shall be eligible for 100% deduction under section 80G of the Income-tax Act.
- 7.11 Details of tax deductions referred to in para 99.
- | | |
|--|------------------|
| • Deduction u/s 80C | ₹1,50,000 |
| • Deduction u/s 80CCD | ₹50,000 |
| • Deduction on account of interest
on house property loan
(Self occupied property) | ₹2,00,000 |
| • Deduction u/s 80D on health
insurance premium | ₹25,000 |
| • Exemption of transport allowance | ₹19,200 |
| Total | ₹4,44,200 |

8. F. Stand alone proposals to maximise benefits to the economy

- 8.1 It is proposed to provide for chargeability of interest paid by a permanent establishment (PE) or a branch of foreign bank to its Head Office (HO) and other overseas branches under the source rule of taxation and for treating the PE or branch as a taxable entity for computation of income and for purpose of levy of TDS.

- 8.2 With a view to providing a uniform method of computation of period of stay in Indian for the purposes of determination of ‘resident’ status in the case of a India seafarer, whether working on a Indian-ship or foreign-ship, it is proposed to provide an enabling power to CBDT to prescribe the same in the rules.
- 8.3 In search cases, it is proposed to allow seized cash to be adjusted towards the assessee’s tax liability under his settlement application.
- 8.4 With a view to ensuring proper deduction of tax on payments made to non-residents, it is proposed to amend the provisions of section 195 of the Income-tax Act so as to provide for enabling power to the CBDT for capturing information about prescribed foreign remittances which are claimed to be not chargeable to tax.

INDIRECT TAXES

- A. **Job creation through revival of growth and investment and promotion of domestic manufacturing and ‘Make in India’.**

CUSTOMS

- I. **Reduction in duty on certain inputs to address the problem of duty inversion:**

- 1) ‘Metal parts’ for use in the manufacture of electrical insulators.
- 2) Ethylene-Propylene-non-conjugated-Diene Rubber (EPDM), Water blocking tape and Mica glass tape for use in the manufacture of insulated wires and cables.
- 3) Magnetron upto 1 KW for use in the manufacture of microwave ovens.
- 4) C- Block for Compressor, Over Load Protector (OLP) & Positive thermal co-efficient and Crank Shaft for compressor, for use in the manufacture of Refrigerator compressors.
- 5) Zeolite, ceria zirconia compounds and cerium compounds for use in the manufacture of washcoats, which are further used in manufacture of catalytic converters.
- 6) Anthraquinone for manufacture of hydrogen peroxide.
- 7) Sulphuric acid for use in the manufacture of fertilizers.
- 8) Parts and components of Digital Still Image Video Camera capable of recording video with minimum resolution of 800x600 pixels, at minimum 23 frames per second, for at least 30 minutes in a single sequence, using the maximum storage (including the expanded) capacity.

II. Reduction in Basic Customs Duty to reduce the cost of raw materials:

- 1) Ethylene dichloride (EDC), vinyl chloride monomer (VCM) and styrene monomer (SM) from 2.5% to 2%.
- 2) Isoprene and Liquefied butanes from 5% to 2.5%.
- 3) Butyl acrylate from 7.5% to 5%.
- 4) Ulexite ore from 2.5% to Nil.
- 5) Antimony metal, antimony waste and scrap from 5% to 2.5%.
- 6) Specified components for use in the manufacture of specified CNC lathe machines and machining centres from 7.5% to 2.5%.
- 7) Certain specified inputs for use in the manufacture of flexible medical video endoscopes from 5% to 2.5%.
- 8) HDPE for use in the manufacture of telecommunication grade optical fibre cables from 7.5% to Nil.
- 9) Black Light Unit Module for use in the manufacture of LCD/LED TV panels from 10% to Nil.
- 10) Organic LED (OLED) TV panels from 10% to Nil.
- 11) CVD and SAD are being fully exempted on specified raw materials [battery, titanium, palladium wire, eutectic wire, silicone resins and rubbers, solder paste, reed switch, diodes, transistors, capacitors, controllers, coils (steel), tubing (silicone)] for use in the manufacture of pacemakers.
- 12) Evacuated Tubes with three layers of solar selective coating for use in the manufacture of solar water heater and system to Nil.
- 13) Active Energy Controller (AEC) for use in the manufacture of Renewable Power System (RPS) Inverters to 5%, subject to certification by MNRE.
- 14) Parts, components and accessories (falling under any Chapter) for use in the manufacture of tablet computers and their sub-parts for use in manufacture of parts, components and accessories are being fully exempted from BCD, CVD and SAD.

III. Reduction in SAD to address the problem of CENVAT credit accumulation:

- 1) All goods except populated PCBs, falling under any Chapter of the Customs Tariff, for use in manufacture of ITA bound goods from 4% to Nil.

- 2) Naphtha, ethylene dichloride (EDC), vinyl chloride monomer (VCM) and styrene monomer (SM) for manufacture of excisable goods from 4% to 2%.
- 3) Metal scrap of iron & steel, copper, brass and aluminium from 4% to 2%.
- 4) Inputs for use in the manufacture of LED drivers and MCPCB for LED lights, fixtures and LED lamps from 4% to Nil.

IV. Increase in Basic Customs Duty:

- 1) Metallurgical coke from 2.5% to 5%.
- 2) Tariff rate on iron & steel and articles of iron or steel, falling under Chapters 72 and 73 of the Customs Tariff, from 10% to 15%. However, there is no change in the existing effective rates of basic customs duty on these goods.
- 3) Tariff rate on Commercial Vehicles from 10% to 40% and effective rate from 10% to 20%. However, customs duty on commercial vehicles in Completely Knocked Down (CKD) kits and electrically operated vehicles including those in CKD condition will continue to be at 10%.

V. Miscellaneous:

- 1) Export duty on upgraded ilmenite is being reduced from 5% to 2.5%.
- 2) Excise duty structure for mobiles handsets including cellular phones is being changed from 1% without CENVAT credit or 6% with CENVAT credit to 1% without CENVAT credit or 12.5% with CENVAT credit.
- 3) Excise duty structure of 2% without CENVAT credit or 12.5% with CENVAT credit is being prescribed for tablet computers.
- 4) Basic Customs Duty on Digital Still Image Video Camera capable of recording video with minimum resolution of 800x600 pixels, at minimum 23 frames per second, for at least 30 minutes in a single sequence, using the maximum storage (including the expanded) capacity is being reduced to Nil. Basic Customs Duty on parts and components of these cameras is also being reduced from 5% to Nil.
- 5) Concessional customs duty structure of Nil Basic Customs Duty, 6% CVD and Nil SAD on specified parts of electrically operated vehicles and hybrid vehicles, presently available upto 31.03.2015, is being extended upto 31.03.2016.

EXCISE

I. Excise duty structure on certain goods is being restructured as follows:

- 1) Wafers for use in the manufacture of integrated circuit (IC) modules for smart cards from 12% to 6%.
- 2) Inputs for use in the manufacture of LED drivers and MCPCB for LED lights, fixtures and LED lamps from 12% to 6%.
- 3) Mobiles handsets, including cellular phones from 1% without CENVAT credit or 6% with CENVAT credit to 1% without CENVAT credit or 12.5% with CENVAT credit. NCCD of 1% on mobile handsets including cellular phones remains unchanged.
- 4) Tablet computers from 12% to 2% without CENVAT credit or 12.5% with CENVAT credit.
- 5) Specified raw materials [battery, titanium, palladium wire, eutectic wire, silicone resins and rubbers, solder paste, reed switch, diodes, transistors, capacitors, controllers, coils (steel), tubing (silicone)] for use in the manufacture of pacemakers to Nil.
- 6) Pig iron SG grade and Ferro-silicon-magnesium for use in the manufacture of cast components of wind operated electricity generators to Nil, subject to certification by MNRE.
- 7) Solar water heater and system from 12% to Nil without CENVAT credit or 12.5% with CENVAT credit.
- 8) Round copper wire and tin alloys for use in the manufacture of Solar PV ribbon for manufacture of solar PV cells to Nil subject to certification by Department of Electronics and Information Technology (DeitY).

II. Miscellaneous:

- 1) Excise duty on leather footwear (footwear with uppers made of leather of heading 4107 or 4112 to 4114) of Retail Sale Price of more than ₹ 1000 per pair from 12% to 6%.
- 2) Excise duty levied on the value of duty paid on rails for manufacture of railway or tramway track construction material is being exempted retrospectively for the period from 17.03.2012 to 02.02.2014, if no CENVAT credit of duty paid on such rails is availed.

B. Minimum government and maximum governance to improve the ease of design business

I. Reduction in number of levies:

EXCISE

- 1) Education Cess and Secondary & Higher Education Cess leviable on excisable goods are being subsumed in Basic Excise duty. Consequently, Education Cess and Secondary & Higher Education Cess leviable on excisable goods are being fully exempted. The standard ad valorem rate of Basic Excise Duty is being increased from 12% to 12.5% and specific rates of Basic Excise Duty on petrol, diesel, cement, cigarettes & other tobacco products (other than biris) are being suitably changed. However, the total incidence of various duties of excise on petrol and diesel remains unchanged. Other Basic Excise Duty rates (ad valorem as well as specific) with a few exceptions are not being changed. Customs Education Cesses will continue to be levied on imported goods.

II. Ensure certainty and uniformity in valuation of the goods for the purposes of levy of excise duty:

- 1) All goods falling under Chapter sub-heading 2101 20, including iced tea, are being notified under section 4A of the Central Excise Act for the purpose of assessment of Central Excise duty with reference to the Retail Sale Price with an abatement of 30%. Such goods are also being included in the Third Schedule to the Central Excise Act, 1944.
- 2) Goods, such as lemonade and other beverages, are being notified under section 4A of the Central Excise Act for the purpose of assessment of Central Excise duty with reference to the Retail Sale Price with an abatement of 35%. Such goods are also being included in the Third Schedule to the Central Excise Act, 1944.

III. Compliance Facilitation:

- 1) Online Central Excise/Service Tax Registration within two working days.
- 2) Time limit for taking CENVAT Credit on inputs and input services is being increased from six months to one year.
- 3) Facility of direct dispatch of goods by registered, dealer from seller to customer's premises is being provided. Similar facility is also being allowed in respect of job-workers. Registered importer can also send goods directly to customer from the port of importation.

- 4) Penalty provisions in Customs, Central Excise & Service Tax are being rationalized to encourage compliance and early dispute resolution.
- 5) Central Excise/Service Tax assessees are being allowed to issue digitally signed invoices and maintain other records electronically.

IV. Miscellaneous:

- 1) The entry “waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured” in the Seventh Schedule to the Finance Act, 2005 related to levy of additional duty of excise @ 5% is being omitted. Till the enactment of the Finance Bill, 2015, the said additional duty of excise of 5% leviable on such goods is being exempted. Simultaneously, the Basic Excise Duty on these goods is being increased from 12% to 18%.
- 2) Excise duty on chassis for ambulances is being reduced from 24% to 12.5%.

C. Improving the quality of life and public health through Swachh Bharat Initiatives.

CUSTOMS & EXCISE

- 1) The Scheduled rate of Clean Energy Cess levied on coal, lignite and peat is being increased from ₹100 per tonne to ₹300 per tonne. The effective rate of Clean Energy Cess is being increased from ₹100 per tonne to ₹200 per tonne.
- 2) Concessional customs and excise duty rates on specified parts of Electrically Operated Vehicles and Hybrid Vehicles, presently available upto 31.03.2015, is being extended upto 31.03.2016.
- 3) Excise duty on sacks and bags of polymers of ethylene other than for industrial use is being increased from 12% to 15%.

SERVICE TAX

- 1) An enabling provision is being made to empower the Central Government to impose a Swachh Bharat Cess on all or certain taxable services at a rate of 2% on the value of such taxable services. The proceeds from this Cess would be utilized for Swachh Bharat initiatives. This Cess will be effective from a date to be notified.

- 2) Service provided by a Common Effluent Treatment Plant operator for treatment of effluent is being exempted.

D. Stand alone proposals to maximise benefits to the economy

D.I Broadening the Tax Base:

EXCISE

- 1) Excise duty of 2% without CENVAT credit or 6% with CENVAT credit is being levied on condensed milk put up in unit containers. It is also being notified under section 4A of the Central Excise Act for the purpose of valuation with reference to the Retail Sale Price with an abatement of 30%.
- 2) Excise duty of 2% without CENVAT credit or 6% with CENVAT credit is being levied on peanut butter.

SERVICE TAX

I. Change in Service Tax rates:

- 1) The **service tax rate** is being increased from 12% plus Education Cesses to 14%. The ‘Education Cess’ and ‘Secondary and Higher Education Cess’ shall be subsumed in the new service tax rate. The revised rate shall come into effect from a date to be notified.

II. Review of the Negative List

- 1) Service tax to be levied on the service provided by way of access to amusement facility such as rides, bowling alleys, amusement arcades, water parks, theme parks, etc.
- 2) Service tax to be levied on service by way of admission to entertainment event of concerts, non-recognized sporting events, pageants, music concerts and award functions, if the amount charged for admission is more than Rs 500. Service by way of admission to exhibition of the cinematographic film, circus, dance, or theatrical performances including drama, ballets or recognized sporting events shall continue to be exempt.
- 3) Service tax to be levied on service by way of carrying out any processes as job work for production or manufacture of alcoholic liquor for human consumption.
- 4) An enabling provision is being made to exclude all services provided by the Government or local authority to a business entity from the Negative List. Once this amendment is given effect to, all service provided by the Government to business entities, unless specifically exempt, shall become taxable.

III. Review of General Exemptions

- 1) Exemption presently available on specified services of construction, repair of civil structures, etc. when provided to Government shall be restricted only to,-
 - a) a historical monument, archaeological site
 - b) canal, dam or other irrigation work;
 - c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.
- 2) Exemption to construction, erection, commissioning or installation of original works pertaining to an airport or port is being withdrawn.
- 3) Exemption to services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theater, will be limited only to such cases where amount charged is upto Rs 1,00,000 per performance (except brand ambassador).
- 4) Exemption to transportation of ‘food stuff’ by rail, or vessels or road will be limited to transportation of food grains including rice and pulses, flours, milk and salt only. Transportation of agricultural produce is separately exempt which would continue.
- 5) Exemptions are being withdrawn on the following services:
 - (a) services provided by a mutual fund agent to a mutual fund or assets management company;
 - (b) distributor to a mutual fund or AMC; and
 - (c) selling or marketing agent of lottery ticket to a distributor of lottery.
- 6) Exemption is being withdrawn on the following services,-
 - (a) Departmentally run public telephone
 - (b) Guaranteed public telephone operating only local calls
 - (c) Service by way of making telephone calls from free telephone at airport and hospital where no bill is issued
- 7) Existing exemption notification for service provided by a commission agent located outside India to an exporter located in India is being rescinded, as this notification has become redundant in view of the amendments made in law in the previous budget, whereby services provided by such agents have been excluded from the tax net.

D.II Relief Measures:

CUSTOMS

- 1) Exempt artificial heart (left ventricular assist device) from Basic Customs Duty of 5% and CVD.

EXCISE

- 1) Full exemption from excise duty is being extended to captively consumed intermediate compound coming into existence during the manufacture of Agarbattis. Agarbattis attract Nil excise duty.

SERVICE TAX

- 1) Services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables are being exempted.
- 2) Life insurance service provided by way of Varishtha Pension Bima Yojna is being exempted.
- 3) Service provided by way of exhibition of movie by the exhibitor/ theatre owner to the distributor or association of persons consisting of exhibitor as one of it's member is being exempted.
- 4) All ambulance services provided to patients are being exempted.
- 5) Service provided by way of admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve is being exempted.
- 6) Transport of goods for export by road from the factory to a land customs station (LCS) is being exempted.

D.III Allocation of additional resources for infrastructure:

EXCISE & CUSTOMS

- 1) The Scheduled rates of Additional Duty of Customs / Excise levied on Petrol and High Speed Diesel Oil [commonly known as Road Cess] are being increased from ₹2 per litre to ₹8 per litre. The effective rates of Additional Duty of Customs / Excise levied on Petrol and High Speed Diesel Oil [commonly known as Road Cess] are being increased from ₹2 per litre to ₹6 per litre. Simultaneously, Basic Excise Duty Rates on Petrol and High Speed Diesel Oil (both branded and unbranded) are being reduced by ₹4 per litre. Basic Excise duty rates on petrol and diesel are also being increased suitably so as to subsume Education Cess and Secondary and Higher Education Cess presently levied on them. Thus, the net decrease in Basic Excise Duty on branded petrol is ₹3.46 per litre, on unbranded petrol is ₹3.49 per litre, on branded diesel is ₹3.63 per litre and on unbranded diesel is ₹3.70 per litre. **However, total incidence of excise duties on petrol and diesel remains unchanged.**

D.IV Promote public health:

EXCISE

- 1) Excise duty on cigarettes is being increased by 25% for cigarettes of length not exceeding 65 mm and by 15% for cigarettes of other lengths. Similar increases are proposed on cigars, cheroots and cigarillos.
- 2) Maximum speed of packing machine is being specified as a factor relevant to production for determining excise duty payable under the Compounded Levy Scheme presently applicable to pan masala, gutkha and chewing tobacco. Accordingly, deemed production and duty payable per machine per month are being notified with reference to the speed range in which the maximum speed of a packing machine falls.

D.V Other measures relating to Service Tax

1. Changes in the Finance Act, 1994

1. A definition of the term “government” is being incorporated in the Act to resolve interpretational issues as regards the scope of this term in the context of the Negative List and service tax exemptions.
2. To amend the definition of term “service” to specifically state the intention of legislature to levy service tax on:
 - i. chit fund foremen by way of conducting a chit; and
 - ii. distributor or selling agent of lottery, as appointed or authorized by the organizing state for promoting, marketing, distributing, selling, or assisting the state in any other way for organizing and conducting a lottery.
3. It is being specifically prescribed in the Act that value of a taxable service shall include any reimbursable cost or expenditure incurred and charged by the service provider to make legal position clear and avoid disputes.
4. Section 66F of the Act prescribes that unless otherwise specified, reference to a service shall not include reference to any input service used for providing such service. An illustration is being incorporated in this section to exemplify the scope of this provision.

2. Rationalization of abatement

1. A uniform abatement is being prescribed for transport by rail, road and vessel to bring parity in these sectors. Service Tax shall be payable on 30% of the value of such service

subject to a uniform condition of non-availment of Cenvat Credit on inputs, capital goods and input services. Presently, tax is payable on 30% of the value in case of rail transport, 25% in case of road transport and 40% in case of transport by vessels.

2. The abatement for executive (business/first class) air travel, wherein the service element is higher, is being reduced from 60% to 40%. Consequently, service tax would be payable on 60% of the value of fare for business class.
3. Abatement is being withdrawn on chit fund service.

3. Service Tax Rules

1. In respect of any service provided under aggregator model, the aggregator is being made liable to pay service tax if the service is provided using the brand name of aggregator in any manner.
2. Consequent to the upward revision in Service Tax rate, the composition rate on specified services, namely, life insurance service, services of air travel agent, money changing service provided by banks or authorized dealers, and service provided by lottery distributor and selling agent, is proposed to be revised proportionately.

4. Reverse charge mechanism

1. Manpower supply and security services when provided by individual, HUF, partnership firm to a body corporate are being brought to full reverse charge as a simplification measure. Presently, these are taxed under partial reverse charge mechanism.
2. Services provided by mutual fund agents, mutual fund distributors and lottery agents are being brought to under reverse charge consequent to withdrawal of exemption on such services.

5. The Cenvat Credit Rules, 2004

Cenvat Credit Rules are being amended to allow credit of service tax paid under partial reverse charge by the service receiver without linking it to the payments of value of service to service provider as a trade facilitation measure.

Budget 2018-2019

**Speech of
Arun Jaitley
*Minister of Finance***

February 1, 2018

Section I

Governance, Economy and Development

Madam Speaker,

I rise to present the Budget for 2018-19.

2. Madam, four years ago, we pledged to the people of India to give this nation an honest, clean and transparent Government. We promised a leadership capable of taking difficult decisions and restoring strong performance of Indian economy. We promised to reduce poverty, expedite infrastructure creation and build a strong, confident and a New India. When our Government took over, India was considered a part of fragile 5; a nation suffering from policy paralysis and corruption. We have decisively reversed this. The Government, led by Prime Minister, Shri Narendra Modi, has successfully implemented a series of fundamental structural reforms. With the result, India stands out among the fastest growing economies of the world.

3. The journey of economic reforms during the past few years has been challenging but rewarding. As a result of the reforms undertaken by the Government, foreign direct investment has gone up. Measures taken by the Government have made it much easier to do business in India. Natural resources are now allocated in a transparent and honest manner. There is a premium on honesty. There was a time when corruption was commonplace. Today, our people, especially our youths, are curious to lead their lives honestly. The indirect tax system, with introduction of Goods and Services Tax, has been made simpler. Benefits to the poor have been targeted more effectively with use of digital technology. The demonetization of high value currency has reduced the quantum of cash currency and circulation in India. It has increased the taxation base and spurred greater digitization of the economy. The Insolvency and

Bankruptcy Code (IBC) has changed the lender-debtor relationship. The recapitalized banks will now have a greater ability to support growth. All these structural reforms in the medium and long run will help Indian economy achieve stronger growth for a long time.

4. Indian economy has performed very well since our Government took over in May, 2014. India achieved an average growth of 7.5% in first three years of our Government. Indian economy is now 2.5 trillion dollar economy – seventh largest in the world. India is expected to become the fifth largest economy very soon. On Purchasing Power Parity (PPP) basis, we are already the third largest economy.

5. Indian society, polity and economy had shown remarkable resilience in adjusting with the structural reforms. GDP growth at 6.3% in the second quarter signaled turnaround of the economy. We hope to grow at 7.2% to 7.5% in the second half. IMF, in its latest Update, has forecast that India will grow at 7.4% next year. Manufacturing sector is back on good growth path. The services, mainstay of our growth, have also resumed their high growth rates of 8% plus. Our exports are expected to grow at 15% in 2017-18. We are now firmly on course to achieve high growth of 8% plus.

6. We have taken up programmes to direct the benefits of structural changes and good growth to reach farmers, poor and other vulnerable sections of our society and to uplift the under-developed regions. This year's Budget will consolidate these gains and particularly focus on strengthening agriculture and rural economy, provision of good health care to economically less privileged, taking care of senior citizens, infrastructure creation and working with the States to provide more resources for improving the quality of education in the country.

7. Prime Minister Shri Narendra Modi has always stressed importance of good governance. He has articulated the vision of "Minimum Government and Maximum Governance". This vision has inspired Government agencies in carrying out hundreds of reforms in policies, rules and procedures. This transformation is reflected in improvement of India's ranking by 42 places in last three years in the World Bank's 'Ease of Doing Business' with India breaking into top 100 for the first time. I would like to congratulate all those who worked to achieve this.

8. Now, our Government has taken Ease of Doing business further by stress on 'Ease of Living' for the common men of this country, especially for those belonging to poor & middle class of the society. Good governance

also aims at minimum interference by the government in the life of common people of the country.

9. Government is providing free LPG connections to the poor of this country through Ujjwala Yojana. Under Saubhagya Yojna 4 crore household are being provided with electricity connections. More than 800 medicines are being sold at lower price through more than 3 thousand Jan Aushadhi Centres. Cost of stents have been controlled. Special scheme for free dialysis of poor have been initiated. Persons belonging to poor and middle class are also being provided a great relief in interest rates on housing schemes. Efforts are being made to provide all government services, whether bus or train tickets or individual certificates on line. These include passports which may be delivered at doorstep in two or three days or Company registration in one day time and these facilities have benefited a large section of our country. Certificate attestation is not mandatory, interviews for appointment in Group C and Group D posts have been done away with. These measures have saved time and money of lakhs of our youth. Our Government by using modern technology is committed to provide a relief to those who suffer because of rigid rules and regulations.

10. Madam, while undertaking these reforms and programmes, we have worked sincerely and without weighing the political costs. Our Government has ensured that benefits reach eligible beneficiaries and are delivered to them directly. Many services and benefits are being delivered to the people at their doorsteps or in their accounts. It has reduced corruption and cost of delivery and has eliminated middlemen in the process. Direct Benefit Transfer mechanism of India is the biggest such exercise in the world and is a global success story.

Section II

Investment, Expenditure and Policy Initiatives

Agriculture and Rural Economy

11. My Government is committed for the welfare of farmers. For decades, country's agriculture policy and programme had remained production centric. We have sought to effect a paradigm shift. Honourable Prime Minister gave a clarion call to double farmers' income by 2022 when India celebrates its 75th year of independence. Our emphasis is on generating higher incomes for farmers. We consider agriculture as an enterprise and want to help farmers produce more from the same land parcel at lesser cost and simultaneously realize higher prices for their

produce. Our emphasis is also on generating productive and gainful on-farm and non-farm employment for the farmers and landless families.

12. Madam Speaker, as a result of the hard work of our country's farmers agriculture production in our country is at a record level. Doing the year 2016-17 we achieved a record food grain production of around 275 million tonnes and around 300 million tonnes of fruits and vegetables.

13. Madam Speaker, in our party's manifesto it has been stated that the farmers should realize at least 50 per cent more than the cost of their produce, in other words, one and a half times of the cost of their production. Government have been very much sensitive to this resolutions and it has declared Minimum support price (MSP) for the majority of rabi crops at least at one and a half times the cost involved. Now, we have decided to implement this resolution as a principle for the rest of crops. I am pleased to announce that as per pre-determined principle, Government has decided to keep MSP for the all unannounced crops of kharif at least at one and half times of their production cost. I am confident that this historic decision will prove an important step towards doubling the income of our farmers.

14. Our Government works with the holistic approach of solving any issue rather than in fragments. Increasing MSP is not adequate and it is more important that farmers should get full benefit of the announced MSP. For this, it is essential that if price of the agriculture produce market is less than MSP, then in that case Government should purchase either at MSP or work in a manner to provide MSP for the farmers through some other mechanism. Niti Ayog, in consultation with Central and State Governments, will put in place a fool-proof mechanism so that farmers will get adequate price for their produce.

15. For better price realization, farmers need to make decisions based on prices likely to be available after its harvest. Government will create an institutional mechanism, with participation of all concerned Ministries, to develop appropriate policies and practices for price and demand forecast, use of futures and options market, expansion of warehouse depository system and to take decisions about specific exports and imports related measures.

16. Madam Speaker, last year, I had announced strengthening of e-NAM and to expand coverage of e-NAM to 585 APMCs. 470 APMCs have been connected to e-NAM network and rest will be connected by March, 2018.

17. More than 86% of our farmers are small and marginal. They are not always in a position to directly transact at APMCs and other wholesale markets. We will develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs). In these GrAMs, physical infrastructure will be strengthened using MGNREGA and other Government Schemes. These GrAMs, electronically linked to e-NAM and exempted from regulations of APMCs, will provide farmers facility to make direct sale to consumers and bulk purchasers.

18. An Agri-Market Infrastructure Fund with a corpus of `2000 crore will be set up for developing and upgrading agricultural marketing infrastructure in the 22000 Grameen Agricultural Markets (GrAMs) and 585 APMCs.

19. Task of connecting all eligible habitations with an all-weather road has been substantially completed, with the target date brought forward to March, 2019 from March 2022. It is now time to strengthen and widen its ambit further to include major link routes which connect habitations to agricultural and rural markets (GrAMs), higher secondary schools and hospitals. Prime Minister Gram Sadak Yojana Phase III will include such linkages.

20. For several years, we have been stating that India is primarily an agriculture based country. As India is primarily an agriculture based country, our districts can specialize in some or other agricultural produce and be known for it. But special attention is lacking in this regard. There is a need to develop cluster based model in a scientific manner for identified agriculture produces in our districts in the same manner as we have developed model for industrial sector.

21. Cultivation of horticulture crops in clusters bring advantages of scales of operations and can spur establishment of entire chain from production to marketing, besides giving recognition to the districts for specific crops. The Ministry of Agriculture & Farmers' Welfare will reorient its ongoing Schemes and promote cluster based development of agri-commodities and regions in partnership with the Ministries of Food Processing, Commerce and other allied Ministries.

22. Our Government has promoted organic farming in a big way. Organic farming by Farmer Producer Organizations (FPOs) and Village Producers' Organizations (VPOs) in large clusters, preferably of 1000 hectares each, will be encouraged. Women Self Help Groups (SHGs) will

also be encouraged to take up organic agriculture in clusters under National Rural Livelihood Programme.

23. Our ecology supports cultivation of highly specialized medicinal and aromatic plants. India is also home to a large number of small and cottage industries that manufacture perfumes, essential oils and other associated products. Our Government shall support organized cultivation and associated industry. I propose to allocate a sum of `200 crore for this purpose.

24. Food Processing sector is growing at an average rate of 8% per annum. Prime Minister Krishi Sampada Yojana is our flagship programme for boosting investment in food processing. Allocation of Ministry of Food Processing is being doubled from `715 crore in RE 2017-18 to `1400 crore in BE 2018-19. Government will promote establishment of specialized agro-processing financial institutions in this sector.

25. Tomato, onion and potato are basic vegetables consumed throughout the year. However, seasonal and regional production of these perishable commodities pose a challenge in connecting farmers and consumers in a manner that satisfies both. My Government proposes to launch an “Operation Greens” on the lines of “Operation Flood”. “Operation Greens” shall promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management. I propose to allocate a sum of `500 crore for this purpose.

26. India’s agri-exports potential is as high as US \$ 100 billion against current exports of US \$ 30 billion. To realize this potential, export of agri-commodities will be liberalized. I also propose to set up state-of-the-art testing facilities in all the forty two Mega Food Parks.

27. I propose to extend the facility of Kisan Credit Cards to fisheries and animal husbandry farmers to help them meet their working capital needs. Small and marginal farmers will get more benefits.

28. Bamboo is ‘Green Gold’. We removed bamboo grown outside forest areas from the definition of trees. Now, I propose to launch a Restructured National Bamboo Mission with an outlay of `1290 crore to promote bamboo sector in a holistic manner.

29. Many farmers are installing solar water pumps to irrigate their fields. Generation of solar electricity is harvesting of Sun by the farmers

using their lands. Government of India will take necessary measures and encourage State Governments to put in place a mechanism that their surplus solar power is purchased by the distribution companies or licencees at reasonably remunerative rates.

30. Our Government set up a Long Term Irrigation Fund (LTIF) in NABARD for meeting funding requirement of irrigation works. Scope of the Fund would be expanded to cover specified command area development projects.

31. Last year, I had announced setting up of Micro Irrigation Fund (MIF) for facilitating expansion of coverage under micro irrigation and Dairy Processing Infrastructure Development Fund (DPIDF) to help finance investment in dairying infrastructure. It is now time to expand such focused investment Funds. I, now, announce setting up a Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) for fisheries sector and an Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry sector. Total Corpus of these two new Funds would be `10,000 crore.

32. Our Government has been steadily increasing the volume of institutional credit for agriculture sector from year-to-year from `8.5 lakh crore in 2014-15 to `10 lakh crore in 2017-18. I now propose to raise this to `11 lakh crore for the year 2018-19.

33. Presently, lessee cultivators are not able to avail crop loans. Consequently, a significant proportion of arable land remains fallow and tenant cultivators are forced to secure credit from usurious money lenders. NITI Aayog, in consultation with State Governments, will evolve a suitable mechanism to enable access of lessee cultivators to credit without compromising the rights of the land owners.

34. Government will extend a favourable taxation treatment to Farmer Producers Organisations (FPOs) for helping farmers aggregate their needs of inputs, farm services, processing and sale operations. I shall give details in Part B of my speech.

35. Air pollution in the Delhi-NCR region has been a cause of concern. A special Scheme will be implemented to support the efforts of the governments of Haryana, Punjab, Uttar Pradesh and the NCT of Delhi to address air pollution and to subsidize machinery required for in-situ management of crop residue.

36. Madam Speaker, the present top leadership of this country has reached at this level after seeing poverty at close quarters. Our leadership is familiar with the problems being faced by the SC, ST, Backward Classes and economically weaker sections of the society. People belonging to poor and middle class are not case studies for them, on the other hand they themselves are case study.

37. The Lower and Middle Class have been the focus of our Government during the last three years. This Government is continuously striving to alleviate all the small and major problems of the poor.

38. We launched Prime Minister's Ujjwala Scheme to make poor women free from the smoke of wood. Initially our target was to provide free LPG connections to about 5 crore poor women. But in view of the pace of implementation of Ujjwala scheme and its popularity among the women, we propose to increase the target of providing free connection to 8 crore poor women.

39. Our Government has launched Prime Minister Saubhagya Yojana for providing electricity to all households of the country. Under this scheme, four crores poor households are being provided with electricity connection free of charge. We are spending `16000 crore under this scheme. You can very well imagine our anxiety and restlessness even with one hour power cut. Think about those women and children whose houses will not get electricity. Their life is going to change because of Pradhan Mantri Saubhagya Yojana.

40. Swachh Bharat Mission has benefited the poor. Under this mission, Government has already constructed more than 6 crore toilets. The positive effect of these toilets is being seen on the dignity of ladies, education of girls and the overall health of family. Government is planning to construct around 2 crore toilets.

41. Madam Speaker, a roof for his family is another concern of the poor. Far from the Benami properties earned by corruption, the poor only desire to have a roof, a small house by his earning of honesty. Our Govt. is helping them so that they may fulfil the dream of their own house. We have fixed a target that every poor of this country may have his own house by 2022. For this purpose Prime Minister Awas Yojana has been launched in rural and urban areas of the country. Under Prime Minister Awas Scheme Rural, 51 lakhs houses in year 2017-18 and 51 lakh houses during 2018-19 which is more than one crore houses will be constructed exclusively in rural areas. In urban areas the assistance has been sanctioned to construct 37 lakh houses.

42. My Government will also establish a dedicated Affordable Housing Fund (AHF) in National Housing Bank, funded from priority sector lending shortfall and fully serviced bonds authorized by the Government of India.

43. Loans to Self Help Groups of women increased to about Rupees 42,500 crore in 2016-17, growing 37% over previous year. The Government is confident that loans to SHGs will increase to `75,000 crore by March, 2019. I propose to substantially increase allocation of National Rural Livelihood Mission to `5750 crore in 2018-19.

44. Ground water irrigation scheme under Prime Minister Krishi Sinchai Yojna- Har Khet ko Pani will be taken up in 96 deprived irrigation districts where less than 30% of the land holdings gets assured irrigation presently. I have allocated `2600 crore for this purpose.

45. As my proposals outlined indicate, focus of the Government next year will be on providing maximum livelihood opportunities in the rural areas by spending more on livelihood, agriculture and allied activities and construction of rural infrastructure. In the year 2018-19, for creation of livelihood and infrastructure in rural areas, total amount to be spent by the Ministries will be `14.34 lakh crore, including extra-budgetary and non-budgetary resources of `11.98 lakh crore. Apart from employment due to farming activities and self employment, this expenditure will create employment of 321 crore person days, 3.17 lakh kilometers of rural roads, 51 lakh new rural houses, 1.88 crore toilets, and provide 1.75 crore new household electric connections besides boosting agricultural growth. Details are in Annexure I.

Health, Education and Social Protection

46. My Government's goal is to assist and provide opportunity to every Indian to realize her full potential capable of achieving her economic and social dreams. Our Government is implementing a comprehensive social security and protection programme to reach every household of old, widows, orphaned children, divyaang and deprived as per the Socio-Economic Caste Census. Allocation on National Social Assistance Programme this year has been kept at `9975 crore.

47. We have managed to get children to School but the quality of education is still a cause of serious concern. We have now defined learning outcomes and National Survey of more than 20 lakh children has been conducted to assess the status on the ground. This will help in

devising a district-wise strategy for improving quality of education. We now propose to treat education holistically without segmentation from pre-nursery to Class 12.

48. Improvement in quality of teachers can improve the quality of education in the country. We will initiate an integrated B.Ed. programme for teachers. Training of teachers during service is extremely critical. We have amended the Right to Education Act to enable more than 13 lakh untrained teachers to get trained.

49. Technology will be the biggest driver in improving the quality of education. We propose to increase the digital intensity in education and move gradually from “black board” to “digital board”. Technology will also be used to upgrade the skills of teachers through the recently launched digital portal “DIKSHA”.

50. The Government is committed to provide the best quality education to the tribal children in their own environment. To realise this mission, it has been decided that by the year 2022, every block with more than 50% ST population and at least 20,000 tribal persons, will have an Ekalavya Model Residential School. Ekalavya schools will be on par with Navodaya Vidyalayas and will have special facilities for preserving local art and culture besides providing training in sports and skill development.

51. To step up investments in research and related infrastructure in premier educational institutions, including health institutions, I propose to launch a major initiative named “Revitalising Infrastructure and Systems in Education (RISE) by 2022” with a total investment of `1,00,000 crore in next four years. Higher Education Financing Agency (HEFA) would be suitably structured for funding this initiative.

52. Our Government has taken major initiative of setting up Institutes of Eminence. There has been tremendous response to this initiative by institutions both in public and private sectors. We have received more than 100 applications. We have also taken steps to set up a specialized Railways University at Vadodara.

53. We propose to set up two new full-fledged Schools of Planning and Architecture, to be selected on challenge mode. Additionally, 18 new SPAs would be established in the IITs and NITs as autonomous Schools, also on challenge mode.

54. The Government would launch the “Prime Minister’s Research Fellows (PMRF)” Scheme this year. Under this, we would identify 1,000

best B.Tech students each year from premier institutions and provide them facilities to do Ph.D in IITs and IISc, with a handsome fellowship. It is expected that these bright young fellows would voluntarily commit few hours every week for teaching in higher educational institutions.

55. Now I come to the Health Sector. “Swasth Bharat” is the guiding principle of my Government. Only Swasth Bharat can be a Samriddha Bharat. India cannot realize its demographic dividend without its citizens being healthy.

56. I am pleased to announce two major initiatives as part of “Ayushman Bharat” programme aimed at making path breaking interventions to address health holistically, in primary, secondary and tertiary care system covering both prevention and health promotion.

57. The National Health Policy, 2017 has envisioned Health and Wellness Centres as the foundation of India’s health system. These 1.5 lakh centres will bring health care system closer to the homes of people. These centres will provide comprehensive health care, including for non-communicable diseases and maternal and child health services. These centres will also provide free essential drugs and diagnostic services. I am committing `1200 crore in this budget for this flagship programme. I also invite contribution of private sector through CSR and philanthropic institutions in adopting these centres.

58. Madam Speaker, we are all aware that lakhs of families in our country have to borrow or sell assets to receive indoor treatment in hospitals. Government is seriously concerned about such impoverishment of poor and vulnerable families. Present Rashtriya Swasthya Bima Yojana (RSBY) provide annual coverage of only `30,000 to poor families. Several State Governments have also implemented/supplemented health protection schemes providing varying coverage. My Government has now decided to take health protection to more aspirational level.

59. We will launch a flagship National Health Protection Scheme to cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage upto 5 lakh rupees per family per year for secondary and tertiary care hospitalization. This will be the world’s largest government funded health care programme. Adequate funds will be provided for smooth implementation of this programme.

60. Madam Speaker, these two far-reaching initiatives under the Ayushman Bharat will build a New India 2022 and ensure enhanced productivity, well being and avert wage loss and impoverishment. These Schemes will also generate lakhs of jobs, particularly for women. The Government is steadily but surely progressing towards the goal of Universal Health Coverage.

61. TB claims more lives every year than any other infectious disease. It affects mainly poor and malnourished people. My Government has, therefore, decided to allocate additional `600 crore to provide nutritional support to all TB patients at the rate of `500 per month for the duration of their treatment.

62. In order to further enhance accessibility of quality medical education and health care, we will be setting up 24 new Government Medical Colleges and Hospitals by upgrading existing district hospitals in the country. This would ensure that there is at least 1 Medical College for every 3 Parliamentary Constituencies and at least 1 Government Medical College in each State of the country.

63. Our resolve of making our villages open defecation free is aimed at improving the life of our villagers. We will launch a Scheme called Galvanizing Organic Bio-Agro Resources Dhan (GOBAR-DHAN) for management and conversion of cattle dung and solid waste in farms to compost, fertilizer, bio-gas and bio-CNG.

64. Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY) has benefitted 5.22 crore families with a life insurance cover of `2 lakh on payment of a premium of only `330/- per annum. Likewise, under Pradhan Mantri Suraksha Bima Yojana, 13 crore 25 lakh persons have been insured with personal accident cover of `2 lakh on payment of a premium of only `12 per annum. The Government will work to cover all poor households, including SC/ST households, under these in a mission mode.

65. The Government will expand the coverage under Prime Minister Jan Dhan Yojana by bringing all sixty crore basic accounts within its fold and undertake measures to provide services of micro insurance and unorganized sector pension schemes through these accounts.

66. Our commitment towards “Beti Bachao Beti Padhao” is unflinching. Sukanya Samriddhi Account Scheme launched in January 2015 has been a great success. Until November, 2017 more than 1.26 crore accounts have

been opened across the country in the name of girl-child securing an amount of `19,183 crore.

67. Cleaning the Ganga is work of national importance and it is our firm commitment. Members will be happy to learn that this work has gathered speed. A total of 187 projects have been sanctioned under the Namami Gange programme for infrastructure development, river surface cleaning, rural sanitation and other interventions at a cost of `16,713 crore. 47 projects have been completed and remaining projects are at various stages of execution. All 4465 Ganga Grams – villages on the bank of river - have been declared open defecation free.

68. To give focused attention and to achieve our vision of an inclusive society, the Government has identified 115 aspirational districts taking various indices of development in consideration. The Government aims at improving the quality of life in these districts by investing in social services like health, education, nutrition, skill upgradation, financial inclusion and infrastructure like irrigation, rural electrification, potable drinking water and access to toilets at an accelerated pace and in a time bound manner. We expect these 115 districts to become model of development.

69. Economic and social advancement of hard working people of Scheduled Castes (SCs) and Scheduled Tribes (STs) has received core attention of Government. Our Government increased total earmarked allocation for SCs in 279 programmes from `34,334 crore in 2016-17 to `52,719 crore in RE 2017-18. Likewise, for STs, earmarked allocation was increased from `21,811 crore in 2016-17 to `32,508 crore in RE 2017-18 in 305 programmes. I propose an earmarked allocation of `56,619 crore for SCs and `39,135 crore for STs in BE 2018-19.

70. Government's estimated schematic budgetary expenditure on health, education and social protection for 2018-19 is `1.38 lakh crore against estimated expenditure of `1.22 lakh crore in BE 2017-18. Details are in Annexure II. This expenditure is likely to go up by at least `15,000 crore in 2018-19 on account of additional allocation during the year and extra budgetary expenditure, including through Higher Education Financing Agency.

Medium, Small and Micro Enterprises (MSMEs) and Employment

71. Medium, Small and Micro Enterprises (MSMEs) are a major engine of growth and employment in the country. I have provided `3794 crore to MSME Sector for giving credit support, capital and interest subsidy and innovations. Massive formalization of the businesses of MSMEs is taking place in the country after demonetization and introduction of GST. This is generating enormous financial information database of MSMEs' businesses and finances. This big data base will be used for improving financing of MSMEs' capital requirement, including working capital.

72. It is proposed to onboard public sector banks and corporates on Trade Electronic Receivable Discounting System (TReDS) platform and link this with GSTN. Online loan sanctioning facility for MSMEs will be revamped for prompt decision making by the banks. Government will soon announce measures for effectively addressing non-performing assets and stressed accounts of MSMEs. This will enable larger financing of MSMEs and also considerably ease cash flow challenges faced by them. In order to reduce tax burden on MSMEs and to create larger number of jobs, I will be announcing some tax measures in Part B of my speech.

73. MUDRA Yojana launched in April, 2015 has led to sanction of `4.6 lakh crore in credit from 10.38 crore MUDRA loans. 76% of loan accounts are of women and more than 50% belong to SCs, STs and OBCs. It is proposed to set a target of `3 lakh crore for lending under MUDRA for 2018-19 after having successfully exceeded the targets in all previous years.

74. Non-Bank Finance Companies (NBFCs) stepped up financing of MSMEs after demonetization. NBFCs can be very powerful vehicle for delivering loans under MUDRA. Refinancing policy and eligibility criteria set by MUDRA will be reviewed for better refinancing of NBFCs.

75. Use of Fintech in financing space will help growth of MSMEs. A group in the Ministry of Finance is examining the policy and institutional development measures needed for creating right environment for Fintech companies to grow in India.

76. Venture Capital Funds and the angel investors need an innovative and special developmental and regulatory regime for their growth. We have taken a number of policy measures including launching "Start-Up India" program, building very robust alternative investment regime in the country and rolling out a taxation regime designed for the special nature of the VCFs and the angel investors. We will take additional measures to

strengthen the environment for their growth and successful operation of alternative investment funds in India.

77. Creating job opportunities and facilitating generation of employment has been at the core of our policy-making. During the last three years, we have taken a number of steps to boost employment generation in the country. These measures include:-

- Contribution of 8.33% of Employee Provident Fund (EPF) for new employees by the Government for three years.
- Contribution of 12% to EPF for new employees for three years by the Government in sectors employing large number of people like textile, leather and footwear.
- Additional deduction to the employees of 30% of the wages paid for new employees under the Income Tax Act.
- Launch of National Apprenticeship Scheme with stipend support and sharing of the cost of basic training by the Government to give training to 50 lakh youth by 2020.
- Introducing system of fixed term employment for apparel and footwear sector.
- Increasing paid maternity leave from 12 weeks to 26 weeks, along with provision of crèches.

78. These measures have started showing results. An independent study conducted recently has shown that 70 lakh formal jobs will be created this year.

79. To carry forward this momentum, I am happy to announce that the Government will contribute 12% of the wages of the new employees in the EPF for all the sectors for next three years. Also, the facility of fixed term employment will be extended to all sectors.

80. To incentivize employment of more women in the formal sector and to enable higher take-home wages, I propose to make amendments in the Employees Provident Fund and Miscellaneous Provisions Act, 1952 to reduce women employees' contribution to 8% for first three years of their employment against existing rate of 12% or 10% with no change in employers' contribution.

81. The Government is setting up a model aspirational skill centre in every district of the country under Pradhan Mantri Kaushal Kendra Programme. 306 Pradhan Mantri Kaushal Kendra have been established for imparting skill training through such centers.

82. The Government had approved a comprehensive textile sector package of `6000 crore in 2016 to boost the apparel and made-up segments. I, now propose to provide an outlay of `7148 crore for the textile sector in 2018-19.

Infrastructure and Financial Sector Development

83. Infrastructure is the growth driver of economy. Our country needs massive investments estimated to be in excess of `50 lakh crore in infrastructure to increase growth of GDP, connect and integrate the nation with a network of roads, airports, railways, ports and inland waterways and to provide good quality services to our people.

84. We have made an all-time high allocation to rail and road sectors. We are committed to further enhance public investment. Provision of key linkages like coal for power, power for railways and railway rakes for coal have been rationalized and made very efficient. Prime Minister personally reviews the targets and achievements in infrastructure sectors on a regular basis. Using online monitoring system of PRAGATI alone, projects worth 9.46 lakh crore have been facilitated and fast tracked.

85. To secure India's defences, we are developing connectivity infrastructure in border areas. Rohtang tunnel has been completed to provide all weather connectivity to the Ladakh region. Contract for construction of Zozila Pass tunnel of more than 14 kilometer is progressing well. I now propose to take up construction of tunnel under Sela Pass. For promoting tourism and emergency medical care, Government will make necessary framework for encouraging investment in sea plane activities.

86. Urbanization is our opportunity and priority. My Government has rolled out two interlinked programmes – Smart Cities Mission and the AMRUT.

87. Smart Cities Mission aims at building 100 Smart Cities with state-of-the-art amenities. I am happy to inform that 99 Cities have been selected with an outlay of `2.04 lakh crore. These Cities have started implementing various projects like Smart Command and Control Centre, Smart Roads,

Solar Rooftops, Intelligent Transport Systems, Smart Parks. Projects worth `2350 crore have been completed and works of `20,852 crore are under progress. To preserve and revitalize soul of the heritage cities in India, National Heritage City Development and Augmentation Yojana (HRIDAY) has been taken up in a major way.

88. India is blessed with an abundance of tourist attractions. It is proposed to develop ten prominent tourist sites into Iconic Tourism destinations by following a holistic approach involving infrastructure and skill development, development of technology, attracting private investment, branding and marketing. In addition, tourist amenities at 100 Adarsh monuments of the Archaeological Survey of India will be upgraded to enhance visitor experience.

89. The AMRUT programme focuses on providing water supply to all households in 500 cities. State level plans of `77,640 crore for 500 cities have been approved. Water supply contracts for 494 projects worth `19,428 crore and sewerage work contract for 272 projects costing `12,429 crore has been awarded.

90. Reforms are being catalyzed by these missions. 482 cities have started credit rating. 144 cities have got investment grade rating.

91. My Ministry will leverage the India Infrastructure Finance Corporation Limited (IIFCL) to help finance major infrastructure projects, including investments in educational and health infrastructure, on strategic and larger societal benefit considerations.

92. Our Government has scaled new heights in development of Road Infrastructure sector. We are confident to complete National Highways exceeding 9000 kilometers length during 2017-18. Ambitious Bharatmala Pariyojana has been approved for providing seamless connectivity of interior and backward areas and borders of the country to develop about 35000 kms in Phase-I at an estimated cost of `5,35,000 crore. To raise equity from the market for its mature road assets, NHAI will consider organizing its road assets into Special Purpose Vehicles and use innovative monetizing structures like Toll, Operate and Transfer (TOT) and Infrastructure Investment Funds (InvITs).

93. Strengthening the railway network and enhancing Railways' carrying capacity has been a major focus of the Government. Railways' Capex for the year 2018-19 has been pegged at `1,48,528 crore. A large part of the Capex is devoted to capacity creation. 18,000 kilometers of

doubling, third and fourth line works and 5000 kilometers of gauge conversion would eliminate capacity constraints and transform almost entire network into Broad Gauge.

94. There has also been significant improvement in the achievement of physical targets by Railways as well. We are moving fast towards optimal electrification of railway network. 4000 kilometers are targeted for commissioning during 2017-18.

95. Work on Eastern and Western dedicated Freight Corridors is in full swing. Adequate number of rolling stock – 12000 wagons, 5160 coaches and approximately 700 locomotives are being procured during 2018-19. A major programme has been initiated to strengthen infrastructure at the Goods sheds and fast track commissioning of private sidings.

96. A ‘Safety First’ policy, with allocation of adequate funds under Rashtriya Rail Sanraksha Kosh is cornerstone of Railways’ focus on safety. Maintenance of track infrastructure is being given special attention. Over 3600 kms of track renewal is targeted during the current fiscal. Other major steps include increasing use of technology like “Fog Safe” and “Train Protection and Warning System”. A decision has been taken to eliminate 4267 unmanned level crossings in the broad gauge network in the next two years.

97. Redevelopment of 600 major railway stations is being taken up by Indian Railway Station Development Co. Ltd. All stations with more than 25000 footfalls will have escalators. All railway stations and trains will be progressively provided with wi-fi. CCTVs will be provided at all stations and on trains to enhance security of passengers. Modern train-sets with state-of-the-art amenities and features are being designed at Integrated Coach Factory, Perambur. First such train-set will be commissioned during 2018-19.

98. Mumbai’s transport system, the lifeline of the City, is being expanded and augmented to add 90 kilometers of double line tracks at a cost of over `11,000 crore. 150 kilometers of additional suburban network is being planned at a cost of over `40,000 crore, including elevated corridors on some sections. A suburban network of approximately 160 kilometers at an estimated cost of `17,000 crore is being planned to cater to the growth of the Bengaluru metropolis.

99. Foundation for the Mumbai-Ahmedabad bullet train project, India’s first high speed rail project was laid on September 14, 2017. An Institute is

coming up at Vadodara to train manpower required for high speed rail projects.

100. In the last three years, the domestic air passenger traffic grew at 18% per annum and our airline companies placed orders for more than 900 aircrafts. Regional connectivity scheme of UDAN (Ude Desh ka Aam Nagrik) initiated by the Government last year shall connect 56 unserved airports and 31 unserved helipads across the country. Operations have already started at 16 such airports. **101.** The Airports Authority of India (AAI) has 124 airports. We propose to expand our airport capacity more than five times to handle a billion trips a year under a new initiative - NABH Nirman. Balance sheet of AAI shall be leveraged to raise more resources for funding this expansion.

101. Our efforts to set up a Coalition on Disaster Resilient Infrastructure for developing international good practices, appropriate standards and regulatory mechanism for resilient infrastructure development are moving well. I propose to allocate `60 crores to kick start this initiative in 2018-19.

102. The Government and market regulators have taken necessary measures for development of monetizing vehicles like Infrastructure Investment Trust (InvIT) and Real Investment Trust (ReITs) in India. The Government would initiate monetizing select CPSE assets using InvITs from next year.

103. In the current year, we included, in the scope of harmonized list of infrastructure, ropeways to promote tourism, logistics parks and expanded the scope of railways infrastructure to include development of commercial land around railway stations.

104. Reserve Bank of India has issued guidelines to nudge Corporates access bond market. SEBI will also consider mandating, beginning with large Corporates, to meet about one-fourth of their financing needs from the bond market.

105. Corporate bonds rated 'BBB' or equivalent are investment grade. In India, most regulators permit bonds with the 'AA' rating only as eligible for investment. It is now time to move from 'AA' to 'A' grade ratings. The government and concerned regulators will take necessary action.

106. We will take reform measures with respect to stamp duty regime on financial securities transactions in consultation with the States and make necessary amendments the Indian Stamp Act.

107. International Financial Service Centre (IFSC) at Gift City, which has become operational, needs a coherent and integrated regulatory framework to fully develop and to compete with other offshore financial centres. The Government will establish a unified authority for regulating all financial services in IFSCs in India.

108. Global economy is transforming into a digital economy thanks to development of cutting edge technologies in digital space – machine learning, artificial intelligence, internet of things, 3D printing and the like. Initiatives such as Digital India, Start Up India, Make in India would help India establish itself as a knowledge and digital society. NITI Aayog will initiate a national program to direct our efforts in the area of artificial intelligence, including research and development of its applications.

109. Combining cyber and physical systems have great potential to transform not only innovation ecosystem but also our economies and the way we live. To invest in research, training and skilling in robotics, artificial intelligence, digital manufacturing, big data analysis, quantum communication and internet of things, Department of Science & Technology will launch a Mission on Cyber Physical Systems to support establishment of centres of excellence. I have doubled the allocation on Digital India programme to ` 3073 crore in 2018-19.

110. Task of connecting one lakh gram panchayat through high speed optical fiber network has been completed under phase I of the Bharatnet project. This has enabled broadband access to over 20 crore rural Indians in about two lakh fifty thousand villages. The Government also proposes to setup five lakh wi-fi hotspots which will provide broadband access to five crore rural citizens. I have provided `10000 crore in 2018-19 for creation and augmentation of Telecom infrastructure.

111. To harness the benefit of emerging new technologies, particularly the ‘Fifth Generation’ (5G) technologies and its adoption, the Department of Telecom will support establishment of an indigenous 5G Test Bed at IIT, Chennai.

112. Distributed ledger system or the block chain technology allows organization of any chain of records or transactions without the need of intermediaries. The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system.

The Government will explore use of block chain technology proactively for ushering in digital economy.

113. The system of toll payments physically by cash at road toll plazas is being fast replaced with Fastags and other electronic payment systems to make road travel seamless. Number of Fastags has gone up from about 60,000 in December, 2016 to more than 10 lakh now. From December, 2017 all class “M” and “N” vehicles are being sold only with the Fastags. The Government will come out with a policy to introduce toll system on “pay as you use” basis.

114. In order to create employment and aid growth, Government’s estimated budgetary and extra budgetary expenditure on infrastructure for 2018-19 is being increased to `5.97 lakh crore against estimated expenditure of `4.94 lakh crore in 2017-18. Details are in **Annexure III**.

Building Institutions and Improving Public Service Delivery

115. Our armed forces have played a stellar role in meeting the challenges we have been facing on our borders as well as in managing the internal security environment both in Jammu and Kashmir and the North East. I would like to place on record our appreciation for the efforts and the sacrifices made by the three services in defending the interests of the Nation.

116. Ever since the NDA Government has assumed office in 2014, lot of emphasis has been given to modernizing and enhancing the operational capability of the Defence Forces. A number of initiatives have been taken to develop and nurture intrinsic defence production capability to make the Nation self-reliant for meeting our defence needs. Ensuring adequate budgetary support will be our priority.

117. We have opened up private investment in defence production including liberalizing foreign direct investment. We will take measures to develop two defence industrial production corridors in the country. The Government will also bring out an industry friendly Defence Production Policy 2018 to promote domestic production by public sector, private sector and MSMEs.

118. Aadhar has provided an identity to every Indian. Aadhar has eased delivery of so many public services to our people. Every enterprise, major or small, also needs a unique ID. The Government will evolve a Scheme to assign every individual enterprise in India a unique ID.

119. To carry the business reforms for ease of doing business deeper and in every State of India, the Government of India has identified 372 specific business reform actions. All States have taken up these reforms and simplifications in a mission mode constructively competing with each other. Evaluation of performance under this Programme will now be based on user feedback.

120. Capital of the Food Corporation of India will be restructured to enhance equity and to raise long-term debt for meeting its standing working capital requirement.

121. Budgeting of Government of India's contribution in equity and debt of the metro ventures floated by the State Governments will be streamlined.

122. Department of Commerce will be developing a National Logistics Portal as a single window online market place to link all stakeholders.

123. The Government has approved listing of 14 CPSEs, including two insurance companies, on the stock exchanges. The Government has also initiated the process of strategic disinvestment in 24 CPSEs. This includes strategic privatization of Air India.

124. Process of acquisition of Hindustan Petroleum Corporation by the ONGC has been successfully completed. Three public sector general insurance companies National Insurance Company Ltd., United India Assurance Company Limited and Oriental India Insurance Company Limited will be merged into a single insurance entity and will be subsequently listed.

125. The Government introduced Exchange Traded Fund Bharat-22 to raise `14,500 crore, which was over-subscribed in all segments. DIPAM will come up with more ETF offers including debt ETF.

126. 2017-18 Budget Estimates for disinvestment were pegged at the highest ever level of `72,500 crore. I am happy to inform the House that we have already exceeded the budget estimates. I am assuming receipts of `1,00,000 crore in 2017-18. I am setting the disinvestment target of `80,000 crore for 2018-19.

127. Bank recapitalization program has been launched with bonds of `80,000 crore being issued this year. The programme has been integrated with an ambitious reform agenda, under the rubric of an Enhanced Access and Service Excellence (EASE) programme. This recapitalization will pave

the way for the public sector banks to lend additional credit of `5 lakh crore.

128. It is proposed to allow strong Regional Rural Banks to raise capital from the market to enable them increase their credit to rural economy.

129. National Housing Bank Act is being amended to transfer its equity from the Reserve Bank of India to the Government. Indian Post Offices Act, Provident Fund Act and National Saving Certificate Act are being amalgamated and certain additional people friendly measures are being introduced. To provide the Reserve Bank of India an instrument to manage excess liquidity, Reserve Bank of India Act is being amended to institutionalize an Uncollateralized Deposit Facility. Securities and Exchange Board of India, Act 1992, Securities Contracts (Regulation) Act 1956, and Depositories Act 1996, are being amended to streamline adjudication procedures and to provide for penalties for certain infractions. These proposals are in the Finance Bill.

130. For easier access, links to all Detailed Demand for Grants will be provided at india.gov.in. The Government will also consider feasibility of providing disclosed fiscal information in a machine readable form.

131. The Government is transforming method of disposal of its business by introduction of e-office and other e-governance initiatives in central Ministries and Departments. These initiatives are listed in Annexure IV.

132. The Government will formulate a comprehensive Gold Policy to develop gold as an asset class. The Government will also establish a system of consumer friendly and trade efficient system of regulated gold exchanges in the country. Gold Monetization Scheme will be revamped to enable people to open a hassle-free Gold Deposit Account.

133. Outward Direct Investment (ODI) from India has grown to US\$15 billion per annum. The Government will review existing guidelines and processes and bring out a coherent and integrated Outward Direct Investment (ODI) policy.

134. Hybrid instruments are suitable for attracting foreign investments in several niche areas, especially for the startups and venture capital firms. The Government will evolve a separate policy for the hybrid instruments.

135. The emoluments of the President, the Vice President and the Governors were last revised with effect from 1st January, 2006. These emoluments are proposed to be revised to `5 lakh for the President, `4 lakhs for the Vice President and to `3.5 lakh per month for the Governors.

136. There has been a public debate with regard to the emoluments paid to the Members of Parliament. Present practice allows the recipients to fix their own emoluments which invites criticism. I am, therefore, proposing necessary changes to refix the salary, constituency allowance, office expenses and meeting allowance payable to Members of Parliament with effect from April 1, 2018. The law will also provide for automatic revision of emoluments every five years indexed to inflation. I am sure Hon'ble Members will welcome this initiative and will not suffer such criticism in future.

137. Our country will commemorate 150th birth anniversary of Mahatma Gandhi, Father of the Nation, from 2nd October, 2019 to 2nd October 2020. The Government and the People of India will rededicate them, through their actions, to the ideals that the Mahatma taught and lived by. A National Committee, chaired by the Prime Minister, which includes Chief Ministers of all the States, representatives from across the political spectrum, Gandhians, thinkers and eminent persons from all walks of life, has been constituted to formulate a Commemoration Programme. My Government has earmarked `150 crore for the year 2018-19 for the activities leading to the Commemoration.

Section III - Fiscal Management

138. I now turn to the fiscal situation for 2017-18 and fiscal estimates for 2018-19.

139. In 2017-18, Central Government will be receiving GST revenues only for 11 months, instead of 12 months. This will have fiscal effect. There has also been some shortfall in Non-Tax revenues on account of certain developments, including deferment of spectrum auction. A part of this shortfall has been made up through higher direct tax revenues and bigger disinvestment receipts.

140. Total Revised Estimates for expenditure in 2017-18 are `21.57 lakh crore (net of GST compensation transfers to the States) as against the Budget Estimates of `21.47 lakh crore.

141. Our Government assumed office in May, 2014 when fiscal deficit was running at very high levels. Fiscal Deficit for 2013-14 was 4.4% of GDP. The Prime Minister and the Government have always attached utmost priority to prudent fiscal management and controlling fiscal deficit. As Hon'ble Members would recall, we embarked on the path of consistent fiscal reduction and consolidation in 2014. Fiscal Deficit was brought down to 4.1% in 2014-15 to 3.9% in 2015-16, and to 3.5% in 2016-17.

Revised Fiscal Deficit estimates for 2017-18 are `5.95 lakh crore at 3.5% of GDP. I am projecting a Fiscal Deficit of 3.3% of GDP for the year 2018-19.

142. In order to impart unquestionable credibility to the Government's commitment for the revised fiscal glide path, I am proposing to accept key recommendations of the Fiscal Reform and Budget Management Committee relating to adoption of the Debt Rule and to bring down Central Government's Debt to GDP ratio to 40%. Government has also accepted the recommendation to use Fiscal Deficit target as the key operational parameter. Necessary amendment proposals are included in the Finance Bill.

PART B

Madam Speaker,

143. I shall now present my tax proposals.

144. The attempts made by our Government for reducing the cash economy and for increasing the tax net have paid rich dividends. The growth rate of direct taxes in the financial years 2016-17 and 2017-18 has been significant. We ended the last year with a growth of **12.6%** in direct taxes and in the current year, the growth in direct taxes up to 15th January, 2018 is **18.7%**. The average buoyancy in personal income tax of seven years preceding these two years comes to **1.1**. 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%**. However, the buoyancy in personal income tax for financial years 2016-17 and 2017-18 (RE) is **1.95** and **2.11** respectively. This indicates that the excess revenue collected in the last two financial years from personal income tax compared to the average buoyancy pre 2016-17 amounts to a total of about **`90,000 crores** and the same can be attributed to the strong anti-evasion measures taken by the Government.

145. Similarly, there has been huge increase in the number of returns filed by taxpayers. In financial year 2016-17, **85.51 lakhs** new taxpayers filed their returns of income as against **66.26 lakhs** in the immediately preceding year. By including all filers as well as persons who did not file returns but paid tax by way of advance tax or TDS, we can derive the figure of Effective Taxpayer Base. This number of effective tax payer base increased from **6.47 crores** at the beginning of F.Y.14-15 to **8.27 crores** at the end of F.Y.16-17. We are enthused by this success of our measures and we pledge to continue to take all such measures in future by which the black money is contained and the honest taxpayers are rewarded. Demonetization was received well by honest taxpayers as "*imandari ka utsav*" only for this reason.

146. Madam Speaker, recognising the need for facilitating compliance, Government had liberalized the presumptive income scheme for small traders and entrepreneurs with annual turnover of less than `2 crores and introduced a similar scheme for professionals with annual turnover of less than `50 lakhs with the hope that there would be significant increase in compliance. Under this scheme, **41%** more returns were filed during this year which shows that many more persons are joining the tax net under simplified scheme. However, the turnover shown is still not encouraging.

The Department has received **44.72 lakh** returns for assessment year 2017-18 from individual, HUF and firms with a meagre average turnover of **`17.97 lakhs** and an average tax payment of **`7,000/-** only. The tax compliance behaviour of professionals is no better; the department has received **5.68 lakh** returns under the presumptive income scheme for assessment year 2017-18 with average gross receipts of **`5.73 lakhs** only. Average tax paid by them is only **`35,000/-**.

Tax incentive for promoting post-harvest activities of agriculture

147. Madam Speaker, at present, hundred per cent deduction is allowed in respect of profit of co-operative societies which provide assistance to its members engaged in primary agricultural activities. Over the last few years, a number of Farmer Producer Companies have been set up along the lines of co-operative societies which also provide similar assistance to their members. In order to encourage professionalism in post-harvest value addition in agriculture, I propose to allow hundred per cent deduction to these companies registered as Farmer Producer Companies and having annual turnover up to `100 crores in respect of their profit derived from such activities for a period of five years from financial year 2018-19. This measure will encourage “Operation Greens” mission announced by me earlier and it will give a boost to Sampada Yojana.

Employment generation

148. Currently, a deduction of 30% is allowed in addition to normal deduction of 100 % in respect of emoluments paid to eligible new employees who have been employed for a minimum period of 240 days during the year under section 80-JJAA of the Income-tax Act. However, the minimum period of employment is relaxed to 150 days in the case of apparel industry. In order to encourage creation of new employment, I propose to extend this relaxation to footwear and leather industry. Further, I also propose to rationalise this deduction of 30% by allowing the benefit for a new employee who is employed for less than the minimum period during the first year but continues to remain employed for the minimum period in subsequent year.

Incentive for real estate

149. Currently, while taxing income from capital gains, business profits and other sources in respect of transactions in immovable property, the consideration or circle rate value, whichever is higher, is adopted and the difference is counted as income both in the hands of the purchaser and seller. Sometimes, this variation can occur in respect of different properties

in the same area because of a variety of factors including shape of the plot and location. In order to minimize hardship in real estate transaction, I propose to provide that no adjustment shall be made in a case where the circle rate value does not exceed 5% of the consideration.

Incentivising micro, small and medium entrepreneurs

150. In the Union Budget, 2017, I had announced the reduction of corporate tax rate to 25% for companies whose turnover was less than **'50 crore** in financial year 2015-16. This benefitted **96%** of the total companies filing tax returns. Towards fulfilment of my promise to reduce corporate tax rate in a phased manner, I now propose to extend the benefit of this reduced rate of 25% also to companies who have reported **turnover up to '250 crore** in the financial year 2016-17. This will benefit the entire class of micro, small and medium enterprises which accounts for almost **99%** of companies filing their tax returns. The estimate of revenue forgone due to this measure is '7,000 crores during the financial year 2018-19. After this, out of about 7 lakh companies filing returns, about 7,000 companies which file returns of income and whose turnover is above '250 crores will remain in 30% slab. The lower corporate income tax rate for 99% of the companies will leave them with higher investible surplus which in turn will create more jobs.

Relief to salaried taxpayers

151. The Government had made many positive changes in the personal income-tax rate applicable to individuals in the last three years. Therefore, I do not propose to make any further change in the structure of the income tax rates for individuals. There is a general perception in the society that individual business persons have better income as compared to salaried class. However, income tax data analysis suggests that major portion of personal income-tax collection comes from the salaried class. For assessment year 2016-17, **1.89 crore salaried individuals** have filed their returns and have paid total tax of **'1.44 lakh crores** which works out to average tax payment of **'76,306/- per individual salaried taxpayer**. As against this, **1.88 crores individual business** taxpayers including professionals, who filed their returns for the same assessment year paid total tax of **'48,000 crores** which works out to an average tax payment of **'25,753/- per individual business taxpayer**. In order to provide relief to salaried taxpayers, I propose to allow a standard deduction of **'40,000/-** in lieu of the present exemption in respect of transport allowance and reimbursement of miscellaneous medical expenses. However, the transport

allowance at enhanced rate shall continue to be available to differently-abled persons. Also other medical reimbursement benefits in case of hospitalization etc., for all employees shall continue. Apart from reducing paper work and compliance, this will help middle class employees even more in terms of reduction in their tax liability. This decision to allow standard deduction shall significantly benefit the pensioners also, who normally do not enjoy any allowance on account of transport and medical expenses. The revenue cost of this decision is approximately `8,000 crores. The total number of salaried employees and pensioners who will benefit from this decision is around 2.5 crores.

Relief to senior citizen

152. A life with dignity is a right of every individual in general, more so for the senior citizens. To care of those who cared for us is one of the highest honours. To further the objective of providing a dignified life, I propose to announce the following incentives for senior citizens:

- Exemption of interest income on deposits with banks and post offices to be increased from **`10,000/- to `50,000/-** and TDS shall not be required to be deducted on such income, under section 194A. This benefit shall be available also for interest from all fixed deposits schemes and recurring deposit schemes.
- Raising the limit of deduction for health insurance premium and/ or medical expenditure from **`30,000/- to `50,000/-**, under section 80D. All senior citizens will now be able to claim benefit of deduction up to `50,000/- per annum in respect of any health insurance premium and/or any general medical expenditure incurred.
- Raising the limit of deduction for medical expenditure in respect of certain critical illness from, `60,000/- in case of senior citizens and from `80,000/- in case of very senior citizens, to **‘1 lakh** in respect of all senior citizens, under section 80DDB.

These concessions will give extra tax benefit of `4,000 crores to senior citizens. In addition to tax concessions, I propose to extend the Pradhan Mantri Vaya Vandana Yojana up to March, 2020 under which an assured return of 8% is given by Life Insurance Corporation of India. The existing limit on investment of `7.5 lakh per senior citizen under this scheme is also being enhanced to `15 lakh.

Tax incentive for International Financial Services Centre (IFSC)

153. The Government had endeavoured to develop a world class international financial services centre in India. In recent years, various measures including tax incentives have been provided in order to fulfil this objective. To further this objective, I propose to provide two more concessions for IFSC. In order to promote trade in stock exchanges located in IFSC, I propose to exempt transfer of derivatives and certain securities by non-residents from capital gains tax. Further, non-corporate taxpayers operating in IFSC shall be charged Alternate Minimum Tax (AMT) at concessional rate of 9% at par with Minimum Alternate Tax (MAT) applicable for corporates.

Further Measures to control cash economy:

154. Currently, the income of trusts and institutions is exempt if they utilise their income towards their objects in accordance with the relevant provisions of the Income-tax Act. However, there is no restriction on these entities for incurring expenditure in cash. In order to have audit trail of the expenses incurred by these entities, it is proposed that payments exceeding `10,000/- in cash made by such entities shall be disallowed and the same shall be subject to tax. Further, in order to improve TDS compliance by these entities, I propose to provide that in case of non-deduction of tax, 30% of the amount shall be disallowed and the same shall be taxed.

Rationalisation of Long Term Capital Gains (LTCG)

155. Madam Speaker, currently, long term capital gains arising from transfer of listed equity shares, units of equity oriented fund and unit of a business trust are exempt from tax. With the reforms introduced by the Government and incentives given so far, the equity market has become buoyant. The total amount of exempted capital gains from listed shares and units is around **‘3,67,000 crores** as per returns filed for **A.Y.17-18**. Major part of this gain has accrued to corporates and LLPs. This has also created a bias against manufacturing, leading to more business surpluses being invested in financial assets. The return on investment in equity is already quite attractive even without tax exemption. There is therefore a strong case for bringing long term capital gains from listed equities in the tax net. However, recognising the fact that vibrant equity market is essential for economic growth, I propose only a modest change in the present regime. I propose to tax such long term capital gains **exceeding ‘1 lakh** at the rate of **10%** without allowing the benefit of any indexation. However, all **gains up to 31st January, 2018 will be grandfathered**. For example, if an equity share is purchased six months before 31st January, 2018 at `100/- and the highest price quoted on 31st January, 2018 in respect of this share is `120/-, there

will be no tax on the gain of `20/- if this share is sold after one year from the date of purchase. However, any gain in excess of `20 earned after 31st January, 2018 will be taxed at 10% if this share is sold after 31st July, 2018. The gains from equity share held up to one year will remain short term capital gain and will continue to be taxed at the rate of 15%. Further, I also propose to introduce a tax on distributed income by equity oriented mutual fund at the rate of 10%. This will provide level playing field across growth oriented funds and dividend distributing funds. In view of grandfathering, this change in capital gain tax will bring marginal revenue gain of about **`20,000 crores** in the first year. The revenues in subsequent years may be more.

Health and Education Cess

156. Madam Speaker, at present there is a three per cent cess on personal income tax and corporation tax consisting of two per cent cess for primary education and one per cent cess for secondary and higher education. In order to take care of the needs of education and health of BPL and rural families, I have announced programs in Part A of my speech. To fund this, I propose to increase the cess by one per cent. The existing three per cent education cess will be replaced by a four per cent "Health and Education Cess" to be levied on the tax payable. This will enable us to collect an estimated additional amount of `11,000 crores.

E-assessment.

157. We had introduced e-assessment in 2016 on a pilot basis and in 2017, extended it to 102 cities with the objective of reducing the interface between the department and the taxpayers. With the experience gained so far, we are now ready to roll out the E-assessment across the country, which will transform the age-old assessment procedure of the income tax department and the manner in which they interact with taxpayers and other stakeholders. Accordingly, I propose to amend the Income-tax Act to notify a new scheme for assessment where the assessment will be done in electronic mode which will almost eliminate person to person contact leading to greater efficiency and transparency.

158. My other tax proposals on direct tax are listed in Annexure 5 of my speech.

Indirect Tax.

159. On the Indirect Taxes side, this is the first budget after the roll out of the Goods and Service Tax. Excise duties to a large extent and service tax

have been subsumed in GST, along with corresponding duties on imports. Hence, my budget proposals are mainly on the customs side.

160. In this budget, I am making a calibrated departure from the underlying policy in the last two decades, wherein the trend largely was to reduce the customs duty. There is substantial potential for domestic value addition in certain sectors, like food processing, electronics, auto components, footwear and furniture. To further incentivise the domestic value addition and Make in India in some such sectors, I propose to increase customs duty on certain items. I propose to increase customs duty on mobile phones from 15% to 20%, on some of their parts and accessories to 15% and on certain parts of TVs to 15%. This measure will promote creation of more jobs in the country. Details of changes made in rates of customs duty as well as certain changes made in the excise duty structure are given in Annexure 6 to my speech.

161. To help the cashew processing industry, I propose to reduce customs duty on raw cashew from 5% to 2.5%.

162. I propose to abolish the Education Cess and Secondary and Higher Education Cess on imported goods, and in its place impose a Social Welfare Surcharge, at the rate of 10% of the aggregate duties of Customs, on imported goods, to provide for social welfare schemes of the Government. Goods which were hitherto exempt from Education Cesses on imported goods will, however, be exempt from this Surcharge. In addition, certain specified goods, mentioned in the Annexure 6 to my speech will attract the proposed Surcharge at the rate of 3% of the aggregate duties of customs only.

163. I also propose to make certain changes to the Customs Act, 1962, to further improve ease of doing business in cross border trade, and to align certain provisions with the commitments under the Trade Facilitation Agreement. To smoothen dispute resolution processes and to reduce litigation, certain amendments are being made, to provide for pre-notice consultation, definite timelines for adjudication and deemed closure of cases if those timelines are not adhered to.

164. With the roll out of GST, I propose to change the name of Central Board of Excise and Customs [CBEC] to Central Board of Indirect Taxes and Customs (CBIC). The necessary changes in law for this are proposed in the Finance Bill.

165. Madam, while making the proposals in this year's Budget, we have been guided by our mission to especially strengthen agriculture, rural

development, health, education, employment, MSME and infrastructure sectors of Indian economy. I am sure the New India which we aspire to create now will emerge. Swami Vivekanand had also envisioned decades ago in his Memoirs of European Travel, “*You merge yourselves in the void and disappear, and let new India arise in your place. Let her arise – out of the peasants' cottage, grasping the plough; out of the huts of the fisherman. Let her spring from the grocer's shop, from beside the oven of the fritter-seller. Let her emanate from the factory, from marts, and from markets. Let her emerge from groves and forests, from hills and mountains*”.

166. With these words, Madam Speaker, I commend the Budget to the House.

Annexure I
(as referred in para 45)

**Budgetary & Non-Budgetary Resources on Agriculture & other Livelihood
Programmes in Rural Area**

(‘crore)

Name of Scheme	Infrastructure/ Livelihood / Both	2018-19 targets			
		Physical Target	Financial Target		
			GBS	EBR	Total
M/o Water Resources, River Development & Ganga Rejuvenation					
PMKSY-AIBP	Infrastructure	48 AIBP priority Projects by December 2019		15000	15000
PMKSY-HKKP (CADWM)	Infrastructure	Utilisation of irrigation potential of 15 lakh Hectare	2300		2300
Other Schemes of MoWR, RD&GR	Both		1461		1461
Sub-total MoWR, RD&GR			3761	15000	18761
Department of Agriculture, Cooperation & Farmers Welfare					
Pradhan Mantri Fasal Bima Yojna	Livelihood	98 million ha Gross Crop Area	13000		13000
Interest Subsidy for short term credit to Farmers	Livelihood		15000		15000
Pradhan Mantri Krishi Sinchayee Yojana	Infrastructure	Irrigation projects covering 17.2 lakh ha	4000		
	Livelihood	15 lakh beneficiaries			
National Food Security Mission	Livelihood	1.81 lakh beneficiaries	1500		1500
Sub Mission on Agricultural Mechanization	Infrastructure	62466 centres for Agriculture Machinery and equipment, Farm Machinery Banks, Hi-Tech Productive Equipment	1100		
	Livelihood	17.81 lakh beneficiaries			
Rashtriya Krishi Vikas Yojana (RKVY)	Infrastructure	10,45,878 Cold Storage, Godowns, Glass Houses, Custom Hiring Centers, Soil/ Seed Testing Labs, etc.	3100		
	Livelihood	116.99 lakh beneficiaries			

Mission for Integrated Development of Horticulture	Infrastructure	3,30,436 centres	1599		1599
Other Schemes of D/o AC&FW	Both		2912		2912
Sub-total of D/o AC&FW			42211		42211
Ministry of Food Processing					
Scheme for Mega Food Parks	Infrastructure	12 Mega Food Parks	390	1170	1560
	Livelihood	Direct & indirect employment to 95000 persons in 2017-18 & 2018-19			
Scheme for Cold Chain and Value Addition Infrastructure	Infrastructure	101 projects	220	880	1100
	Livelihood	Direct: 12000 & indirect: 63000 employment in 2017-18 & 2018-19			
Other Schemes of M/o Food Processing	Both		210	640	850
Sub-total of M/o Food Processing			820	2690	3510
Department of Agriculture, Research and Education					
DARE	Livelihood	Production of 21960 tons Seeds, 255 lakh nos. planting material, 132.5 lakh nos. Animal resources	7800		7800
		1.60 lakh Frontline demonstration			
		450 Farm level trainings			
		20 lakh Human Resources development			
		Infrastructure/ Basic amenities development in 98 SAUs, 681 existing KVKs & 59 new KVKs			
Sub-total of DARE			7800		7800
Ministry of Drinking Water & Sanitation					
Swachh Bharat Mission (Gramin)	Infrastructure	(a) 1.88 crore Household toilets (b) Employment: 16.92 crore Persondays	15343	15000	30343
	Livelihood				

National Rural Drinking Water Programme (NRDWP)	Infrastructure	Infrastructure creation through Piped Water Supply Schemes and Community Water Purification Plants - 84000 habitats	7000		7000	
	Livelihood	Livelihood generation - 84000				
Sub-total of M/o DWS			22343	15000	37343	
Ministry of Rural Development/ Department of Rural Development						
Pradhan Mantri Awas Yojana - Gramin (PMAY-G)	Both	49 lakh houses, 46.55 crore Mandays	21000	12000	33000	
Pradhan Mantri Gram Sadak Yojana (PMGSY)	Both	57,000 km roads & 28.35 crore Mandays	19000		19000	
Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGA)	Infrastructure	8552 AWC, 2.60 lakh Kms. of Rural Roads, 1.83 lakh Vermi/NADEP Compost, 675 Food Storage Godowns, 8340 GP Bhawan/Bharat Nirman Seva Kendra	55000		55000	
	Livelihood	I. Cattle Shed/ Poultry Shelter/ Piggery shed - 99648 II. Land Development - 1.65 lakh 230 cr Persondays				
National Livelihood Mission- Aajeevika - NRLM	Livelihood under NRLM including MKSP, SVEP, Skill Development	9 lakh nos. of new SHGs to be formed	5750		5750	
		Number of Mahila Kisan to be supported- 5 lakh				
		Value Chain Development Project- 15				
		Number of SVEP enterprises-25000				
		Number of Trainess to be Skilled - 4 lakh				
Sub-total of D/o Rural Development			100750	12000	112750	
Ministry of Rural Development/ Department of Land Resources						
1. Watershed Development Component of Pradhan Mantri	Infrastructure	1.30 lakh nos. Water Harvesting Structures to be created/rejuvenated	2146		2146	

Krishi Sinchayee Yojana (WDC- PMKSY)		1.81 lakhs ha area to be brought under protective irrigation				
	Livelihood	3. No. of farmers benefitted -5.01 lakh				
Other Schemes of D/o Land Resources			250		250	
Sub-total of D/o Land Development			2396		2396	
Ministry of Power						
Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	Infrastructure	(i) Intensive electrification of villages - 1 lakh nos. (ii) Feeder segregation including new 11 KV Lines - 1 lakh Circuit Km (iii) Commissioning of Substations (New & Augmentation) - 600 nos.	3800	15000	18800	
Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya)		Electricity connections to Households - 175 lakh nos.	2750		2750	
Sub-total of M/o Power			6550	15000	21550	
Ministry of Micro, Small & Medium Enterprises						
Prime Minister's Employment Generation Programme (PMEGP)	Livelihood	49000 projects 294000 Employment	1260		1260	
Other Schemes of MSME	Both		1648		1648	
Sub-total of MSME			2908		2908	
Ministry of Panchayati Raj						
Fourteenth Finance Commission (FFC) Grant to Gram Panchayats for the period 2015-2020	Both	Works at Gram Panchayat level in focus areas of Health & Sanitation, Drinking Water, Rural Electrification, Maintenance of Community Assets, etc	45069		45069	
Other Schemes of M/o Panchayati Raj	Both		348		348	
Sub-total of M/o Pachayati Raj			45417		45417	

Ministry of Skill Development & Entrepreneurship					
PMKVY 2.0	Livelihood	18 lakh beneficiaries	1171		1171
Sub-total of M/o Skill Development			1171		1171
Department of Financial Services					
Agriculture Credit	Livelihood			1100000	1100000
Micro Irrigation Fund				2000	2000
Rural Infrastrucure Development Fund (RIDF)	Infrastructure			28000	28000
NABARD Infrastructure Development Assistance (NIDA)				3500	3500
Dairy Infra Development Fund (DIDF)				2000	2000
Fisheries & Aquaculture Infra Development (FIDF)				1000	1000
Agri-market Infrastructure				2000	2000
Sub-total D/o Financial Services				1138500	1138500
Total			236127	1198190	1434317
Note: The above allocations are specific for infrastructure and livelihood development in agri and Rural sector					

Annexure II
(As referred in Para 70)

**Schematic outlays under Education, Health and
Social Protection Sectors
(Schematic Outlays)**

Ministry/Department/Scheme Name	2017-18	2018-19

Health & Family Welfare	47,353	52,800
CSS+CS in Health	34,657	39,199
<i>of which</i>		
PMSSY	3,975	3,825
National AIDS and STD Control programme	2,000	2,100
National Rural Health Mission	21,189	24,280
National Urban Health Mission	752	875
Human Resources for Health & Medical Education	4,025	4,225
Tertiary care programme	725	750
RSBY	1,000	2,000
AYUSH	1,429	1,626
CSS+CS	509	576
<i>of which</i>		
NAM	441	504
Health Research	1,500	1,800
School Education	46,356	50,000
CSS+CS	38,981	42,391
<i>of which</i>		
SSA	23,500	26,129
RMSA	3,830	4,022
Mid day meal	10,000	10,500
Higher Education	33,330	35,010
CS+CSS	5,526	8,512
<i>of which</i>		
Rashtriya Uchchatar Shiksha Abhiyan (RUSA)	1,300	1,400
Interest subsidy and contribution for guarantee fund	1,950	2,150
HEFA	250	2,750
e-Shodh Sindu	240	180
Technical Education- Quality Improvement Programme	260	275
Scholarship for College and University Students	320	340

Programme for Apprenticeship Training - Scholarships & Stipendes	110	125
World Class Institutions	50	250
Setting up of virtual class room	75	90
Madan Mohan Malviya National Mission on Teachers and Teaching	120	120
ABs	26,896	25,339
of which		
Indian Institutes of Technology	7,856	6,326
IIM	1,030	1,036
Rural Development		
National Social Assistance Program	9,500	9,975
Social Justice	6,908	7,750
CS+CSS	6,836	7,670
of which		
Prematric Scholarship (SC)	50	125
Post-matric scholarship (SC)	3,348	3,000
Special Central Assistance to SC sub schemes	800	1,000
Post-matric scholarship for OBC	885	1,100
Pre-matric scholarship for OBC	142	232
National fellowship for SCs	230	300
Empowerment of Persons with Disability	855	1,070
CS+CSS	559	744
of which		
Assistance to Disabled Persons for purchase/ fitting of Aids and appliances	150	220
Schemes for Implementation of Persons with Disability Act	207	300
Department of Women and Child Development	22,095	24,700
CSS	21,844	24,454
of which		
Anganwadi Services	15,245	16,335
Schemes for Adolescent girls	460	500
Pradhan Mantri Matru Vandana Yojana	2,700	2,400

Nirbhaya Fund Schemes	500	500
Child Protection Scheme	648	725
National Nutrition Mission	1,500	3,000
Mission for protection and empowerment of women (Umbrella)	1,089	1,366
Minority Affairs	4,195	4,700
CS+CSS	3,969	4,460
of which		
Education Empowerment	2,054	2,453
Skill Development & Livelihood	635	602
MSDP	1,200	1,320
TOTAL of Schemes (CS+CSS)	1,22,381	1,37,981
Demand/Ministry-wise	1,64,020	1,79,457
Total featured above, except for MoRD		

Annexure III					
(As referred in Para 114)					
Capital Outlay on Infrastructure Sector					
					‘ crore
		RE 2017-18		BE 2018-19	
Ministry/Dept.	Scheme/CPSEs	GBS	IEBR	GBS	IEBR
1. Ministry of Coal (10)	i) Coal India Limited	0	8500	0	9500
	ii) NLC India Limited	0	4578	0	4299
	iii) Singareni Collieries Co. Ltd.	0	1400	0	2000
Total		0	14478	0	15799
2. Ministry of Development of North Eastern Region (23)	i)Central Pool of Resources for North East and Sikkim	175	0	310	0
	ii) Construction/ Improvement of Roads of Economic Importance	5	0	40	0

	iii) North East Road Sector Develop. Scheme- Programme Component	150	0	250	0
Total		330	0	600	0
3. Ministry of New and Renewable Energy (67)	i) Indian Renewable Energy Development Agency	0	9287	0	10099
	ii) Solar Energy Corporation of India	50	179	0	217
Total		50	9466	0	10317
4. Ministry of Petroleum and Natural Gas (72)	i) Payment to Indian Strategic Petroleum Reserve Ltd. (ISPRL) for Crude Oil Reserve	1121	0	701	0
	ii) Phulpur Dhamra Haldia Pipeline Project	400	0	1674	0
	iii) National Seismic Programme	10	0	1300	0
	iv) Bharat Petroleum Corporation Ltd.	0	7800	0	7400
	v) Chennai Petroleum Corp. Ltd.	0	865	0	1010
	vi) Engineers India Ltd.	0	0	0	1356
	vii) Gas Authority of India Ltd.	0	3309	0	4722
	viii) Hindustan Petroleum Corp. Ltd.	0	7110	0	8425
	ix) Indian Oil Corp. Ltd.	0	18849	0	22862
	x) Mangalore Refineries and Petrochemicals Ltd.	0	1138	0	744
	xi) Numaligarh Refinery Ltd.	0	375	0	428
	xii) Oil and Natural Gas Corp. Ltd.	0	37218	0	32077
	xiii) Oil India Ltd.	0	4263	0	4300
	xiv) Oil Natural Gas Corp. Videsh Ltd.	0	6393	0	5886
Total		1531	87319	3675	89210
5. Ministry of Power (74)	i) 220 KV Transmission line from Srinagar to Leh via Kargil	500	0	500	0
	ii) Damodar Valley	0	1057	0	1606

	Corp. Ltd.				
	iii) National Hydro Electric Power Corp. Ltd.	350	3173	482	2258
	iv) National Thermal Power Corp. Ltd.	0	28000	0	22300
	v) North Eastern Electric Power Corp. Ltd.	1	1212	267	122
	vi) Power Finance Corp. Ltd.	0	4000	0	0
	vii) Power Grid Corp. of India Ltd.	0	25000	0	25000
	viii) Satluj Jal Vidyut Nigam Ltd.	0	609	0	935
	ix) Tehri Hydro Development Corp. Ltd.	32	1267	52	1248
Total		883	64318	1301	53469
Ministry of Civil Aviation (9)	Airport Authority of India	150	2543	0	4086
Total		150	2543	0	4086
Department of Telecommunication (14)	Defence Spectrum - Optical Fibre Cable based network for Defence Services	3755	0	4500	0
	Investment in CPE (Bharat Broadband Network Ltd.)	0	9786	0	16986
Total		3755	9786	4500	16986
Ministry of Defence (Misc) (19)	Works executed by Border Roads Development Board	2708	0	2785	0
	Coast Guard Organisation	2200		2700	
Total		4908	0	5485	0
Ministry of Railways (80)	Capital Outlay on Indian Railways	40000	34900	53060	38500
	Indian Railway Finance Corporation		45100		54940
Total		40000	80000	53060	93440
Department of Atomic Energy (4)	Nuclear Power Corporation of India Ltd.	1435	7785	1665	5656
Total		1435	7785	1665	5656

Ministry of Housing And Urban Affairs (56)	MRTS and Metro Projects	17810	1477	14924	1897
	Housing And Urban Developoment Corporation	0	13716	0	13040
	PMAY (Urban)	6043	0	6500	25000
Total		23853	15193	21424	39937
Ministry of Road Transport and Highways (81)	Investment in NHAI	23892	59279	29663	62000
	Roads And Bridges	26967	0	29762	0
Total		50858	59279	59425	62000
Ministry of Shipping (87)	Sagarmala	125	0	250	0
	VoChidambaranar Port Trust		163		342
	Jawaharlal Nehru Port Trust		1569		2065
	Mumbai Port Trust		410		432
	Deen Dayal Port Trust Kandla		347		458
	Kamarajar Port Trust		325		250
	Cochin Shipyard Limited		351		495
Total		125	3165	250	4042
Ministry of Steel (93)	Ferro Scrap Nigam limited	0	28	0	23
	KIOCL	0	2024	0	1782
	Manganese Ore India Limited	0	272	0	279
	MECON Limited	0	5	0	5
	MSTC Limited	0	33	0	49
	NMDC Limited	0	3324	0	3778
	Rashtriya Ispat nigam Limited	0	1570	0	1400
	Steel Authority Of India Limited	0	4200	0	4000
Total		0	11428	0	11294
Department of Higher Education (58)	HEFA	250	0	2750	28000
Total		250	0	2750	28000

Ministry of Electronics & Information Technology	Digital India	1426		3073	5700
Total		1426		3073	5700
Grand Total		129554	364759	157208	439935
		494313		597143	

Annexure IV
(As referred in para 131)

E-office and E-governance initiatives in central Ministries and Departments

1. A web-based Government Integrated Financial Management Information System (GIFMIS), administered by Controller General of Accounts, for budgeting, accounting, expenditure and cash management for more effective fiscal management of Government.
2. A Non Tax Receipt Portal (NTRP) to provide one stop services for depositing fees, fines and other non-tax dues into Government account;
3. Project ‘e-Vidhan’ to digitize and make the functioning of all State Legislatures paperless.
4. A Central Public Procurement Portal to provide a single point access for all information on procurement. Around 3.5 lakh contractors and vendors are registered on this platform. In November, 2017 alone, electronic bids for over one lakh tenders valued at around two lakh forty thousand crore were invited through this Portal.

5. The Government E-Marketplace (GeM) to facilitate procurement at the right price, in right quality and quantity in a transparent and efficient manner. Third version of the GeM platform (GeM 3.0) will be launched on 26th January, 2018. The platform has seventy eight thousand buyers, fifty six thousand sellers, three lakh seventy five thousand products and twelve services. Besides facilitating transaction of the value of `3000 crore in about two lakh transactions, it could achieve savings of more than 25% over the base price.
6. E-Courts, to bring about universal computerization of all Districts and Subordinate Courts, use of cloud computing and availability of e-services like e-filing and e-payments as well.
7. A National Judicial Data Grid to provide an online platform for information relating to judicial proceedings and decisions from over sixteen thousand computerized Courts and Subordinate Courts in the country. An e-Courts Services App has also been launched to provide litigant centric services.
8. e-Panchayats platform to provide a suite of core common applications to address various aspects of panchayats functioning from internal core functions of planning, budgeting, implementation, accounting, monitoring and social audit to delivery of services like issue of certificates, licenses etc.

Annexure V to Part B of Budget Speech
Other changes in Direct Taxes:

1. It is proposed that the provision of section 79 of the Income-tax Act (the Act) regarding restriction on shareholding for the purpose of carry forward loss shall not apply in case of change of shareholding pursuant to an approved resolution plan under IBC, 2016 where an opportunity of being heard has been given to the Principal Commissioner or Commissioner.
2. In respect of companies where an application under Insolvency and Bankruptcy Code (IBC), 2016 has been admitted, it is proposed to provide that for the purpose of computation of Minimum Alternative Tax (MAT) the aggregate amount of unabsorbed depreciation and brought forward loss shall be allowed to be reduced from the book profit.
3. It is proposed to provide that the insolvency resolution professional shall verify the return of income in case of a company where an application under IBC, 2016 has been admitted.
4. It is proposed to provide that provisions of MAT shall not apply in respect of foreign companies having income solely from businesses referred to in sections 44B, 44BB, 44BBA and 44BBBB of the Act provided such income has been offered to tax at the rates specified in these sections.
5. It is proposed to extend the benefit of exemption for withdrawal up to 40% from National Pension System Trust (NPS) to all subscribers and not only to employees.
6. It is proposed to provide that in a case where premium for health insurance for multiple years has been paid in one year, the deduction shall be allowed proportionately over the years for which the benefit of health insurance is available.
7. In order to encourage start-ups, the definition of 'eligible business' for a start-up is proposed to be aligned with the modified definition notified by DIPP. It is further proposed to extend the incorporation date for a start-up for availing benefit under section 80-IAC of the Act to 31st March, 2021 from 31st March, 2019 and rationalise the condition of turnover for availing the benefit.
8. It is proposed to rationalise the provisions of section 56(2)(x) of the Act to provide that the receipt of any property by a wholly-owned Indian subsidiary from its holding company and by an Indian holding company from its subsidiary shall be exempt from tax.

9. It is proposed to provide that trading in agricultural commodity derivatives on a recognized stock exchange shall not be treated as a speculative transaction even if no Commodities Transaction Tax (CTT) has been paid in respect of those derivative transactions.
10. Considering the strategic nature of the transactions, it is proposed to provide that income arising to a non-resident from royalty or fees for technical services received from National Technical Research Organisation shall be exempt from tax.
11. It is proposed to provide that the exemption of sale of leftover stock of crude oil shall also apply in respect of termination of the contract or arrangement in respect of a foreign company participating in a strategic oil reserve.
12. It is proposed to provide that in addition to notifying any authority, Board, Trust or Commission under section 10(46) of the Act, the Government can also notify any class of such persons.
13. It is proposed to provide similar tax regime as available to equity oriented funds to Fund of Funds investing only in exchange traded funds which only invest in listed equity shares of domestic companies.
14. It is proposed to provide that no adjustments shall be made under section 143(1)(vi) of the Act while processing the return filed for the assessment year 2018-2019 and subsequent assessment years.
15. It is proposed to provide that no expenditure or allowance or set off of any loss shall be allowed in respect of undisclosed income determined by the Assessing Officer under section 115BBE of the Act.
16. It is proposed to provide that every entity, not being an individual, which enters into any financial transaction of an amount aggregating to Rs.2.50 Lakh or more in a financial year shall be required to apply for a permanent account number (PAN). It is also proposed that directors, partners, principal officers, office bearer or any person competent to act on behalf of such entities shall also apply for PAN.
17. In view of the proposed amendment in the Customs Act creating a new custom Authority for Advance Ruling, it is proposed to provide that the Authority for Advance Ruling constituted under the Income-tax Act shall act as an Appellate Authority in respect of the rulings given by the customs Authority for Advance Ruling. It is also proposed to provide

that when the authority is dealing with an application relating to Income-tax Act, the revenue member shall be from income-tax.

18. It is proposed to make the order passed by the Commissioner of Income-tax (Appeals) under section 271J of the Act appealable before Appellate Tribunal.
19. It is proposed to enhance the penalty from `100/- to `500/- and from `500/- to `1000/- under section 271FA of the Act.
20. It is proposed to provide that prosecution shall lie against companies for non-filing of return irrespective of the fact that whether any tax is payable or not.
21. It is proposed to mandate that in order to avail benefit of any deduction under Chapter VIA-C, the persons have to file return within due date specified under section 139(1) of the Act.
22. It is proposed to provide that if stock-in-trade is converted into capital asset, the fair market value of the same on the date of conversion shall be taken into account for computing business income.
23. It is proposed to rationalise the existing provision relating to investment in capital gain bonds by providing that the exemption shall be available only in respect of long-term capital gains arising out of sale of immovable property and investment in the bond shall be for a minimum period of 5 year from the existing 3 years.
24. It is proposed to amend section 9 of the Act to align the scope of "business connection" with the modified dependent agent permanent establishment rule as per Multilateral Instrument signed by the Government.
25. It is proposed to amend section 9 of the Act to provide that significant economic presence of a non-resident shall constitute "business connection" with India. It is also proposed to define the phrase 'significant economic presence'.
26. It is proposed to provide that compensation received in connection with termination or modification of business contract and employment contract shall be taxable.

27. It is proposed to provide that in respect of heavy goods vehicles (more than 12 tonnes), the presumptive income under section 44AE of the Act shall be computed at the rate of `1000 per tonne per month.
28. In order to provide statutory backing and certainty to Income Computation and Disclosure Standards (ICDS), it is proposed to amend the provisions of Chapter IV-D of the Act relating to computation of business income and Chapter XIV of the Act.
29. It is proposed to provide that TDS at the applicable rate shall be made in respect of interest exceeding `10,000 from newly introduced 7.75% GOI Savings (Taxable) Bonds, 2018.
30. It is proposed to provide that in the case of an amalgamated company, accumulated profits for the purpose of determining dividend shall also include the accumulated profits of the amalgamating company on the date of amalgamation.
31. It is proposed to provide that deemed dividend under section 2(22)(e) of the Act shall be subject to dividend distribution tax at the rate of 30% without grossing up.
32. It is proposed to provide that the concessional tax rate of 25% for new domestic companies engaged in manufacturing shall be subject to the special rates in respect of specified income provided under Chapter XII of the Act.
33. It is proposed to rationalise the provisions relating to filing of Country-by-Country Report by providing the time-limits and the definition of 'agreement'.
34. It is proposed to amend Finance Act, 2013 to rationalise levy of Commodities Transaction Tax (CTT) on options in commodity futures.
35. It is proposed to amend the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 to rationalise the designations of authorities competent to grant approval for penalty and prosecution.

INDIRECT TAXES**1. PROPOSALS INVOLVING CHANGE IN CUSTOMS DUTY RATES:**

		Chapter/ heading/ sub- heading/ Tariff item	Commodity	Rate of Duty			
				From	To		
I.	Incentivizing domestic value addition, 'Make in India'						
A.	Reduction in Customs duty on inputs and raw materials to reduce costs						
			Food processing				
	1	0801 31 00	Cashew nuts in shell [Raw cashew]	5%	2.5%		
			Capital goods and Electronics				
	2	8483 40 00, 8466 93 90, 8537 10 00	Ball screws, linear motion guides, CNC systems for manufacture of all types of CNC machine tools falling under headings 8456 to 8463	7.5%	2.5%		
	3	70	Solar tempered glass or solar tempered [anti-reflective coated] glass for manufacture of solar cells /panels/modules	5%	Nil		
B.	Changes in Customs duty to address the problem of duty inversions in certain sectors						
			Medical Devices				
	4	Any Chapter	Raw materials, parts or accessories for the manufacture of Cochlear Implants	2.5%	Nil		
C.	Changes in Customs duty to provide adequate protection to domestic industry						
			Food Processing				
	5	2009 11 00 2009 12 00 2009 19 00	Orange fruit juice	30%	35%		
	6	2009 21 00 to 2009 90 00	Other fruit juices and vegetable juices	30%	50%		
	7	2009 81 00,	Cranberry juice	10%	50%		

		2009 90 00			
	8	2106 90	Miscellaneous Food preparations (other than soya protein)	30%	50%
			Perfumes and toiletry preparations		
	9	3303	Perfumes and toilet waters	10%	20%
	10	3304	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations	10%	20%
	11	3305	Preparations for use on the hair	10%	20%
	12	3306	Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages	10%	20%
	13	3307	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties	10%	20%
			Automobile and automobile parts		
	14	8407, 8408, 8409, 8483 10 91, 8483 10 92, 8511, 8708, 8714 10	Specified parts/accessories of motor vehicles, motor cars, motor cycles	7.5% / 10%	15%
	15	8702, 8703, 8704, 8711	CKD imports of motor vehicle, motor cars, motor cycles	10%	15%
	16	8702, 8704	CBU imports of motor vehicles	20%	25%
	17	4011 20 10	Truck and Bus radial tyres	10%	15%
			Textiles		

	18	5007	Silk Fabrics	10%	20%
			Footwear		
	19	6401, 6402, 6403, 6404, 6405	Footwear	10%	20%
	20	6406	Parts of footwear	10%	15%

			Diamonds, precious stones and jewellery		
	21	71	Cut and polished colored gemstones	2.5%	5%
	22	71	Diamonds including lab grown diamonds-semi processed, half-cut or broken; non-industrial diamonds including lab-grown diamonds (other than rough diamonds), including cut and polished diamonds	2.5%	5%
	23	7117	Imitation Jewellery	15%	20%
			Electronics / Hardware		
	24	8517 12	Cellular mobile phones	15%	20%
	25	3919 90 90, 3920 99 99, 3926 90 91, 3926 90 99, 4016 99 90, 7318 15 00, 7326 90 99, 8504, 8506, 8507, 8517 70 90, 8518, 8538 90 00, 8544 19, 8544 42, 8544 49	Specified parts and accessories of cellular mobile phones	7.5%/ 10%	15%
	26	8504 90 90/ 3926 90 99	PCBA of charger/adapter and moulded plastics of charger/adapter of cellular mobile phones	Nil	10%
	27	Any Chapter	Inputs or parts for manufacture	Applicable	Nil

			of: a) PCBA, or b) moulded plastics of charger/adapter of cellular mobile phones	rate	
	28	8517 62 90	Smart watches/wearable devices	10%	20%
	29	8529 10 99 8529 90 90	LCD/LED/OLED panels and other parts of LCD/LED/OLED TVs	7.5%/ 10%	15%
	30	8529/4016	12 specified parts for manufacture of LCD/LED TV panels	Nil	10%
	31	70	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	Nil	5%
			Furniture		
	32	9401	Seats and parts of seats [except aircraft seats and parts thereof]	10%	20%
	33	9403	Other furniture and parts	10%	20%
	34	9404	Mattresses supports; articles of bedding and similar furnishing	10%	20%
	35	9405	Lamps and lighting fitting, illuminated signs, illuminated name plates and the like [except solar lanterns or solar lamps]	10%	20%
			Watches and Clocks		
	36	9101, 9102	Wrist watches, pocket watches and other watches, including stop watches	10%	20%
	37	9103	Clocks with watch movements	10%	20%
	38	9105	Other clocks, including alarm clocks	10%	20%
			Toys and Games		
	39	9503	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; puzzles of all kinds	10%	20%
	40	9504	Video game consoles and machines, articles for funfair,	10%	20%

			table or parlor games and automatic bowling alley equipment		
	41	9505	Festive, carnival or other entertainment articles	10%	20%
	42	9506 [except 9506 91]	Articles and equipment for sports or outdoor games, swimming pools and paddling pools [other than articles and equipment for general physical exercise, gymnastics or athletics]	10%	20%
	43	9507	Fishing rods, fishing-hooks and other line fishing tackle; fish landing nets, butter fly nets and similar nets; decoy birds and similar hunting or shooting requisites	10%	20%
	44	9508	Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses, traveling menageries and travelling theatres	10%	20%
			Miscellaneous items		
	45	3406	Candles, tapers and the like	10%	25%
	46	4823 90 90	Kites	10%	20%
	47	9004 10	Sunglasses	10%	20%
	48	9611	Date, sealing or numbering stamps, and the like	10%	20%
	49	9613	Cigarette lighters and other lighters, whether or not mechanical or electrical, and parts thereof other than flints and wicks	10%	20%
	50	9616	Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetic or toilet preparations	10%	20%
II	Rationalization measures				
			Edible oils of vegetable origin		
	1	1508, 1509, 1510,1512,	Crude edible vegetable oils like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil,	12.5%	30%

		1513, 1515	Saffola oil, Coconut oil, Palm Kernel/Babassu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils.		
	2	1508, 1509, 1510,1512, 1513, 1515, 1516 20, 1517 10 21, 1517 90 10, 1518 00 11, 1518 00 21, 1518 00 31	Refined edible vegetable oils, like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babassu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils, edible margarine of vegetable origin, Sal fat; specified goods of heading 1518	20%	35%
			Refractory Items		
	3	6815 91 00	Other articles of stone containing magnesite, dolomite or chromite	10%	7.5%
	4	6901	Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals or of similar siliceous earths	10%	7.5%
	5	6902	Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths	5%	7.5%
	6	6903	Other refractory ceramic goods	5%	7.5%
III		Social Welfare Surcharge			
	1	Any chapter	Levy of Social Welfare Surcharge on imported goods [other than those mentioned at S. No. 3 to 6 below] to finance education, housing and social security	--	10% of the aggregate duties of customs
	2	Any chapter	Abolition of Education Cess and Secondary and Higher Education Cess on imported goods	3% of the aggregate duties of Customs [2% + 1%]	Nil

	3	2710	Exemption from Social Welfare Surcharge on motor spirit commonly known as petrol and high speed diesel oil	--	3% of the aggregate duties of Customs
	4	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured form, or in powder form	--	3% of the aggregate duties of Customs
	5	7108	Gold (including gold plated with platinum), unwrought or in semi-manufactured form, or in powder form	--	3% of the aggregate duties of Customs
	6	Any Chapter	Specified goods hitherto exempt from Education Cess and Secondary and Higher Education Cess on imported goods	--	Nil
IV		Road and Infrastructure Cess			
	1	2710	Levy of Road and Infrastructure Cess on imported motor spirit commonly known as petrol and high speed diesel oil	--	Rs. 8 per litre
	2	2710	Exemption from additional duty of customs leviable under section 3(1) of the Customs Tariff Act, 1975 in lieu of the proposed Road and Infrastructure cess on domestically produced motor spirit commonly known as petrol and high speed diesel oil	--	Nil
	3	2710	Abolition of Additional Duty of Customs [Road Cess] on imported motor spirit commonly known as petrol and high speed diesel oil	Rs. 6 per litre	Nil
	4		Additional duty of customs under sections 3(1) of the Customs Tariff Act, 1975 in lieu of basic excise duty		

		2710	(i) Motor spirit commonly known as petrol	Rs. 6.48 per litre	Rs. 4.48 per litre
		2710	(ii) High speed diesel oil	Rs. 8.33 per litre	Rs. 6.33 per litre

2. AMENDMENTS TO THE CUSTOMS TARIFF ACT, 1975 WITH NO CHANGES IN EFFECTIVE RATES OF DUTIES

S. No	Amendment
A	Amendment in the Customs Tariff Act, 1975
1	Amendment to the section 3 so as to insert subsections 8A and 10A to provide for valuation of warehoused goods, which are sold to another person before clearance for home consumption or export, for the purposes of Integrated Tax and Goods and Services Tax Compensation Cess
B	Import duty – First Schedule to the Customs Tariff Act, 1975
1	The tariff rate of customs duty for the specified medical devices is being increased from 7.5% to 10%. The effective rate of import duty on such medical devices will, however, remain unchanged.
2	The tariff rate of customs duty for Lithium-ion batteries is being increased from 10% to 20%. The effective rate of import duty on Lithium-ion batteries [other than Lithium-ion batteries for cellular mobile phones] will, however, remain unchanged at 10%.
C	Export duty – Second Schedule to the Customs Tariff Act, 1975
1	To insert a new Note to specify Nil rate of duty in respect of all other goods which are not covered under column (2) of the Schedule.
2	Introduction of 20% Tariff rate of Export Duty on Electrodes of a kind used for furnaces. The effective rate of Export duty on such electrodes will, however, remain Nil.

3. MAJOR AMENDMENTS IN THE CUSTOMS ACT, 1962

S. No	Amendment
A.	For facilitating trade
1	Defining scope of Assessment and introducing "risk based selection"

	for verifying Self-Assessment [Section 2(2), 17 of Customs Act]
2	Establishing single point of reference for importers, exporters and Officers with regard to Regulatory Controls imposed by various Ministries, Departments and Agencies [Section 11 of Customs Act]
3	Facilitating imports and exports meant for Repair, Manufacture and further Processing with full or partial duty exemptions [Section 25A and Section 25B of Customs Act]
4	Appointing a new Customs Advance Ruling Authority with Appellate mechanism [Sections 28E to 28M of Customs Act]
5	Providing legal basis for clearance by Customs Automated System [Sections 45, 47, 51, 60, 68 and 69 of Customs Act]
6	Introducing an electronic Cash ledger on the lines similar to provisions in CGST Act [Section 51A of Customs Act]
7	Introducing a new chapter for conduct of Audit [Section 99A of Customs Act]
8	Inserting a new section to provide for simplified and different procedures as part of Trade Facilitation [Section 143AA of Customs Act]
9	Introducing a new section for exchange of information with competent authorities of other countries [Section 151B of Customs Act]
B.	For reducing litigation
10	Providing for pre-notice consultation, issue of supplementary show cause notices on receipt of additional information but within present limitation period, time bound Adjudication and deemed closure of cases [Section 28 of Customs Act]
11	Providing for closure of cases without imposition of redemption fine in cases of voluntary payment of all dues [Section 125 of Customs Act]
C.	For improving compliance
12	Expanding the scope of the Customs Act to any offence or contravention committed under the said Act outside India [Section 1 of Customs Act]
13	Introducing provisions for controlled delivery for certain goods to be notified [Section 109A of Customs Act]

4. PROPOSALS INVOLVING CHANGE IN EXCISE DUTY RATES:

	Commodity	Rate of Duty	
		From	To
I	Motor spirit commonly known as petrol and high speed diesel oil		
	1.	Levy of Road and Infrastructure Cess on	-- Rs. 8 per

		motor spirit commonly known as petrol and high speed diesel oil		litre
	2.	Abolition of Additional Duty of Excise [Road Cess] on motor spirit commonly known as petrol and high speed diesel oil	Rs. 6 per litre	Nil
	3.	Basic excise duty on:		
		(i) Unbranded Petrol	Rs. 6.48 per litre	Rs. 4.48 per litre
		(ii) Branded petrol	Rs. 7.66 per litre	Rs. 5.66 per litre
		(iii) Unbranded diesel	Rs. 8.33 per litre	Rs. 6.33 per litre
		(iv) Branded diesel	Rs. 10.69 per litre	Rs. 8.69 per litre
	4.	Infrastructure Cess on (i) 5% ethanol blended petrol, (ii) 10% ethanol blended petrol and (iii) bio-diesel, up to 20% by volume, subject to the condition that appropriate excise duties have been paid on petrol or diesel and appropriate GST has been paid on ethanol or bio-diesel used for making such blends	--	Nil
	5.	Infrastructure Cess on petrol and diesel manufactured in and cleared from 4 specified refineries located in the North-East	--	Rs. 4 per litre

Note: "Basic Excise Duty" means the excise duty set forth in the First Schedule to the Central Excise Tariff Act, 1985.

5. MISCELLANEOUS

S. No.	Amendment
A.	Renaming of Central Board of Excise and Customs as the Central Board of Indirect Taxes and Customs
	Name of Central Board of Excise and Customs is being changed to Central Board of Indirect Taxes and Customs with consequential amendments in the following Acts: - i. The Central Boards of Revenue Act, 1963 (54 of 1963) ii. The Customs Act, 1962 (52 of 1962) iii. The Central Goods and Services Tax Act, 2017 (12 of 2017)

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Budget 2020-2021

**Speech of
Nirmala Sitharaman
*Minister of Finance***

February 1, 2020

Hon'ble Speaker,

I rise to present the Budget for the year 2020-2021.

Introduction

In May 2019, Prime Minister Modi received a massive mandate to form the government again. With renewed vigour, under his leadership, we commit ourselves to serve the people of India, with all humility and dedication.

2. People of India have unequivocally given their *jan-aadhar* for not just political stability and also reposed faith in our economic policies. This is the Budget to boost their incomes and enhance their purchasing power. Only through higher growth we can achieve that and have our youth gainfully and meaningfully employed. Let our businesses be innovative, healthy and solvent with use of technology.

3. For today's youth born at the turn of the century, for every member of Scheduled Castes and Scheduled Tribes who seeks a better life, for every woman wishing to stand up and get counted, for every individual from the minority sections of our society – this Budget aims to have your aspirations and hopes addressed.

4. We wish to open up vistas for a vibrant and dynamic economy with a gentle breeze of new technology. This vibrant India shall be a caring society which shall attend to its weak, the old and the vulnerable among its citizens.

5. During 2014-19, our government brought in a paradigm shift in governance. This shift was characterised by a twin focus: fundamental structural reform and inclusive growth.

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

7. Of the structural reforms, the Goods and Services Tax (GST) has been the most historic in our country. Its chief architect is not with us today. I pay homage to the visionary leader late Shri Arun Jaitley ji. At the time of roll out of GST, he had said and I quote:

"It will be an India where the Centre and States will work harmoniously towards the common goal of shared prosperity. The unanimity of the Constitutional amendment and the consensus of the GST Council highlights that India can rise above narrow politics for the nation's interest. With the GST, neither the state nor the Centre loses its sovereignty. In contrast, they will pool their sovereignty on decisions on indirect taxes."

8. True to this vision for the historic structural reform, the Goods and Services Tax has been gradually maturing into a tax that has integrated the country economically. It has consolidated numerous taxes and cesses to one tax and facilitated formalization of economy. It has resulted in the efficiency gains in logistic and transport sectors. The turnaround time for trucks has witnessed a substantial reduction to the tune of 20% due to abolition of check posts in GST. The dreaded Inspector-Raj has also vanished.

9. It has also led to significant benefits to MSME by way of enhanced threshold and composition limits. The effective tax incidence on almost every commodity came down substantially. Through several rate reductions, an annual benefit of ₹ one lakh crore has been extended to consumers. It amounts to 10% reduction in overall tax incidence. An average household now saves about 4% on its monthly spends on account of reduced GST rates.

10. During this phase of maturing, GST did face certain challenges. This was natural as transition was daunting. GST Council has been proactive in resolving issues during transition. In the last two years we have added more than 60 lakh new taxpayers, a total of about 40 crore returns were

filed, 800 crore invoices were uploaded, and 105 crore e-way bills were generated. There has been extensive engagement with stakeholders. A simplified new return system is being introduced from April 1, 2020.

11. A former Prime Minister had once voiced a concern that the fruits of the welfare schemes were not reaching the intended citizens – the common and deserving citizen was only receiving 15 paisa of every rupee sent for him. Guided by “Sabka Saath, Sabka Vikas, Sabka Vishwas”, our government and our Prime Minister added manifold speed and scaled up the implementation of schemes and programmes that directly benefitted the poor and the disadvantaged. I wish to list out only a few as examples: (a) welfare schemes with Direct Benefit Transfer (DBT) embedded in them; (b) sanitation and water as provision of basic needs and as a measure of preventive healthcare; (c) healthcare, through Ayushman Bharat; (d) clean energy through Ujjwala and solar power; (e) financial inclusion, credit support, insurance protection to vulnerable sections and pension scheme; (f) digital penetration with broadband and UPI; (g) Affordable Housing for all through PMAY.

The milestones achieved are unprecedented, globally recognised and benchmarked against international indices.

12. This strategy, changed the established order of a few individuals cornering most of the benefits and was appreciated by the people. This had immensely positive outcomes. We have moved on from a growth rate of just over 4% in 1950s to 6% in 1980s and 1990s. However, during 2014-19 we clocked growth of 7.4% on average with inflation, averaging around 4.5%. It is worthwhile to note that inflation was close to 9% in the last two decades of the last millennium and ranged 10.5% during 2009-14. Between 2006-16, India was able to raise 271 million people out of poverty, which we all should be proud of.

13. We are now the fifth largest economy of the world. India's foreign direct investment got elevated to the level of US\$ 284 billion during 2014-19 from US\$ 190 billion that came in during the years 2009-14. The Central Government debt that has been the bane of our economy got reduced, in March 2019, to 48.7% of GDP from a level of 52.2% in March 2014.

14. With this backdrop, our government shall work towards taking the country forward so that we can leapfrog to the next level of health, prosperity and well-being. We shall strive to bring Ease of living for every citizen.

15. I am mindful of presenting this budget in the backdrop of two cross-cutting developments:

- a) Proliferation of technologies, specially analytics, machine learning, robotics, bio-informatics and Artificial Intelligence; and
- b) The number of people in the productive age group i.e. 15-65 years in India, being at its highest.

16. This combination is special to contemporary India. Across the world, if there is a shrinking of globalisation, equally, there is a debate on the efficacy of monetary policy too. The efforts we have made in the last five years and the energy, enthusiasm and the innovation of our youth are the ignition required to push forward. The Indian spirit of entrepreneurship which weathered several storms over the centuries inspire and motivate us. We recognise the need to support and further energise this spirit.

17. This budget is woven around three prominent themes:

One: **Aspirational India** in which all sections of the society seek better standards of living, with access to health, education and better jobs.

Two: **Economic development** for all, indicated in the Prime Minister's exhortation of "Sabka Saath , Sabka Vikas , Sabka Vishwas". This would entail reforms across swathes of the economy. Simultaneously, it would mean yielding more space for the private sector. Together, they would ensure higher productivity and greater efficiency.

AND

Three: Ours shall be a **Caring Society** that is both humane and compassionate. Antyodaya is an article of faith.

18. The digital revolution which has placed India in a unique leadership position globally will see the next wave. We shall aim:

- To achieve seamless delivery of services through **Digital governance**
- To improve physical quality of life through **National Infrastructure Pipeline**
- Risk mitigation through **Disaster Resilience**
- Social security through **Pension and Insurance penetration**.

Each one of these initiatives and their components would be benchmarked to international standards and the indices would be announced soon.

19. To Summarize my introductory remarks, this Budget Speaker Sir, is dedicated to provide “Ease of Living” to all citizens. As mentioned, a little earlier, the 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.

20. The three themes described earlier form the basis of my subsequent presentation. They are the flowers of the bouquet that underline the overall concept of “**Ease of Living**” and need to uplift Governance, as pronounced by our Prime Minister Shri Narendra Modi. The chapter on Finances and subsequent Part B on Taxes provide the necessary underpinning to the Budget that lays the guide map for next year and beyond.

Before, I move to elaborate on each of the three themes, I wish to recite a small verse in Kashmiri:

भैन वउन, गुलश्यर मलीभार दयव
 चुल भंश्य, फ़ेलवन पम्मेम दयव।
 नवजावन-मन दुन्हु बसुन पाभार दयव
 छैन वउन, शैन वउन
 भैन वउन, चुन्हु भैन वउन।
- पंडित मीनाक्ष कैल

Saun Watan Gulzar Shalamaar Hyur
 Dal Manz Pholvun Pamposh Hyuv
 Navjavan-an-hund, Vushun Khumaar Hyuv
 Myon Watan, Chyon Watan
 Saun Watan, Nundbony Watan

(Everything that we do, all of us do, is for this beautiful country)

Poem by Pandit Dinanath Koul

Aspirational India

21. I shall cover programmes and plans related to: (1) Agriculture Irrigation and Rural development (2) Wellness, Water and Sanitation and (3) Education and Skills

Agriculture, Irrigation and Rural Development

22. Our government is committed to the goal of doubling farmers' incomes by 2022. We have provided energy sovereignty through KUSUM and input sovereignty through Paramparagat Krishi Vikas Yojana. We have provided resilience for 6.11 crores farmers insured under PM Fasal Bima Yojana. Focus on cultivation of pulses, expansion of micro-irrigation through Krishi Sinchai Yojana, have raised the self-reliance of the country. Provision of any annual supplement of the income to the farmer, directly is done through PM-KISAN. Connectivity through PMGSY, financial inclusion have helped raise farm incomes.

22 (1). Prosperity to farmers can be ensured by making farming competitive. For this, farm markets need to be liberalised. Distortions in farm and livestock markets need to be removed. Purchase of farm produce, logistics and agri-services need copious investments. Substantial support and hand-holding of farm-based activities such as livestock, apiary, and fisheries need to be provided for. Farmers desire integrated solutions covering storage, financing, processing and marketing.

23. Adopting sustainable cropping patterns and bringing in more technology are integral to our plan. All this and more can be achieved through working with and in cooperation with the States.

The following 16 action points indicate our focus:

23 (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

23 (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.

23 (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.

23 (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.

பூமி திருத்தி உண்

ஆத்திச்சூடி - 82

Bhumi tiruthi Unn

- Wise, Old Tamil Woman Saint poet Aauvaiyar – Sangam Era
"Aaathichoodi" verse 81

The meaning of this saying is that one must “first tend to till one's land and then eat”. One must eat only after work.

23 (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.

23 (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”.

23 (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.

23 (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.

23 (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”.

23 (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.

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

23 (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 ₹ 15 lakh crore. All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme.

23 (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.

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

23 (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 ₹ 1 lakh crore by 2024-25.

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

24. 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 ₹ 2.83 lakh crore has been made for the year 2020-21 . Its divided, inter-alia;

a) **For Agriculture, Irrigation & allied activities - ₹ 1.60 lakh crore**

b) **For Rural development & Panchayati Raj - ₹ 1.23 lakh crore**

Wellness, Water and Sanitation

Under Aspirational India, I shall now speak about Wellness, Water and Sanitation.

25. We have a **holistic vision of healthcare** that translates into wellness of the citizen. Mission Indradhanush has been expanded to cover 12 such diseases, including five new vaccines. **FIT India movement** is a vital part of fight against Non communicable diseases coming out of life style issues . A very focused safe water (Jal Jeevan Mission) and comprehensive sanitation program (Swachch Bharat Mission) have been launched to support the health vision. That would reduce the disease burden on the poor.

26. 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.

26 (1). 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

26 (2). 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.

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

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

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

29. 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 ₹12,300 crore in 2020-21.

30. Aiming to provide piped water supply to all households, Prime Minister announced from the Red Fort the **Jal Jeevan Mission**. Our government has approved ₹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 ₹ 11,500 crore.

Education and Skills

The third and the final item under **Aspirational India is Education and Skills.**

31. 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. Dialogues have been held with State Education Ministries, Members of Parliament and other stake-holders about Education policy. Over 2 lakh suggestions were also received. **The New Education Policy will be announced soon.**

32. 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.

33. 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.

34. 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.

35. 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. Initially, only a few such institutions would be asked to offer such programmes.

36. 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.

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

38. There is a shortage of qualified medical doctors, both general practitioners as well as specialists. In order to meet this requirement;

38 (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. Details of the scheme would be worked out.

38 (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.

39. 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 ₹ 99,300 crore for education sector in 2020-21 and about ₹ 3,000 crores for skill development.

Economic Development

Industry, Commerce and Investment

The guilds of Saraswati-Sindhu civilization & the Harappan seals are remarkable. They belong to 3300 BCE. Words from the Indus Script-hieroglyphs have been deciphered. Commerce and trade related words show how India for a millennia is continuing as rich in skills, metallurgy, trade etc. "Takara Kolimi=Tin smithery", " Sreni "= Guild , " Sethi"= wholesale merchant, "Poddar"= Assayer of metal into treasury.

40. Entrepreneurship has always been the strength of India. Even today, young men and women have given up greener pastures elsewhere to contribute to India's growth. They are risk-taking and come up with disruptive solutions to festering challenges. Equally, established old industries are resetting themselves in a changing global and domestic situation. We recognise the knowledge, skills and risk-taking capabilities of our youth. He is no longer the job seeker. He is creator of jobs. Now we wish to create more opportunities and remove road-blocks from his path.

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.

41. 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.

42. 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.

42(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 encouraging manufacture of mobile phones, electronic equipment and semi-conductor packaging. Details would be announced later.

42(2). With suitable modifications, this scheme can be adapted for manufacture of medical devices too

43. 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 ₹ 1480 crore.

44. 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.

45. 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.

46. 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.*

47. 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.

48. 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 ₹ 3lakh crores.

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

Under the theme “Economic Development”, the second focus is on Infrastructure.

Infrastructure

49. Hon'ble Speaker, Sir, in his Independence Day speech 2019, Prime Minister had highlighted that ₹ 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 ₹ 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.

50 (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.

50 (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.

51. 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.

52. 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.

53. 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.

54. 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 projects 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 ₹ 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.

55. Our sea-ports need to be more efficient. Technology has to be 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.

56. 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.

57. 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 ₹ 1.70 lakh crore for transport Infrastructure in 2020-21.

58. 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 ₹ 22,000 crore to power and renewable energy sector in 2020-21

59. 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.

60 (1). Further, it is proposed to expand the national gas grid from the present 16200 km to 27000 km, and

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

New Economy

61. 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.

62. 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:

62 (1). 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.

62 (2). 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 ₹ 6000 crore to Bharatnet programme in 2020-21.

63. 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 Start-ups.

63 (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.

63 (2). Knowledge Translation Clusters would be set up across different technology sectors including new and emerging areas.

63 (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.

63 (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.

63 (5). The government proposes to provide early life funding, including a seed fund to support ideation and development of early stage Start-ups.

64. 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 ₹ 8000 crore over a period five years for the National Mission on Quantum Technologies and Applications.

Caring Society

In our third theme we focus on Women & Child, Social Welfare; Culture and Tourism and also on Environment and Climate Change.

Women & Child, Social Welfare

65. I am pleased to inform the House that "Beti Bachao Beti Padhao" has yielded tremendous results. Gross enrolment ratio of girls across all levels of education is now higher than boys. At elementary level, it is 94.32 % as against 89.28% for boys. At Secondary level, it is 81.32 % as compared to 78 %, At higher secondary level girls have achieved a level of 59.70 % as compared to 57.54 % for boys.

66. Health of mother and child are closely correlated. 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.

67. 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.

I propose to provide ₹ 35600 crore for nutrition-related programmes for the financial year 2020-21.

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

69. 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.

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

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

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

Culture & Tourism

73. 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.

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

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

75 (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).

75 (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 ₹ 3,150 crore for Ministry of Culture for 2020-21.

76. 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 ₹1.88 lakh crores for the period January to November 2019 from ₹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 ₹ 2,500 crore for 2020-21.

Environment & Climate Change

77. 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

78. 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.

79. 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.

80. 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 ₹4400 crore for 2020-21.

நல்ல நாடு

பிணியின்மை, செல்வம் விளைவின்பம் ஏமம்
அணியென்ப நாட்டில் வைந்து.

குறள் - 738

(The meaning of this kural is that Freedom from illness, wealth, produce, happiness and protection (to subjects); these five, are the ornaments of a kingdom).

Governance

81. 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.

82. 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.

83. 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.

84. 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.

85. 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.

86. 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.

87. 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 ₹ 100 crore to begin the preparations.

88. 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.

89. 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 ₹30,757 crore has been provided for the Financial Year 2020-21. An amount of ₹5,958 crore has been provided for the Union Territory of Ladakh

Financial Sector

90. 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.

91. We had earlier approved consolidation of 10 banks into four. In the last few years, Government of India has infused about ₹ 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.

92. 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 ₹ one lakh to ₹ five lakh per depositor.

93. 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.

94. 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 ₹ 500

crore to asset size of ₹ 100 crore or loan size from existing ₹ 1 crore to ₹ 50 lakh.

95. 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.

96. 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.

97. 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.

98. 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.

98(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.

98(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.

98(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.

98(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.

99. 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 ₹ 1000 crore will be anchored by EXIM Bank together with SIDBI. Both these institutions would contribute ₹ 50 crore each. This ₹ 100 crore would be achieved towards equity and technical assistance. Debt funding of ₹900 crore from banks would be made available.

Financial Markets

100. 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:

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

100 (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.

100(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.

101. 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.

102. 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.

Infrastructure Financing

103. Government's commitment for investment in infrastructure was reiterated when ₹103 lakh crore National Infrastructure Pipeline projects were announced. I would also like to inform that about ₹ 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 ₹1,00,000 crore. This would create a major source of long term debt for infrastructure projects and fulfil a long awaited requirement.

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

104 (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.

104 (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

105. 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

106. 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.

107. 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.

108. 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.**

109. 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.

110. Revised Estimates of Expenditure for the Financial Year 2019-20 are at a level of ₹ 26.99 lakh Crore and the receipts are estimated at ₹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 ₹ 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 ₹ 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. Details may be seen at the annexes to the printed copy of my speech.

111. 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 ₹ 4.99 lakh crore and for the year 2020-21, it would be ₹ 5.36 lakh crore.

112. 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 ₹ 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.**

I would, now, move to Part B of my speech.

PART B

Direct Tax

113. 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.

प्रजानामेवभूत्यर्थसताभ्योबलिमग्रहीत।
सहस्रगुणमुल्सष्टुमादत्तेहिरसंरविः॥

Surya, the Sun, collects vapour from little drops of water. So does the King.
 They give back copiously. They collect only for people's wellbeing.
 [Verse 18, Sarga 1 Raghuvamsa by Kalidasa]

114. 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.

115. Personal Income Tax and simplification of taxation

- In the interim Budget of 2019, our government exempted individuals having income up to ₹ 5 Lakh from paying any income tax. Presently, an individual pays 20% on income between ₹ 5 Lakh to ₹ 10 Lakh and 30% on income above ₹ 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 ₹ 5 Lakh to ₹ 7.5 Lakh against the current rate of 20%.
- For income between ₹ 7.5 Lakh to ₹ 10 Lakh he will pay at the reduced rate of 15% against the current rate of 20 %.
- Similarly for the income between ₹ 10 Lakh to ₹ 12.5 Lakh the taxpayer will pay at the reduced rate of 20% against the current rate of 30 %.
- The income between ₹ 12.5 Lakh to ₹ 15 Lakh will be taxed at the reduced rate of 25% against the existing rate of 30 %. Incomes above ₹ 15 lakh will be continued to be taxed at the rate of 30 %.
- Those earning up to ₹ 5 lakhs shall not pay any tax either in the old regime or in the new regime.
- The proposed tax structure will provide significant relief to taxpayers and more so to those in the middle class.

Taxable Income Slab (₹)	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%

- In the new tax regime, substantial tax benefit will accrue to a taxpayer depending upon exemptions and deductions claimed by him. For example, a person earning ₹ 15 lakh in a year and not availing any deductions etc. will pay only ₹, 1,95,000 as compared to ₹, 2,73,000 in the old regime. Thus his tax burden shall be reduced by 78,000 in the new regime. He would still be the gainer in the new regime even if he was taking deduction of ₹ 1.5 Lakh under various sections of Chapter- VI-A of the Income Tax Act under the old regime.
- 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 ₹ 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.*

116. 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 ₹ 25,000 Crore.
- This is another bold move which will further make India an attractive destination for investment.

117. 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.

118. 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 lock-in 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.

119. 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 cash-flow 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 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 ₹ 25 crore to ₹ 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.

120. 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).

121. 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 ₹ 1 crore to ₹ 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.

122. 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.

123. 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%.

124. 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.

125. 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.

126. 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.

127. 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.

128. 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.

129. 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.

130. 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

131. As I mentioned earlier in Part A of my speech, 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.

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

133. 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.

134. 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.

135. 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.

136. 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.

137. 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.

138. 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.

139. 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.

140. 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.

141. 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.

142. 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%.

143. 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.

144. 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.

145. Finally, continuing the tax reform is an ongoing challenge and we propose to pursue them with full vigour.

146. Details of my budget proposals relating to direct and indirect taxes are in the Annexure to my speech.

147. Mr. Speaker Sir, with these words I commend the Budget to this august House.

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

Major Scheme Allocation

(₹ crore)

S. No.	Name of the Scheme	BE 2019-20	RE 2019-20	BE 2020-21
1	National Social Assistance Program	9,200	9,200	9,197
2	Mahatma Gandhi National Rural Employment Guarantee Program	60,000	71,002	61,500
3	Umbrella Scheme for Development of Schedule Castes	5,445	5,568	6,242
4	Umbrella Programme for Development of Scheduled Tribes	3,810	4,194	4,191
5	Umbrella Programme for Development of Minorities	1,590	1,709	1,820
6	Umbrella Programme for Development of Other Vulnerable Groups	1,818	1,846	2,210
7	National Ganga Plan	750	353	800
9	Pradhan Mantri Gram Sadak Yojna	19,000	14,070	19,500
10	Pradhan Mantri Awas Yojna (PMAY)	25,853	25,328	27,500
11	Jal Jeevan Mission (JJM)	10,001	10,001	11,500
12	Swachh Bharat Mission	12,644	9,638	12,294
13	National Health Mission	33,651	34,290	34,115
14	National Education Mission- Samagra Shiksha	38,547	37,672	39,161
15	PMJAY-Ayushman Bharat	6,556	3,314	6,429
16	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	75,000	54,370	75,000
17	Deen Dayal Antyodaya Yojana- National Livelihood Mission - Ajeevika	9,774	9,774	10,005
18	Pardhan Mantri Swasthya Suraksha Yojana	4,000	4,733	6,020
19	Umbrella Integrated Child development Scheme	27,584	24,955	28,557
20	National Programme of Mid Day Meal in Schools	11,000	9,912	11,000

Transfer of Resources to States and Union Territories with Legislature

(₹ crore)

	BE 2019-20	RE 2019-20	BE 2020-21
I. Devolution of States share in taxes	8,09,133	6,56,046	7,84,181
II. Some Important Items of Transfer	54,581	57,344	73,275
1. Assistance to States from NDRF	10,000	20,000	25,000
2. Central Pool of Resources for North Eastern Region and Sikkim	392	380	407
3. Externally Added Projects - Grants	4,500	3,000	4,000
4. Externally Aided Projects-Loan	19,723	25,000	25,000
5. Schemes of North East Council	326	324	287
6. Schemes under Provision to Article 275(1) of the Constitution	2,321	2,321	1,199
7. Special Assistance under the demand - Transfers to States	15,000	4,000	15,000
8. Special Central Assistance to Scheduled Castes under Demand- Department of Social Justice and Empowerment	1,074	1,074	1,172
9. Special Central Assistance to Tribal Area under the Demand - Ministry of Tribal Affairs	1,245	1,245	1,210
III. Finance Commission Grants	1,20,466	1,23,710	1,49,925
1. Grant for local bodies - Rural Bodies	52,558	58,616	69,925
2. Grants for Urban Local Bodies	23,359	25,843	30,000
3. Grants-in-Aid for SDRF	10,344	10,938	20,000
4. Post Devolution Revenue Deficit Grants	34,206	28,314	30,000
IV. Total Transfer to States [Other than (I)+(II)+(III)]	3,35,220	3,22,443	3,35,878
1. Under Centrally Sponsored Schemes (Revenue)	2,92,003	2,83,057	2,95,269
2. Under Central Sector Schemes (Revenue)	42,076	38,227	39,451
3. Under Other Categories of Expenditure (Revenue)	1,033	1,055	1,066
4. Capital Transfers	109	104	93
V. Total Transfer to Delhi and Puducherry	10,028	28,419	47,408
1. Under Centrally Sponsored Schemes (Revenue)	2,026	1,999	5,603
2. Under Central Sector Schemes (Revenue)	89	222	299
3. Under Other Categories of Expenditure (Revenue)	7,613	25,972	41,355
4. Capital Transfers	300	225	150
Total Transfer to States/UTs	13,29,428	11,87,961	13,90,666

Allocation for Major Ministries/ Departments

(₹ crore)

Sl. No.	Ministry/Department	BE 2019-20	RE 2019-20	BE 2020-21
1	Department of Agriculture, Cooperation and Farmers' Welfare	1,30,485	1,01,904	1,34,400
2	Department of Agricultural Research and Education	8,079	7,846	8,363
3	Atomic Energy	16,926	17,426	18,229
4	Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	1,940	1,857	2,122
5	Department of Fertilisers	80,035	80,035	71,345
6	Ministry of Civil Aviation	4,500	3,700	3,798
7	Department of Commerce	6,219	7,219	6,219
8	Department for Promotion of Industry and Internal Trade	5,675	6,490	6,606
9	Department of Posts	11,299	12,398	15,525
10	Department of Telecommunications	27,338	23,350	66,432
11	Department of Consumer Affairs	2,272	2,050	2,300
12	Department of Food and Public Distribution	1,92,240	1,15,240	1,22,235
13	Ministry of Culture	3,042	2,547	3,150
14	Defence Services (Revenue)	2,01,902	2,05,902	2,09,319
15	Capital Outlay on Defence Services	1,03,394	1,10,394	1,13,734
16	Defence Pensions	1,12,080	1,17,810	1,33,825
17	Ministry of Development of North Eastern Region	3,000	2,670	3,049
18	Ministry of Earth Sciences	1,902	1,810	2,070
19	Ministry of Electronics and Information Technology	6,654	5,839	6,899
20	Ministry of Environment, Forests and Climate Change	2,955	2,658	3,100
21	Ministry of External Affairs	17,885	17,372	17,347
22	Department of Economic Affairs	14,312	15,952	29,308
23	Department of Financial Services	4,690	7,734	11,125
24	Department of Revenue	1,02,048	1,22,066	1,36,640
25	Interest Payments	6,60,471	6,25,105	7,08,203
26	Pensions	48,565	50,565	61,169
27	Transfers to States	1,55,447	1,55,447	2,00,447
28	Department of Fisheries	805	700	825
29	Department of Animal Husbandry and Dairying	2,932	2,790	3,289
30	Ministry of Food Processing Industries	1,197	1,043	1,233
31	Department of Health and Family Welfare	62,659	62,659	65,012
32	Department of Health Research	1,900	1,950	2,100

Sl. No.	Ministry/Department	BE 2019-20	RE 2019-20	BE 2020-21
33	Ministry of Home Affairs	4,896	19,955	8,002
34	Ladakh	5,958
35	Transfers to Jammu and Kashmir	30,757
36	Ministry of Housing and Urban Affairs	48,032	42,267	50,040
37	Department of School Education and Literacy	56,537	56,537	59,845
38	Department of Higher Education	38,317	38,317	39,467
39	Ministry of Information and Broadcasting	4,375	4,065	4,375
40	Department of Water Resources, River Development and Ganga Rejuvenation	8,245	7,518	8,960
41	Department of Drinking Water and Sanitation	20,016	18,360	21,518
42	Ministry of Labour and Employment	11,184	11,184	12,065
43	Ministry of Micro, Small and Medium Enterprises	7,011	7,011	7,572
44	Ministry of Minority Affairs	4,700	4,700	5,029
45	Ministry of New and Renewable Energy	5,255	3,892	5,753
46	Ministry of Panchayati Raj	871	500	901
47	Ministry of Petroleum and Natural Gas	42,901	42,901	42,901
48	Ministry of Power	15,875	15,875	15,875
49	Ministry of Railways	68,019	69,967	72,216
50	Ministry of Road Transport and Highways	83,016	83,016	91,823
51	Department of Rural Development	1,17,647	1,22,649	1,20,147
52	Department of Land Resources	2,227	1,900	2,251
53	Department of Science and Technology	5,580	5,481	6,302
54	Department of Biotechnology	2,580	2,381	2,787
55	Department of Scientific and Industrial Research	4,896	4,883	5,385
56	Ministry of Shipping	1,903	1,523	1,800
57	Ministry of Skill Development and Entrepreneurship	2,989	2,531	3,002
58	Department of Social Justice and Empowerment	8,885	8,885	10,104
59	Department of Empowerment of Persons with Disabilities	1,205	1,100	1,325
60	Department of Space	12,473	13,139	13,479
61	Ministry of Statistics and Programme Implementation	5,231	5,231	5,444
62	Ministry of Textiles	4,831	4,831	3,515
63	Ministry of Tourism	2,189	1,416	2,500
64	Ministry of Tribal Affairs	6,895	7,340	7,411
65	Ministry of Women and Child Development	29,165	26,185	30,007
66	Ministry of Youth Affairs and Sports	2,217	2,777	2,827

Annex-V

Statement of Extra Budgetary & Other Resources (Govt. fully serviced bonds, NSSF etc.)				
(₹ crore)				
Part-A – EBRs mobilised through issue of Govt. fully serviced bonds				
Demand No.	Name of the Ministry/Department and Name of the Scheme	BE 2019-20	RE 2019-20	BE 2020-21
42	Department of Health & Family Welfare Pradhan Mantri Swasthya Suraksha Yojana	5,000.00	2,700.00	3,000.00
57	Ministry of Housing & Urban Affairs Pradhan Mantri Awas Yojana (PMAY) - Urban	20,000.00	10,000.00	10,000.00
59	Department of Higher Education Revitalising Infrastructure and Systems in Higher Education (RISE)	5,000.00	1,000.00	3,000.00
61	Department of Water Resources, River Development & Ganga Rejuvenation (i) Polavaram Irrigation Project (ii) Pradhan Mantri Krishi Sinchai Yojana (AIBP & other Projects)	--- 4,882.00	1,850.00 3,033.96	5,000.00
62	Department of Drinking Water & Sanitation (i) Swachh Bharat Mission (Rural) (ii) Jal Jeevan Mission/National Rural Drinking Water Programme	5,000.00 6,300.00	5,000.00 2,000.00	12,000.00
70	Ministry of New & Renewable Energy Pradhan Mantri-Kisan Urja Sanrakshan Evam Utthan Mahabhiyan (PM-KUSUM)	822.00	500.00	1,000.00
77	Ministry of Power Deen Dayal Upadhyaya Gram Jyoti Yojana/SAUBHAGYA	9,000.00	8,500.00	5,500.00
85	Department of Rural Development Pradhan Mantri Awas Yojana (PMAY) - Rural	---	10,000.00	10,000.00
90	Ministry of Shipping Inland Waterways Authority of India (IWAI) Projects	1,000.00	---	---
Total		57,004.00	44,583.96	49,500.00

Part-B – Financial support extended through loans from NSSF

Sl. No.	Name of the Ministry/Department/ Name of the Entity	BE 2019-20	RE 2019-20	BE 2020-21
1	Department of Food & Public Distribution Food Corporation of India	---	1,10,000.00	1,36,600.00
2.	Ministry of Housing & Urban Affairs Building Materials & Technology Promotion Council(BMTPC)	----	15,000.00	---
3.	Department of Fertilizers (i) Rashtriya Chemicals & Fertilizers Ltd. (ii) Metals & Minerals Trading Corporation	--- ---	1,805.00 1,310.00	---
	Total	---	1,28,115.00	1,36,600.00
	Grand Total (A+B)	57,004.00	1,72,698.96	1,86,100.00

Notes:

- (i) Estimates of financial support through NSSF as indicated in RE 2019-20 & BE 2020-21 is arrived on the basis of gap between total requirement for funds (including repayment of NSSF loan in FY 2019-20 & FY 2020-21), proposed by Department of Food & Public Distribution during these years and budgetary provision made in RE 2019-20 & BE 2020-21.
- (ii) **Capital Infusion in Public Sector Banks:** Capital to the extent of ₹80,000 crore in 2017-18 and ₹ 1,06,000 crore in 2018-19 was infused for Recapitalization of Public Sector Banks to enable them to maintain their Regulatory Capital, Growth Capital and Prompt Corrective Action (PCA) at desirable levels. For this purpose, a provision of ₹ 70,000 crore has also been made available in the 2019-20. Currently, the capital infusion is made through issuance of Gol special Securities carrying a fixed coupon. In the current Financial Year, so far ₹64,612 crore has been infused as Government's fresh capital.
- (iii) Statement of liability on annuity projects is given in Part-B of the Receipt Budget 2020-21.

Annex to Part B of Budget Speech

Direct Tax Proposals:

1. Tax Incentives

- 1.1 Relief in personal income-tax and simplification of taxation: In order to provide relief and simplify the taxation regime, it is proposed to provide an option to individual and Hindu undivided family to be taxed at following lower rates if they do not avail specified exemption/deductions:

Total Income (Rs)	Rate (%)
Upto 2,50,000	Nil
From 2,50,001 to 5,00,000	5
From 5,00,001 to 7,50,000	10
From 7,50,001 to 10,00,000	15
From 10,00,001 to 12,50,000	20
From 12,50,001 to 15,00,000	25
Above 15,00,000	30

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

- 1.2 Relief and simplification for co-operative societies: In order to provide relief and simplify the taxation regime, it is proposed to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge plus 4% cess, if they do not avail certain specified deduction/exemption. Further, it is also proposed to exempt these cooperative societies from Alternative Minimum Tax (AMT).
- 1.3 Tax concession for foreign investments: In order to promote investment of sovereign wealth fund, including the wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA),it is proposed to

grant tax exemption to interest, dividend and capital gains income of Sovereign Wealth Fund and wholly owned subsidiary of the ADIA subject to fulfilment of certain conditions, in respect of investment made in the infrastructure sector or other deserving notified sectors before 31st March, 2024 and with a minimum lock-in period of 3 years.

- 1.4 Removal of Dividend Distribution Tax: At present dividend is taxed in the hands of company distributing such dividend. This is found to be iniquitous. It is proposed to shift to classical system of taxing dividend in the hands of shareholders.
- 1.5 Incentives for IFSC, municipal bonds and offshore borrowing: The concessional rate of Tax Deductible at Source (TDS) at five per cent currently available under section 194LC and 194LD for borrowing from overseas is proposed to be extended for three years to 30th June 2023. Further, specified municipal bonds would also be eligible for such concession on overseas borrowing. It is also proposed to provide that the withholding tax rate shall be four per cent on fresh overseas borrowing on or after the 1st day of April, 2020 but before the 1st day of July, 2023 which is listed only on a recognised stock exchange located in any IFSC.
- 1.6 Incentives to Affordable Housing: Currently, an additional deduction up to one lakh fifty thousand rupees is allowed for interest paid on loans sanctioned upto 31st March, 2020 for purchase of an affordable house. In order to incentivise the purchase of affordable housing, it is proposed to extend the date of sanction of loan to 31st March, 2021. Hence, this deduction will also be available in respect of housing loans sanctioned by 31st March, 2021.

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, it is proposed to extend the date of approval of affordable housing projects for availing this tax holiday by one more year. Accordingly, developers of affordable housing projects approved by 31st March, 2021 can also avail of the tax holiday.

- 1.7 Concession to Real Estate sector: Currently, safe harbour of 5% is allowed for computation of income in respect of transaction of

immovable property where the consideration is less than the circle rate. In order to boost housing sector, it is proposed to increase this safe harbour to 10%.

- 1.8 Incentives to start-up: In order to encourage the start-ups to employ highly talented employees at a relatively low salary by granting them Employee Stock Option Plan (ESOPs), it is proposed to defer the tax payment on these ESOPs granted by start-up to their employees by five years or till the employee leaves the company or when the said employee sells those shares, whichever is earliest.

Further, in order to extend benefit of tax holiday to larger start-ups, it is proposed to increase the turnover threshold for claiming tax holiday from existing Rs. 25 crore to Rs. 100 crores. Further, in order to address the concerns of start-ups which may not have adequate profit in initial years for availing this holiday, it is proposed to extend the period of eligibility for claim of 100% deduction from the existing 7 years to 10 years.

- 1.9 Allowing carry forward of losses or depreciation in certain amalgamations: It is proposed to provide that the amalgamated public sector banks and insurance companies shall be eligible to take the benefit of unabsorbed losses and depreciation of the amalgamating entities.
- 1.10 Widening the definition of “business trust”: In order to encourage unlisted Infrastructure Investment Trust (InvIT) or a Real Estate Investment Trust (REIT), it is proposed to extend the same taxation regime as available to listed InvITs and listed REIT to unlisted REIT and InvIT.
- 1.11 Exemption to Indian Strategic Petroleum Reserves Limited: It is proposed to provide exemption to Indian Strategic Petroleum Reserves Limited (ISPRL) in respect of income accruing or arising as a result of an arrangement for replenishment of crude oil stored in its storage facility in pursuance to directions of the Central Government in this behalf subject to the condition of replenishment of crude oil within three years.

- 1.12 Concessional tax rate for electricity generation companies: In order to attract investment in the power sector, it is proposed to extend the concessional corporate tax rate of 15% provided by the Taxation Laws (Amendment) Act, 2019 to new domestic companies that are engaged in the generation of electricity subject to the condition that they start generating electricity by 31st March, 2023.

2. Measures to provide tax certainty

- 2.1 Widening the scope of Safe Harbour Rules and Advance Pricing Agreement: In order to provide tax certainty to taxpayers in the matter of attribution of profit to permanent establishment (PE), it is proposed to widen the scope of Advanced Pricing Agreement (APA) and Safe Harbour Regime (SHR), by providing that determination of attribution of profit to PE shall also be in the scope of SHR and APA.
- 2.2 Rationalisation of deduction to insurance companies: It is proposed to provide that expenses disallowed in the hands of insurance companies for late payment of statutory dues shall be allowed in the year of payment.
- 2.3 Reduction in rate of Tax Deduction at Source (TDS): In order to reduce litigation, it is proposed to reduce rate for TDS in case of fees for technical services (other than professional services) to two per cent from existing ten per cent in order to align the same with the rate of TDS on works contract.
- 2.4 Vivad se Vishwas Scheme: It is proposed to bring out a scheme for reducing the direct tax litigation. Taxpayers in whose case appeals are pending at any level can take the benefit from this scheme. Under the scheme, taxpayer would be required to pay only the amount of the disputed taxes and there will be complete waiver of interest and penalty provided they make payment by 31st March, 2020. For disputed penalty, interest and fee not connected with the disputed tax, the taxpayer would be required to pay only 25% of the same for settling the dispute. A tax payer shall be required to pay 110% of the disputed tax (the excess 10% shall be limited to the amount of related penalty and interest, if any) and 30% of penalty, interest and fee in case of payment after 31st March, 2020.

3. WIDENING AND DEEPENING OF TAX BASE

- 3.1 TDS on E-commerce transactions: In order to widen and deepen the tax net, it is proposed to provide that e-commerce operator shall deduct TDS on all payments or credits to e-commerce participants at the rate of 1% in PAN/Aadhaar cases and 5% in non-PAN/Aadhaar cases. In order to provide relief to small businessman, it is proposed to provide exemption to an individual and HUF who receives less than Rs. 5 lakh and furnishes PAN/Aadhaar.
- 3.2 Enlarging the scope of TDS on interest: It is proposed to extend the TDS on interest paid by certain large co-operative societies whose gross receipts exceeds fifty crore rupees during the last financial year.
- 3.3 Widening the scope of TCS: It is proposed to provide for tax collection at source (TCS) on remittance under Liberalised Remittance Scheme of Reserve Bank of India exceeding seven lakh rupees in a year and on sale of overseas tour package. Further, TCS is also proposed on sale of goods in excess of fifty lakh rupee in a year by a seller whose turnover is more than 10 crore rupees.
- 3.4 Limit on exemption of Employer's contribution to certain funds: It is proposed to put an upper cap of seven lakh and fifty thousand rupees in a year on tax exempt employer's contribution in recognized provident fund, superannuation fund and NPS in the accounts of an employee.

4. IMPROVING EFFECTIVENESS OF TAX ADMINISTRATION

- 4.1 Faceless appeal: In order to impart greater efficiency, transparency and accountability to the assessment process, a new faceless assessment scheme has already been introduced. In order to ensure that the reforms initiated by the Income Tax Department to eliminate human interface from the system reach the next level, it is proposed to provide enabling power for launching of Faceless appeal on the lines of Faceless assessment.
- 4.2 Widening the scope of Dispute Resolution Panel(DRP): It is proposed to widen the scope of references to DRP by including all non-residents

as eligible assessee and to clarify that all variation which are prejudicial to the assessee shall be within the scope of DRP.

- 4.3 Taxpayer's Charter: With the objective of enhancing the efficiency of the delivery system of the Income Tax Department, it is proposed to provide that the CBDT shall adopt a Taxpayer's Charter and issue necessary direction for the implementation of the Charter.
- 4.4 Modification in the scope of faceless assessment: It is proposed to widen the scope of faceless assessment scheme to cover those cases in which assessment is being completed *ex-parte*.

5. EASE OF COMPLIANCE

- 5.1 Raising of limit for tax audit: In order to help small and medium enterprises, it is proposed to raise the turnover threshold for compulsory tax audit from existing Rs. 1 crore to Rs. 5 crore in a case where cash receipt is not more than 5% of total receipt and cash payment is not more than 5% of total payment. Further, in order to reduce the compliance cost, it is also proposed to provide that tax audit report to be filed a month before the due date of filing income-tax return. Accordingly, the said due date for filing of income-tax returns is proposed to be changed from 30th September to 31st October of the relevant assessment year so that there is no change in the date of finalisation of tax audit.
- 5.2 Exempting non-resident from filing of Income-tax return on certain conditions: In order to reduce compliance burden of non-residents, it is proposed to exempt them from filing income-tax return on their income of the nature of royalty or fee for technical services, if tax has been deducted at the rate given in section 115A.

6. RATIONALISATION OF PROVISIONS OF THE INCOME-TAX ACT, 1961

- 6.1 It is proposed to withdraw the exemption on certain perquisites and allowances provided to Chairman and members of Union Public Service Commission and to Chief Election Commissioner and Election Commissioners.

- 6.2 It is proposed to rationalise the definition of ‘taxable commodities transactions’ for the purposes of levy of Commodity Transaction Tax.
- 6.3 It is proposed to enable the Central Government for notifying scheme for levying penalty in a faceless manner.
- 6.4 To increase transparency in survey operation, it is proposed to provide that if the survey is not based on information provided by prescribed authority, then approval of Commissioner or Principal Commissioner of Income-tax is required.
- 6.5 It is proposed to provide that Income Tax Appellate Tribunal can grant stay of demand only if the taxpayer has either paid twenty per cent of amount of demand or have provided security for an equal amount.
- 6.6 It is proposed to reduce the time of stay in India from 182 days to 120 days for an Indian citizen or person of Indian origin to become resident in India. Consequently, it is proposed to relax the provision of “resident but not ordinarily resident” so that a resident who has been non-resident in seven out of ten previous years would be resident but not ordinarily resident. It is also proposed to provide that an Indian citizen who is not liable to tax anywhere would be deemed to be resident in India.
- 6.7 It is proposed to amend the definition of “work” for the purpose of TDS under section 194C to provide that in a contract manufacturing, the raw material provided by the assessee or its associate shall fall within the purview of the ‘work’ under section 194C.
- 6.8 To discourage taxpayers to manipulate their books of accounts by recording false entries including fake invoices to claim wrong input credit in GST, it is proposed to provide for penalty for these malpractices.
- 6.9 It is proposed to amend the provision allowing India to enter into Double Taxation Avoidance Agreements (DTAA) with other countries or territories or association, to align with the new preamble mandated by Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (commonly referred to as MLI), as India has already ratified MLI.

- 6.10 It is proposed to defer the enactment of Significant Economic Presence (SEP) to Financial Year 2021-22 as G-20 OECD report on digital economy is expected by that time. It is also proposed to provide for source rule for revenue from advertisement targeted to India customers and revenue from sale of Indian sourced data.
- 6.11 It is proposed to align exemption from the provision of indirect transfer to Foreign Portfolio Investors in line with new SEBI FPI regulations. It is also proposed to rationalise the definition of royalty.
- 6.12 It is proposed to rationalise the provisions of section 115BAA and section 115BAB to provide that any domestic company (both existing as well as new) opting for concessional tax regime will not be allowed to claim any deduction under Chapter VI-A of the Act except deductions specifically allowed under said sections.
- 6.13 The conditions for setting up of offshore fund are proposed to be rationalised so as to facilitate setting up of fund management activity in India.
- 6.14 It is proposed to clarify that in case of a capital asset, being land or building or both, the fair market value of such an asset on 1st day of April, 2001 shall not exceed the stamp duty value of such asset as on 1st day of April, 2001, where such stamp duty value is available.
- 6.15 It is proposed to rationalise the process of registration in the case of trusts, institutions, funds, university, hospital etc. and approval in the case of association, university, college, institution or company etc. It is also proposed to provide filing of statement of donation by donee so that the deduction claimed by the donor in its tax return can be pre-filled.
- 6.16 It is proposed to rationalise the provision regarding uploading of Form 26AS so as to include all the prescribed information.
- 6.17 It is proposed to rationalise the provisions relating to cost of acquisition and period of holding with respect to segregated portfolios to provide clarity to taxpayers holding such portfolios.

- 6.18 It is proposed to authorise Board to prescribe person who can verify the return of income in the cases of a company and a limited liability partnership. It is also proposed to authorise Board to prescribe person who can appear as an authorised representatives. This will help companies under Insolvency proceedings and in liquidation. It is also proposed to align the due date of Partner and Firm.
- 6.19 In order to facilitate opting for new concessional tax regime by the domestic companies, it is proposed to rationalise the provisions of section 35AD so as to provide an option for claiming deduction under section 35AD.
- 6.20 In order to rationalise the provisions of section 94B, it is proposed to exclude payment of interest to a branch of non-resident bank in India from interest deductibility rule under section 94B.

Annex to Part B of Budget Speech

Indirect Tax Proposals:

A. Legislative Changes in Customs:

1. Major Amendments in the Customs Act, 1962:

S. No.	Amendment
A	For improving compliance
1.	1. A new Chapter VAA (a new section 28DA) is being incorporated in the Customs Act to provide enabling provision for administering the preferential tariff treatment regime under Trade Agreements. The proposed new section seeks to specifically provide for certain obligations on importer and prescribe for time bound verification from exporting country in case of doubt. Pending verification preferential tariff treatment shall be suspended and goods shall be cleared only on furnishing security equal to differential duty. In certain cases, the preferential tariff treatment may be denied without further verification.
B	For reducing litigation
1.	1. An explanation is being inserted in section 28 to explicitly clarify that any notice issued under the said section, prior to the enactment of the Finance Act, 2018, shall continue to be governed by the section 28 as it existed before the said enactment, notwithstanding order of any Appellate Tribunal, Court or any other law to the contrary.
C	Other enabling provisions
1.	1. Clause (f) of the section 11(2) empowers the Central Government, for prevention of injury to the economy of the country by the uncontrolled import or export of gold or silver, to prohibit their import or export. This clause is being amended to include “any other goods” (in addition to gold and silver) in its ambit.
2.	2. A new section (section 51B) is being incorporated to provide for creation of an Electronic Duty Credit Ledger in

	<p>the customs system. This will enable duty credit in lieu of duty remission to be given in respect of exports or other such benefit in electronic form for its usage, transfer etc. In this regard, enabling provisions for issuance of suitable regulations are also being inserted in section 157(2) of the Customs Act,1962.</p> <p>The provisions for recovery of duties provided under section 28AAA of Customs Act, 1962 are also being expanded to include such electronic credit of duties.</p>
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2. Amendments to the Customs Tariff Act, 1975:

S. No.	Amendment
A	Amendment in the Customs Tariff Act, 1975
1.	Section 8B of the Customs Tariff Act, 1975, which provided for imposition of safeguard duty as a trade remedy against surge in imports of a commodity, is being amended to make provisions for application of other safeguard measures such as Tariff Rate Quota and other safeguard measure as the Central Government may deem necessary to protect the domestic industry from injury due to significant surge in imports.
B	Amendment in the First Schedule of the Customs Tariff Act, 1975
1.	<p>First Schedule to the Customs Tariff Act, 1975 is being amended to:</p> <ul style="list-style-type: none"> (i) Create new tariff item 8414 51 50 for "Wall fans". The tariff rate for this item is 20% and BCD on wall fans is being increased from 7.5% to 20% (ii) Create new tariff item 8529 90 30 for "Open Cell of television set". The tariff rate for this item is 15%. However, these items will continue at 'Nil' BCD. (iii) Create tariff items 8541 40 11 for "Solar Cells, not assembled" and tariff item 8541 40 12 for "Solar Cells assembled in modules or made up into panels". The tariff rate for these items is 20%. However, these items will continue at 'Nil' BCD.

3. Amendment in Countervailing Duty Rules and Anti-Dumping Duty Rules:

These rules provide for manner and procedure for investigation into cases of imports of subsidized goods and cases of dumping of goods, respectively, that cause injury to domestic industry. Following amendments are being made in these rules:

S. No.	Rules	Amendment
1	Anti-Dumping Rules	Changes are being made in the Rules to strengthen the anti-circumvention measures by making them more comprehensive and wider in scope to take care of all types of circumventions of antidumping duty in line with best international practice. Certain other changes are being made in these Rules for bringing clarity in the scope of these rules.
2	Countervailing Duty Rules	At present, there is no provision for investigation in case of circumvention of countervailing duties. A provision is being incorporated in the Countervailing Duty Rules to enable investigation into case of circumvention of countervailing duty for enabling imposition of such duty. Certain other changes are being made for bringing clarity in the Rules.

B. Review of Customs duty exemption for certain imported goods:

- Customs exemption have been reviewed to weed out such entries that are redundant, outdated or have outlived their utility. On such review, 80 exemptions are being withdrawn by making suitable amendment/rescission of relevant notifications. The exemptions being pruned on review, inter-alia, include withdrawal of exemption/concessional rates on the following goods, namely:

S. No.	Category of goods	Specific items
1.	Agro and animal based products	Tuna bait, skimmed milk and certain milk products, sugar beet seeds, raw sugar, certain alcoholic beverages, whey and isolated soya protein, soya fibre, etc.

2.	Items of Metal	a. Lead bars, rods and wire b. Zinc tubes, pipes and tubes c. Tin plates, sheets and strips
3.	Machinery	Machinery imported for use in certain projects such as specified electricity generation projects, specified Metro projects, certain other specified purposes; Specified goods required for construction of roads
4.	Electronic items	Copper and articles thereof used in manufacturing of specified electronic items; Parts for manufacture of printers, CD Writers, MP3 or MP4 or MPEG 4 players, pre-recorded cassettes, audio cassettes, colour television tubes, etc.
5.	Miscellaneous	a. Peanut butter, preserved potatoes b. Instant print film, exposed cinematographic films c. A few redundant and outdated customs duty exemptions are being withdrawn. Further, a few exemptions are being re-aligned for consistency.

C. Changes in Customs duty for creating a level playing field for MSME and promoting MAKE IN INDIA:

1. Level playing field for domestic producers:

Customs duty is being increased on the following goods:

S. No.	Category of goods	Specific items	Rate of Duty	
			From	To
1.	Household goods and appliances	Tableware and kitchenware of porcelain or china, ceramic, clay, iron, steel, copper and	10%	20%

		aluminium, glassware, padlocks, brooms, hand-sieves, combs, vacuum flasks, etc.		
2.	Electrical Appliances	Fans, food grinders/mixers, shavers and hair removing appliances, water heaters, hair/hand drying apparatus, ovens, cookers, toasters, coffee/ tea makers, insect repellents, heaters, irons, etc.	10%	20%
3.	Footwear	a. Footwear b. Parts of footwear	25% 15%	35% 20%
4.	Furniture goods	Seats, articles of bedding including mattresses, lamps, lighting, illuminated signs, and other articles of furniture	20%	25%
5.	Stationery items	Filing cabinets, paper trays, binders, clips, staples, sign-plates, name plates, numbers and symbols etc. made from base metal	10%	20%
6.	Toys	Tricycles, scooters, scale models, dolls, etc.	20%	60%
7.	Machinery	a. Specified goods used in high voltage power transmission project	5%	7.5%
		b. Railway carriage fans	7.5%	10%
		c. Compressors of refrigerators and air conditioners	10%	12.5%

		d. Commercial freezers	7.5%	15%
		e. Welding and plasma cutting machine	7.5%	10%
		f. Rotary tillers/weeder	2.5%	7.5%
8.	Other miscellaneous items	a. Glass beads b. Artificial flowers c. Bells, gongs, statuettes, trophies and like, statuettes, ornaments, photograph, frames, mirrors etc. of base metal.	10%	20%

2. Changes in Customs duty to promote MAKE IN INDIA under Phased Manufacturing Programme (PMP) for Electric Vehicles and Cellular Mobile Phones:

a.	Changes in customs duty under Phased Manufacturing Programme for Electric Vehicles	Rate of Duty	
		From	To
1.	Completely Built Units of Bus and Trucks (with effect from 01.04.2020)	25%	40%
2.	Semi Knocked Down (SKD) units of bus, trucks and two wheelers (with effect from 01.04.2020)	15%	25%
3.	Semi Knocked Down (SKD) units of passenger vehicles and three wheelers (with effect from 01.04.2020)	15%	30%
4.	Completely Knocked Down (CKD) units of passenger vehicles, three wheelers, two wheelers, bus and trucks (with effect from 01.04.2020)	10%	15%
b.	Changes in customs duty under Phased Manufacturing Programme for Cellular Mobile Phones		
1.	PCBA of Mobile phones (with effect from 01.04.2020)	10%	20%
2.	Vibrator/Ringer of Mobile phones (with effect from 01.04.2020)	Nil	10%

3.	Display Panel and Touch Assembly (with effect from 01.10.2020)	Nil	10%
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3. Changes in Customs duty to promote MAKE IN INDIA in Electronics sector:

S. No.	Specific Items	Rate of Duty	
		From	To
1.	Motors like Single Phase AC motors, Stepper motors, Wiper Motors etc.	7.5%	10%
2.	Specified chargers and power adapters	Applicable Rate	20%
3.	Fingerprint readers for use in cellular mobile phones	Nil	15%
4.	Earphones and headphones	Applicable Rate	15%

4. Reduction in Customs duty on raw materials and inputs imported by Domestic Manufacturers:

S. No.	Category of Inputs/ Raw materials	Specific Items	Rate of duty	
			From	To
1.	Fuels, Chemicals and Plastics	Very low sulphur fuel oil meeting ISO 8217:2017 RMG380 Viscosity in 220-400 CST standards/Marine Fuel 0.5% (FO)	10%	Nil
		Calcined Petroleum Coke	10%	7.5%
		Calendared plastic sheets used in manufacturing of smart cards	10%	5%
		Polyester Liquid Crystal Polymers for use in manufacture of connectors	7.5%	Nil
2.	Precious Metals	Platinum or Palladium used in manufacture of: a) Colloidal precious metals, inorganic or organic compounds of precious metal, amalgams of precious metals b) Catalyst with precious metal or precious metal compounds as the active substance	12.5%	7.5%

		Spent Catalyst or Ash containing precious metal, subject to specified conditions	12.5%	11.85%
3.	Machinery and Electronic Goods	Following parts of Microphone for use in manufacture of Microphone namely, a) microphone cartridge b) microphone holder c) microphone grill d) microphone body	10%	Nil
		Micro-fuse base, sub-miniature fuse base, Micro-fuse Cover and sub-miniature fuse cover for use in manufacture of micro fuse and sub-miniature fuse.	7.5%	Nil
4.	Sports Goods	Willow is being included in the list of items allowed duty free import up to 3% of FOB value of sports goods exported in the preceding financial year	Applicable Rate	Nil
5.	Newspaper	a) Newsprint, when imported by importer registered with Registrar of Newspapers, India. b) Uncoated paper used for printing newspaper, when imported by importer registered with Registrar of Newspapers, India. c) Lightweight coated paper used for printing magazines subject to actual user condition.	10%	5%

5. Other changes in Customs duty:

S. No.	Category of Goods	Specific Items	Rate of Duty	
			From	To
1.	Food processing	Walnuts, shelled	30%	100%
2.	Chemicals and Plastics	Colloidal precious metals, inorganic or organic compounds of precious metal, amalgams of precious metals	7.5%	10%
		Butyl Acrylate	5%	7.5%

		Other prepared binders for foundry moulds or cores; Chemical products and preparations of the chemical or allied industries	10%	17.5%
3.	Auto and auto parts	Catalytic converter	10%	15%
		Noble metal solutions and noble metal compounds used in manufacture of catalytic converter and its parts	5%	10%
		Platinum or Palladium used in manufacturing of catalytic converter and its parts	5%	Applicable Rate
		Parts and other specified inputs for manufacture of catalytic converters.	5%	7.5%
		Completely Built Units (CBUs) of commercial vehicles (other than electric vehicles) (with effect from 01.04.2020)	30%	40%

D Imposition of Health cess on specified medical equipment:

Health Cess at the rate of 5% is proposed to be imposed on the import of medical devices. This Health Cess shall be a duty of Customs. Health Cess shall not apply to medical devices which are exempt from BCD. Further, inputs/parts used in the manufacture of medical devices shall also be exempt from Health Cess. The proceeds of Health Cess shall be used for financing the health infrastructure and services.

E. Revocation of Anti-Dumping Duty on Purified Terephthalic Acid:

Revocation of Anti-dumping duty on import of Purified Terephthalic Acid originating in or exported from: -

1. South Korea and Thailand imposed vide notification No. 28/2019-Customs (ADD) dated 24.7.2019
2. China, Iran, Indonesia, Malaysia and Taiwan imposed vide notification No. 28/2016-Customs (ADD) dated 5.7.2016

F. Increase in National Calamity Contingent duty (NCCD) on Cigarettes and tobacco products:

National Calamity Contingent Duty is levied as a duty of excise on certain manufactured goods specified under the Seventh Schedule of Finance Act, 2001. NCCD is being proposed to be increased on tobacco products (except bidi) as detailed below:

1. On cigarettes, NCCD is being increased ranging from Rs. 200 – 735 per thousand, depending upon length of cigarette and on filter/non-filter basis.
2. On smoking mixtures for pipes and cigarettes, NCCD is being increased from 45% to 60%.
3. On other forms of smoking tobacco (other than smoking mixtures for pipes and cigarettes) and forms of chewing tobacco, NCCD is being increased from 10% to 25%.
4. NCCD on Bidis remains unchanged.

G. Proposals involving change in provisions of Central Goods and Services Tax Act, 2017:

S. No.	Amendments in the Central Goods and Services Tax Act, 2017 / Integrated Goods and Services Tax Act, 2017 / Union Territory Goods and Services Tax Act, 2017
A	For facilitating trade or consumer
1	Sub section (4) of the section 16 of the CGST Act is being amended to delink the date of issuance of debit note from the date of issuance of the underlying invoice for purposes of availing input tax credit.
2	Clause (c) of sub-section (1) of section 29 of the CGST Act is being amended to provide for cancellation of registration which has been obtained voluntarily under sub-section (3) of section 25.
3	A proviso to sub-section 1 of section 30 of the CGST Act is being inserted to empower the jurisdictional tax authorities to extend the date for application of revocation of cancellation of registration in deserving cases.
4	Section 51 of the CGST Act is being amended to remove the requirement of issuance of TDS certificate by the deductor; and to omit the corresponding provision of late fees for delay in issuance of TDS certificate.
5	Section 168 of the CGST Act is being amended to make provisions for enabling the jurisdictional commissioner to

	exercise powers under sub-section (5) of section 66 and second proviso to sub-section (1) of section 143.
B	For improving compliance
1.	Section 10 of the CGST Act is being amended, so as to exclude from the ambit of the Composition scheme certain categories of taxable persons, engaged in making- (i) supply of services not leviable to tax under the CGST Act, or (ii) inter-State outward supply of services, or (iii) outward supply of services through an e-Commerce operator.
2.	Section 122 of the CGST Act is being amended by inserting a new sub-section to make the beneficiary of the transactions of passing on or availing fraudulent Input Tax Credit liable for penalty similar to the penalty leviable on the person who commits such specified offences.
3.	Section 132 of the CGST Act is being amended to make the offence of fraudulent availment of input tax credit without an invoice or bill a cognizable and non-bailable offence; and to make any person who commits, or causes the commission and retains the benefit of transactions arising out of specified offences liable for punishment.
C	Other changes
1.	The definition of “Union territory” in clause (114) of section 2 of the CGST Act is being amended to update the definition of Union territory in view of the bringing into force of the Jammu and Kashmir Reorganization Act, 2019 and the Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories), Act, 2019. Consequential changes are also being made in UTGST Act, 2017.
2.	Section 31 of the CGST Act is being amended to provide enabling provision to prescribe the manner of issuance of invoices in case of supply of taxable services.
3.	Section 109 of the CGST Act is being amended to bring the provision for Appellate Tribunal under the CGST Act in the Union territory of Jammu and Kashmir and Ladakh.
4.	Section 140 of the CGST Act is being amended with effect from 01.07.17, to prescribe the manner and time limit for taking transitional credit.
5.	Section 172 of the CGST Act is being amended to make provision for enabling issuance of removal of difficulties order

	for another 2 years, i.e. till five years from the date of commencement of the said Act. Similar changes are also being made in the IGST Act, 2017 (section 25), the UTGST Act, 2017 (section 26) and the GST (Compensation to States) Act, 2017 (section 14).
6.	Entries at 4(a) & 4(b) in Schedule II of the CGST Act is being amended with effect from 01.07.2017 to make provision for omission of supplies relating to transfer of business assets made without any consideration from Schedule II of the said Act.

The proposed changes in GST laws will come into effect from the date when the same will be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

H. Retrospective amendments to give effect to the recommendations of the GST Council:

S. No.	Retrospective amendment in the Goods and Service Tax rate and refund provisions
1	Exemption from Central Tax, Union Territory Tax and Integrated Tax is being given on fishmeal [HS 2301], for the period 01.07.2017 to 30.09.2019. However, GST paid on supply of fishmeal during the period shall not be refunded.
2	Concessional 12% rate of Integrated Tax and 6% Central Tax and 6% Union Territory Tax during the period 01.07.2017 to 31.12.2018, on pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433, and 8436. However, GST paid at any other rate (higher than 12%) shall not be refunded.
3	The refund of accumulated credit of compensation cess on tobacco products arising out of inverted duty structure in Compensation Cess has been disallowed with effect from 1.10.2019 vide notification No. 3/2019- Compensation Cess (Rate) dated 30.9.2019. This notification is being given retrospective effect from 1.7.2017 onwards. Accordingly, no refund on account of inverted duty structure shall be admissible on tobacco products for any period.

For further details of the budget proposals, the Explanatory Memorandum and other relevant budget documents may be referred to.



सत्यमेव जयते

GOVERNMENT OF INDIA

BUDGET 2021-2022

SPEECH
OF
NIRMALA SITHARAMAN
MINISTER OF FINANCE

February 1, 2021

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Direct Tax

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Budget 2021-2022

**Speech of
Nirmala Sitharaman
*Minister of Finance***

February 1, 2021

Hon'ble Speaker,

I present the Budget for the year 2021-2022.

Introduction

- 1.** Honourable Speaker, the preparation of this Budget was undertaken in circumstances like never before. We knew of calamities that have affected a country or a region within a country, but what we have endured with COVID-19 through 2020 is sui generis.
- 2.** When I presented the Budget 2020-21, we could not have imagined that the global economy, already in throes of a slowdown, would be pushed into an unprecedented contraction.
- 3.** We could not have also imagined then that our people as those in other countries would have to endure the loss of near and dear ones and suffer hardships brought about due to a health crisis.
- 4.** The risk of not having a lockdown was far too high. Within 48 hours of declaring a three-week-long complete lockdown, the Prime Minister announced the Pradhan Mantri Garib Kalyan Yojana, valued at ₹2.76 lakh crores – this provided, free food grain to 800 million people, free cooking gas for 80 million families for months, and cash directly to over 400 million farmers, women, elderly, the poor and the needy.

5. Even as a large section of citizens stayed home, milk, vegetable, and fruit-suppliers, health and sanitary workers, truck drivers, railways and public transport workers, bank employees, electricity workers, our *annadatas*, police, firemen, and the armed forces, all had to go about their work as normal, but with the additional anxiety of the virus hanging over them. We recognise this, and I think I speak on behalf of everybody in this august House, when I express my heartfelt gratitude to these men and women, for how they were able to carry out their work and duty, to provide for the nation's basics, over those crucial months.

6. Speaker Sir, for public good, Honourable Members of Parliament and Members of Legislative Assemblies too offered their salaries.

7. In May 2020, the government announced the AtmaNirbhar Bharat package (ANB 1.0). To sustain the recovery, further into the year, we also rolled out two more AtmaNirbhar Bharat packages (ANB 2.0 and ANB 3.0). Total financial impact of all AtmaNirbhar Bharat packages including measures taken by RBI was estimated to about ₹27.1 lakh crores which amounts to more than 13% of GDP.

8. As a government, we kept a watch on the situation and were proactive in our responses. The government, led by the Prime Minister, stretched its resources to deliver for most vulnerable sections of our society – the poorest of the poor, the Dalits, Tribals, the elderly, the migrant workers, and our children. The PMGKY, the three ANB packages, and announcements made later were like five mini-budgets in themselves.

9. The AtmaNirbhar Packages accelerated our pace of structural reforms. Redefinition of MSMEs, Commercialisation of the Mineral Sector, Agriculture and Labour Reforms, Privatisation of Public Sector Undertakings, One Nation One Ration Card, and Production Linked Incentive Schemes are some of the notable reforms carried out during this period. Faceless Income Tax Assessment, DBT and Financial Inclusion are the others.

10. Today, India has two vaccines available, and has begun medically safeguarding not only her own citizens against COVID-19, but also those of 100 or more countries. It is added comfort to know that two or more vaccines are also expected soon.

11. Honourable Prime Minister launched the vaccination drive by crediting and thanking our scientists. We are ever grateful for the strength and rigour of their efforts.

12. Having said that, we are all reminded time and again that our fight against COVID-19 continues into 2021.

13. Now, just as it had happened after the two World Wars, there are signs that the political, economic, and strategic relations in the post COVID world are changing. This moment in history is the dawn of a new era – one in which India is well-poised to truly be the land of promise and hope.

"Faith is the bird that feels the light and sings when the dawn is still dark".

-Rabindranath Tagore

(*Fireflies – A Collection of Aphorisms*)

14. In this spirit, I can't help but recall the joy that we, as a cricket-loving nation, felt after Team India's recent spectacular success in Australia. It has reminded us of all the qualities that we as a people, particularly our youth, epitomise of having abundant promise and the unsuppressed thirst to perform and succeed.

15. Today, data shows that India now has one of the lowest death rate of 112 per million population and one of the lowest active cases of about 130 per million. This has laid the foundation to the revival we are seeing now in the economy.

16. This Budget will be the first of this new decade. This Budget will also be a digital Budget and that has happened with all your support.

17. So far, only three times has a Budget followed a contraction in the economy. All such contractions were as a result of situations typical to India. This time, the contraction in our economy is due to a global pandemic, just like in several other countries.

18. Having said that, I want to confidently state that our Government is fully prepared to support and facilitate the economy's reset. This Budget provides every opportunity for our economy to raise and capture the pace that it needs for sustainable growth.

19. 2021 is the year of many important milestones for our history. I mention a few of these: It is the 75th year of Independence; 60 years of Goa's accession to India; 50 years of the 1971 India-Pakistan War; it will be

the year of the 8th Census of Independent India; it will also be India's turn at the BRICS Presidency; the year for our Chandrayaan-3 Mission; and the Haridwar Maha Kumbh.

20. Honourable Speaker, before I commence Part A of the Budget, I want to take a moment to acknowledge how isolating and distancing seemed like insurmountable challenges for a country like ours that has people coming together in times of crises. It hurt us in many ways. I bow my head in respect to every citizen, for the endurance shown in facing what was an undeniably a tough year for all our physical and mental well-being.

PART A

21. In Part A, I wish to lay a vision for AtmaNirbhar Bharat.

22. AtmaNirbharta is not a new idea. Ancient India was largely self-reliant, and equally, a business epicentre of the world.

23. AtmaNirbhar Bharat is an expression of 130 crores Indians who have full confidence in their capabilities and skills.

24. We are already part of International groupings such as the G20 and BRICS. The Coalition for Disaster Resilient Infrastructure and the International Solar alliance are realities today due to India's efforts.

25. The proposals in Part A will further strengthen the sankalp of Nation First, Doubling Farmer's Income, Strong Infrastructure, Healthy India, Good Governance, Opportunities for Youth, Education for All, Women Empowerment, and Inclusive Development, among others.

26. Additionally, also on the path to fast-implementation are the 13 promises we had made in the Budget of 2015-16 which were to materialise during the Amrut Mahotsav of 2022, on the 75th year of our Independence. They too resonate with this vision of AtmaNirbharta.

27. The Budget proposals for 2021-2022 rest on 6 pillars.

- i. Health and Wellbeing
- ii. Physical & Financial Capital, and Infrastructure

- iii. Inclusive Development for Aspirational India
- iv. Reinvigorating Human Capital
- v. Innovation and R&D
- vi. Minimum Government and Maximum Governance

1. Health and Wellbeing

28. Even at the outset, I would like to say that the investment on Health Infrastructure in this Budget has increased substantially. Progressively, as institutions absorb more, we shall commit more.

29. Taking a holistic approach to Health, we focus on strengthening three areas: Preventive, Curative, and Wellbeing.

Health Systems

30. A new centrally sponsored scheme, **PM AtmaNirbhar Swasth Bharat Yojana**, will be launched with an outlay of about ₹ 64,180 crores over 6 years. This will develop capacities of primary, secondary, and tertiary care Health Systems, strengthen existing national institutions, and create new institutions, to cater to detection and cure of new and emerging diseases. This will be in addition to the National Health Mission. The main interventions under the scheme are:

- a. Support for 17,788 rural and 11,024 urban Health and Wellness Centers
- b. Setting up integrated public health labs in all districts and 3382 block public health units in 11 states;
- c. Establishing critical care hospital blocks in 602 districts and 12 central institutions;
- d. Strengthening of the National Centre for Disease Control (NCDC), its 5 regional branches and 20 metropolitan health surveillance units;
- e. Expansion of the Integrated Health Information Portal to all States/UTs to connect all public health labs;
- f. Operationalisation of 17 new Public Health Units and strengthening of 33 existing Public Health Units at Points of Entry, that is at 32 Airports, 11 Seaports and 7 land crossings;
- g. Setting up of 15 Health Emergency Operation Centers and 2 mobile hospitals; and

- h. Setting up of a national institution for One Health, a Regional Research Platform for WHO South East Asia Region, 9 Bio-Safety Level III laboratories and 4 regional National Institutes for Virology.

Nutrition

31. To strengthen nutritional content, delivery, outreach, and outcome, we will merge the Supplementary Nutrition Programme and the Poshan Abhiyan and launch the Mission Poshan 2.0. We shall adopt an intensified strategy to improve nutritional outcomes across 112 Aspirational Districts.

Universal Coverage of Water Supply

32. The World Health Organisation has repeatedly stressed the importance of clean water, sanitation, and clean environment, as a pre requisite to achieving universal health.

33. The Jal Jeevan Mission (Urban), will be launched. It aims at universal water supply in all 4,378 Urban Local Bodies with 2.86 crores household tap connections, as well as liquid waste management in 500 AMRUT cities. It will be implemented over 5 years, with an outlay of ₹2,87,000 crores.

Swachch Bharat, Swasth Bharat

34. For further *swachhta* of urban India, we intend to focus on complete faecal sludge management and waste water treatment, source segregation of garbage, reduction in single-use plastic, reduction in air pollution by effectively managing waste from construction-and-demolition activities and bio-remediation of all legacy dump sites. The Urban Swachh Bharat Mission 2.0 will be implemented with a total financial allocation of ₹1,41,678 crores over a period of 5 years from 2021-2026.

Clean Air

35. To tackle the burgeoning problem of air pollution, I propose to provide an amount of ₹2,217 crores for 42 urban centres with a million-plus population in this budget.

Scrappling Policy

36. We are separately announcing a voluntary vehicle scrapping policy, to phase out old and unfit vehicles. This will help in encouraging fuel-efficient, environment friendly vehicles, thereby reducing vehicular pollution and oil import bill. Vehicles would undergo fitness tests in automated fitness centres after 20 years in case of personal vehicles, and after 15 years in case of commercial vehicles. Details of the scheme will be separately shared by the Ministry.

Vaccines

37. The Pneumococcal Vaccine, a Made in India product, is presently limited to only 5 states will be rolled out across the country. This will avert more than 50,000 child deaths annually.

38. I have provided ₹35,000 crores for Covid-19 vaccine in BE 2021-22. I am committed to provide further funds if required.

39. The Budget outlay for *Health and Wellbeing* is ₹2,23,846 crores in BE 2021-22 as against this year's BE of ₹94,452 crores an increase of 137 percentage. The details of the same are at Annexure I of the Speech.

2. Physical and Financial Capital and Infrastructure

AtmaNirbhar Bharat – Production Linked Incentive scheme (PLI)

40. For a USD 5 trillion economy, our manufacturing sector has to grow in double digits on a sustained basis. Our manufacturing companies need to become an integral part of global supply chains, possess core competence and cutting-edge technology. To achieve all of the above, PLI schemes to create manufacturing global champions for an AtmaNirbhar Bharat have been announced for 13 sectors. For this, the government has committed nearly ₹1.97 lakh crores, over 5 years starting FY 2021-22. This initiative will help bring scale and size in key sectors, create and nurture global champions and provide jobs to our youth.

Textiles

41. To enable the textile industry to become globally competitive, attract large investments and boost employment generation, a scheme of *Mega Investment Textiles Parks (MITRA)* will be launched in addition to the PLI scheme. This will create world class infrastructure with plug and play facilities to enable create global champions in exports. 7 Textile Parks will be established over 3 years.

Infrastructure

42. The National Infrastructure Pipeline (NIP) which I announced in December 2019 is the first-of-its-kind, whole-of-government exercise ever undertaken by Government of India. The NIP was launched with 6835 projects; the project pipeline has now expanded to 7,400 projects. Around 217 projects worth ₹1.10 lakh crores under some key infrastructure Ministries have been completed.

43. The NIP is a specific target which this government is committed to achieving over the coming years. It will require a major increase in funding both from the government and the financial sector. In this Budget, I propose to take concrete steps to do this, in three ways:

44. Firstly, by creating the institutional structures; secondly, by a big thrust on monetizing assets, and thirdly by enhancing the share of capital expenditure in central and state budgets.

Infrastructure financing - Development Financial Institution (DFI)

45. Infrastructure needs long term debt financing. A professionally managed Development Financial Institution is necessary to act as a provider, enabler and catalyst for infrastructure financing. Accordingly, I shall introduce a Bill to set up a DFI. I have provided a sum of ₹20,000 crores to capitalise this institution. The ambition is to have a lending portfolio of at least ₹5 lakh crores for this DFI in three years time.

46. Debt Financing of InVITs and REITs by Foreign Portfolio Investors will be enabled by making suitable amendments in the relevant legislations. This will further ease access of finance to InVITS and REITs thus augmenting funds for infrastructure and real estate sectors.

Asset Monetisation

47. Monetizing operating public infrastructure assets is a very important financing option for new infrastructure construction. A “National Monetization Pipeline” of potential brownfield infrastructure assets will be launched. An Asset Monetization dashboard will also be created for tracking the progress and to provide visibility to investors. Some important measures in the direction of monetisation are:

- a. National Highways Authority of India and PGCIL each have sponsored one InvIT that will attract international and domestic institutional investors. Five operational roads with an estimated enterprise value of ₹ 5,000 crores are being transferred to the NHAI InvIT. Similarly, transmission assets of a value of ₹7,000 crores will be transferred to the PGCIL InvIT.
- b. Railways will monetise Dedicated Freight Corridor assets for operations and maintenance, after commissioning.
- c. The next lot of Airports will be monetised for operations and management concession.
- d. Other core infrastructure assets that will be rolled out under the Asset Monetization Programme are: (i) NHAI Operational Toll Roads (ii) Transmission Assets of PGCIL (iii) Oil and Gas Pipelines of GAIL, IOCL and HPCL (iv) AAI Airports in Tier II and III cities, (v) Other Railway Infrastructure Assets (vi) Warehousing Assets of CPSEs such as Central Warehousing Corporation and NAFED among others and (vii) Sports Stadiums.

Sharp Increase in Capital Budget

48. In the BE 2020-21, we had provided ₹4.12 lakh crores for Capital Expenditure. It was our effort that in spite of resource crunch we should spend more on capital and we are likely to end the year at around ₹4.39

lakh crores which I have provided in the RE 2020-21. For 2021-22, I propose a sharp increase in capital expenditure and thus have provided ₹5.54 lakh crores which is 34.5% more than the BE of 2020-21. Of this, I have kept a sum of more than ₹44,000 crores in the Budget head of the Department of Economic Affairs to be provided for projects/programmes/departments that show good progress on Capital Expenditure and are in need of further funds. Over and above this expenditure, we would also be providing more than ₹2 lakh crores to States and Autonomous Bodies for their Capital Expenditure.

49. We will also work out specific mechanisms to nudge States to spend more of their budget on creation of infrastructure.

Roads and Highways Infrastructure

50. More than 13,000 km length of roads, at a cost of ₹3.3 lakh crores, has already been awarded under the ₹5.35 lakh crores Bharatmala Pariyojana project of which 3,800 kms have been constructed. By March 2022, we would be awarding another 8,500 kms and complete an additional 11,000 kms of national highway corridors.

51. To further augment road infrastructure, more economic corridors are also being planned. Some are:

- a. 3,500 km of National Highway works in the state of Tamil Nadu at an investment of ₹1.03 lakh crores. These include Madurai-Kollam corridor, Chittoor-Thatchur corridor. Construction will start next year.
- b. 1,100 km of National Highway works in the State of Kerala at an investment of ₹65,000 crores including 600 km section of Mumbai-Kanyakumari corridor in Kerala.
- c. 675 km of highway works in the state of West Bengal at a cost of ₹25,000 crores including upgradation of existing road-Kolkata – Siliguri.
- d. National Highway works of around ₹19,000 crores are currently in progress in the State of Assam. Further works of more than ₹34,000

crores covering more than 1300 kms of National Highways will be undertaken in the State in the coming three years.

52. Some of the flagship corridors and other important projects that would see considerable activity in 2021-22 are in Annexure-II.

53. I am also providing an enhanced outlay of ₹1,18,101 lakh crores for Ministry of Road Transport and Highways, of which ₹1,08,230 crores is for capital, the highest ever.

Railway Infrastructure

54. Indian Railways have prepared a National Rail Plan for India – 2030. The Plan is to create a ‘future ready’ Railway system by 2030.

55. Bringing down the logistic costs for our industry is at the core of our strategy to enable ‘Make in India’. It is expected that Western Dedicated Freight Corridor (DFC) and Eastern DFC will be commissioned by June 2022. The following additional initiatives are proposed:

- a. The Sonnagar – Gomoh Section (263.7 km) of Eastern DFC will be taken up in PPP mode in 2021-22. Gomoh-Dankuni section of 274.3 km will also be taken up in short succession.
- b. We will undertake future dedicated freight corridor projects namely East Coast corridor from Kharagpur to Vijayawada, East-West Corridor from Bhusaval to Kharagpur to Dankuni and North-South corridor from Itarsi to Vijayawada. Detailed Project Reports will be undertaken in the first phase.
- c. Broad Gauge Route Kilometers (RKM) electrified is expected to reach 46,000 RKM i.e., 72% by end of 2021 from 41,548 RKM on 1st Oct 2020. 100% electrification of Broad-Gauge routes will be completed by December, 2023.

56. For Passenger convenience and safety the following measures are proposed:

- a. We will introduce the aesthetically designed Vista Dome LHB coach on tourist routes to give a better travel experience to passengers.
- b. The safety measures undertaken in the past few years have borne results. To further strengthen this effort, high density network and highly utilized network routes of Indian railways will be provided with an indigenously developed automatic train protection system that eliminates train collision due to human error.
- c. I am providing a record sum of ₹1,10,055 crores, for Railways of which ₹1,07,100 crores is for capital expenditure.

Urban Infrastructure

57. We will work towards raising the share of public transport in urban areas through expansion of metro rail network and augmentation of city bus service. A new scheme will be launched at a cost of ₹18,000 crores to support augmentation of public bus transport services. The scheme will facilitate deployment of innovative PPP models to enable private sector players to finance, acquire, operate and maintain over 20,000 buses. The scheme will boost the automobile sector, provide fillip to economic growth, create employment opportunities for our youth and enhance ease of mobility for urban residents.

58. A total of 702 km of conventional metro is operational and another 1,016 km of metro and RRTS is under construction in 27 cities. Two new technologies i.e., ‘MetroLite’ and ‘MetroNeo’ will be deployed to provide metro rail systems at much lesser cost with same experience, convenience and safety in Tier-2 cities and peripheral areas of Tier-1 cities.

- 59.** Central counterpart funding will be provided to:
- a. Kochi Metro Railway Phase-II of 11.5 km at a cost of ₹1957.05 crores.
 - b. Chennai Metro Railway Phase-II of 118.9 km at a cost of ₹63,246 crores.
 - c. Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of ₹14,788 crores.
 - d. Nagpur Metro Rail Project Phase-II and Nashik Metro at a cost of ₹5,976 crores and ₹2,092 crores respectively.

Power Infrastructure

60. The past 6 years have seen a number of reforms and achievements in the power sector. We have added 139 Giga Watts of installed capacity, connected an additional 2.8 crores households and added 1.41 lakh circuit km of transmission lines.

61. The distribution companies across the country are monopolies, either government or private. There is a need to provide choice to consumers by promoting competition. A framework will be put in place to give consumers alternatives to choose from among more than one Distribution Company.

62. The viability of Distribution Companies is a serious concern. A revamped reforms-based result-linked power distribution sector scheme will be launched with an outlay of ₹3,05,984 crores over 5 years. The scheme will provide assistance to DISCOMS for Infrastructure creation including pre-paid smart metering and feeder separation, upgradation of systems, etc., tied to financial improvements.

63. Prime Minister, while speaking at the 3rd Re-inVest Conference in November 2020, had announced plans to launch a comprehensive National Hydrogen Energy Mission. It is now proposed to launch a Hydrogen Energy Mission in 2021-22 for generating hydrogen from green power sources.

Ports, Shipping, Waterways

64. Major Ports will be moving from managing their operational services on their own to a model where a private partner will manage it for them. For the purpose, 7 projects worth more than ₹2,000 crores will be offered by the Major Ports on Public Private Partnership mode in FY21-22.

65. A scheme to promote flagging of merchant ships in India will be launched by providing subsidy support to Indian shipping companies in global tenders floated by Ministries and CPSEs. An amount of ₹1624 crores will be provided over 5 years. This initiative will enable greater training and

employment opportunities for Indian seafarers besides enhancing Indian companies share in global shipping.

66. India has enacted Recycling of Ships Act, 2019 and acceded to the Hong Kong International Convention. Around 90 ship recycling yards at Alang in Gujarat have already achieved HKC-compliant certificates. Efforts will be made to bring more ships to India from Europe and Japan. Recycling capacity of around 4.5 Million Light Displacement Tonne (LDT) will be doubled by 2024. This is expected to generate an additional 1.5 lakh jobs for our youth.

Petroleum & Natural Gas

67. Our government has kept fuel supplies running across the country without interruption during the COVID-19 lockdown period. Taking note of the crucial nature of this sector in people's lives, the following key initiatives are being announced:

- a. Ujjwala Scheme which has benefited 8 crores households will be extended to cover 1 crores more beneficiaries.
- b. We will add 100 more districts in next 3 years to the City Gas Distribution network.
- c. A gas pipeline project will be taken up in Union Territory of Jammu & Kashmir.
- d. An independent Gas Transport System Operator will be set up for facilitation and coordination of booking of common carrier capacity in all-natural gas pipelines on a non-discriminatory open access basis.

Financial Capital

68. I propose to consolidate the provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act, 1956 and Government Securities Act, 2007 into a rationalized single Securities Markets Code.

69. The Government would support the development of a world class Fin-Tech hub at the GIFT-IFSC.

70. To instill confidence amongst the participants in the Corporate Bond Market during times of stress and to generally enhance secondary market liquidity, it is proposed to create a permanent institutional framework. The proposed body would purchase investment grade debt securities both in stressed and normal times and help in the development of the Bond market.

71. In the budget of 2018-19, Government had announced its intent to establish a system of regulated gold exchanges in the country. For the purpose, SEBI will be notified as the regulator and Warehousing Development and Regulatory Authority will be strengthened to set up a commodity market eco system arrangement including vaulting, assaying, logistics etc in addition to warehousing.

72. Towards investor protection, I propose to introduce an investor charter as a right of all financial investors across all financial products.

73. To give a further boost to the non-conventional energy sector, I propose to provide additional capital infusion of ₹1,000 crores to Solar Energy Corporation of India and ₹1,500 crores to Indian Renewable Energy Development Agency.

Increasing FDI in Insurance Sector

74. I propose to amend the Insurance Act, 1938 to increase the permissible FDI limit from 49% to 74% in Insurance Companies and allow foreign ownership and control with safeguards. Under the new structure, the majority of Directors on the Board and key management persons would be resident Indians, with at least 50% of Directors being Independent Directors, and specified percentage of profits being retained as general reserve.

Stressed Asset Resolution by setting up a New Structure

75. The high level of provisioning by public sector banks of their stressed assets calls for measures to clean up the bank books. An Asset

Reconstruction Company Limited and Asset Management Company would be set up to consolidate and take over the existing stressed debt and then manage and dispose of the assets to Alternate Investment Funds and other potential investors for eventual value realization.

Recapitalization of PSBs

76. To further consolidate the financial capacity of PSBs, further recapitalization of ₹20,000 crores is proposed in 2021-22.

Deposit Insurance

77. Last year, Government had approved an increase in the Deposit Insurance cover from ₹1 lakh to ₹5 lakhs for bank customers. I shall be moving amendments to the DICGC Act, 1961 in this Session itself to streamline the provisions, so that if a bank is temporarily unable to fulfil its obligations, the depositors of such a bank can get easy and time-bound access to their deposits to the extent of the deposit insurance cover. This would help depositors of banks that are currently under stress.

78. To improve credit discipline while continuing to protect the interest of small borrowers, for NBFCs with minimum asset size of ₹100 crores, the minimum loan size eligible for debt recovery under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 is proposed to be reduced from the existing level of ₹50 lakhs to ₹20 lakhs.

Company Matters

79. The decriminalizing of the procedural and technical compoundable offences under the Companies Act, 2013, is now complete. I now propose to next take up decriminalization of the Limited Liability Partnership (LLP) Act, 2008.

80. Sir, I propose to revise the definition under the Companies Act, 2013 for Small Companies by increasing their thresholds for Paid up capital from “not exceeding ₹50 Lakh” to “not exceeding ₹2 Crore” and turnover from “not exceeding ₹2 Crore” to “not exceeding ₹20 Crore”. This will benefit

more than two lakh companies in easing their compliance requirements.

81. As a further measure which directly benefits Start-ups and Innovators, I propose to incentivize the incorporation of One Person Companies (OPCs) by allowing OPCs to grow without any restrictions on paid up capital and turnover, allowing their conversion into any other type of company at any time, reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and also allow Non Resident Indians (NRIs) to incorporate OPCs in India.

82. To ensure faster resolution of cases, NCLT framework will be strengthened, e-Courts system shall be implemented and alternate methods of debt resolution and special framework for MSMEs shall be introduced.

83. During the coming fiscal 2021-22, we will be launching data analytics, artificial intelligence, machine learning driven MCA21 Version 3.0. This Version 3.0 will have additional modules for e-scrutiny, e-Adjudication, e-Consultation and Compliance Management.

Disinvestment and Strategic Sale

84. In spite of COVID-19, we have kept working towards strategic disinvestment. A number of transactions namely BPCL, Air India, Shipping Corporation of India, Container Corporation of India, IDBI Bank, BEML, Pawan Hans, Neelachal Ispat Nigam limited among others would be completed in 2021-22. Other than IDBI Bank, we propose to take up the privatization of two Public Sector Banks and one General Insurance company in the year 2021-22. This would require legislative amendments and I propose to introduce the amendments in this Session itself.

85. In 2021-22 we would also bring the IPO of LIC for which I am bringing the requisite amendments in this Session itself.

86. In the AtmaNirbhar Package, I had announced that we will come out with a policy of strategic disinvestment of public sector enterprises. I am happy to inform the House that the Government has approved the said policy. The policy provides a clear roadmap for disinvestment in all non-strategic and strategic sectors. We have kept four areas that are strategic

where bare minimum CPSEs will be maintained and rest privatized. In the remaining sectors all CPSEs will be privatized. The main highlights of the policy are mentioned at Annexure-III.

87. To fast forward the disinvestment policy, I am asking NITI to work out on the next list of Central Public Sector companies that would be taken up for strategic disinvestment.

88. To similarly incentivise States to take to disinvestment of their Public Sector Companies, we will work out an incentive package of Central Funds for States.

89. Idle assets will not contribute to AtmaNirbhar Bharat. The non-core assets largely consist of surplus land with government Ministries/Departments and Public Sector Enterprises. Monetizing of land can either be by way of direct sale or concession or by similar means. This requires special abilities and for this purpose, I propose to use a *Special Purpose Vehicle* in the form of a company that would carry out this activity.

90. In order to ensure timely completion of closure of sick or loss making CPSEs, we will introduce a revised mechanism that will ensure timely closure of such units.

91. I have estimated ₹ 1,75,000 crores as receipts from disinvestment in BE 2021-22.

Government Financial Reforms

92. Under the Treasury Single Account (TSA) System autonomous bodies directly draw funds from the Government's account at the time of actual expenditure, saving interest costs. We will extend the TSA System for universal application from 2021-22.

93. On the recommendation of the Fifteenth Finance Commission, we have undertaken a detailed exercise to rationalise and bring down the number of Centrally Sponsored Schemes. This will enable consolidation of outlays for better impact.

94. The Government is committed to the development of Multi-State Cooperatives and will provide all support to them. To further streamline the ‘Ease of Doing Business’ for Cooperatives, I propose to set up a separate Administrative Structure for them.

3. Inclusive Development for Aspirational India

95. Honourable Speaker Sir, under this pillar, I will cover Agriculture and Allied sectors, farmers’ welfare and rural India, migrant workers and labour, and financial inclusion.

Agriculture

96. Our Government is committed to the welfare of farmers. The MSP regime has undergone a sea change to assure price that is at least 1.5 times the cost of production across all commodities. The procurement has also continued to increase at a steady pace. This has resulted in increase in payment to farmers substantially.

97. In case of wheat, the total amount paid to farmers in 2013-2014 was ₹33,874 crores. In 2019-2020 it was ₹62,802 crores, and even better, in 2020-2021, this amount, paid to farmers, was ₹75,060 crores. The number of wheat growing farmers that were benefitted increased in 2020-21 to 43.36 lakhs as compared to 35.57 lakhs in 2019-20.

98. For paddy, the amount paid in 2013-14 was ₹63,928 crores. In 2019-2020 this increased ₹1,41,930 crores. Even better, in 2020-2021, this is further estimated to increase to ₹172,752 crores. The number of farmers benefitted increased from 1.24 crores in 2019-20 to 1.54 crores in 2020-21.

99. In the same vein, in case of pulses, the amount paid in 2013-2014 was ₹236 crores. In 2019-20 it increased ₹8,285 crores. Now, in 2020-2021, it is at ₹10,530 crores, a more than 40 times increase from 2013-14.

100. The receipts to cotton farmers have seen a stupendous increase from ₹90 crores in 2013-14 to ₹25,974 crores (as on 27th January 2021). The details are in Annexure IV.

101. Early this year, Honourable Prime Minister had launched SWAMITVA Scheme. Under this, a record of rights is being given to property owners in villages. Up till now, about 1.80 lakh property-owners in 1,241 villages have been provided cards. I now propose during FY21-22 to extend this to cover all states/UTs.

102. To provide adequate credit to our farmers, I have enhanced the agricultural credit target to ₹16.5 lakh crores in FY22. We will focus on ensuring increased credit flows to animal husbandry, dairy, and fisheries.

103. We are enhancing the allocation to the Rural Infrastructure Development Fund from ₹30,000 crores to ₹40,000 crores.

104. The Micro Irrigation Fund, with a corpus of ₹5,000 crores has been created under NABARD, I propose to double it by augmenting it by another ₹5,000 crores.

105. To boost value addition in agriculture and allied products and their exports, the scope of 'Operation Green Scheme' that is presently applicable to tomatoes, onions, and potatoes, will be enlarged to include 22 perishable products.

106. Around 1.68 crores farmers are registered and ₹ 1.14 lakh crores of trade value has been carried out through e-NAMs. Keeping in view the transparency and competitiveness that e-NAM has brought into the agricultural market, 1,000 more mandis will be integrated with e-NAM.

107. The Agriculture Infrastructure Fund would be made available to APMCs for augmenting their infrastructure facilities.

Fisheries

108. I am proposing substantial investments in the development of modern fishing harbours and fish landing centres. To start with, 5 major fishing harbours – Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghata – will be developed as hubs of economic activity. We will also develop inland fishing harbours and fish-landing centres along the banks of rivers and waterways.

109. Seaweed farming is an emerging sector with potential to transform the lives of coastal communities. It will provide large scale employment and additional incomes. To promote seaweed cultivation, I propose a Multipurpose Seaweed Park to be established in Tamil Nadu.

Migrant Workers and Labourers

110. We have launched the One Nation One Ration Card scheme through which beneficiaries can claim their rations anywhere in the country. Migrant workers in particular benefit from this scheme – those staying away from their families can partially claim their ration where they are stationed, while their family, in their native places, can claim the rest. I am happy to inform you that One Nation One Ration Card plan is under implementation by 32 states and UTs, reaching about 69 crores beneficiaries – that's a total of 86% beneficiaries covered. The remaining 4 states and UTs will be integrated in the next few months.

111. To further extend our efforts towards the unorganised labour force migrant workers particularly, I propose to launch a portal that will collect relevant information on gig, building, and construction-workers among others. This will help formulate Health, Housing, Skill, Insurance, Credit, and food schemes for migrant workers.

112. We will conclude a process that began 20 years ago, with the implementation of the 4 labour codes. For the first time globally, social security benefits will extend to gig and platform workers. Minimum wages will apply to all categories of workers, and they will all be covered by the Employees State Insurance Corporation. Women will be allowed to work in all categories and also in the night-shifts with adequate protection. At the same time, compliance burden on employers will be reduced with single registration and licensing, and online returns.

Financial Inclusion

113. To further facilitate credit flow under the scheme of Stand Up India for SCs, STs, and women, I propose to reduce the margin money requirement from 25% to 15%, and to also include loans for activities allied to agriculture.

114. We have taken a number of steps to support the MSME sector. In this Budget, I have provided ₹15,700 crores to this sector, more than double of this year's BE.

4. Reinvigorating Human Capital

115. The National Education Policy (NEP) announced recently has had good reception.

School Education

116. More than 15,000 schools will be qualitatively strengthened to include all components of the National Education Policy. They shall emerge as exemplar schools in their regions, handholding and mentoring other schools to achieve the ideals of the Policy.

117. 100 new Sainik Schools will be set up in partnership with NGOs/private schools/states.

Higher Education

118. In Budget 2019-20, I had mentioned about the setting-up of Higher Education Commission of India. We would be introducing Legislation this year to implement the same. It will be an umbrella body having 4 separate vehicles for standard-setting, accreditation, regulation, and funding.

119. Many of our cities have various research institutions, universities, and colleges supported by the Government of India. Hyderabad for example, has about 40 such major institutions. In 9 such cities, we will create formal umbrella structures so that these institutions can have better synergy, while also retaining their internal autonomy. A Glue Grant will be set aside for this purpose.

120. For accessible higher education in Ladakh, I propose to set up a Central University in Leh.

121. The other important projects to be taken up as part of NEP are listed at Annexure V.

Scheduled Castes and Scheduled Tribes Welfare

122. We have set ourselves a target of establishing 750 Eklavya model residential schools in our tribal areas. I propose to increase the unit cost of each such school from ₹20 crores to ₹38 crores, and for hilly and difficult areas, to ₹48 crores. This would help in creating robust infrastructure facilities for our tribal students.

123. We have revamped the Post Matric Scholarship Scheme, for the welfare of Scheduled Castes. I have also enhanced the Central Assistance in this regard. We are allotting ₹ 35,219 crores for 6 years till 2025-2026, to benefit 4 crores SC students.

Skilling

124. In 2016, we had launched the National Apprenticeship Promotion Scheme. The Government proposes to amend the Apprenticeship Act with a view to further enhancing apprenticeship opportunities for our youth. We will realign the existing scheme of National Apprenticeship Training Scheme (NATS) for providing post-education apprenticeship, training of graduates and diploma holders in Engineering. Over ₹3,000 crores will be provided for this.

125. An initiative is underway, in partnership with the United Arab Emirates (UAE), to benchmark skill qualifications, assessment, and certification, accompanied by the deployment of certified workforce. We also have a collaborative Training Inter Training Programme (TITP) between India and Japan to facilitate transfer of Japanese industrial and vocational skills, technique, and knowledge. We will take forward this initiative with many more countries.

5. Innovation and R&D

126. In my Budget Speech of July 2019, I had announced the National Research Foundation. We have now worked out the modalities and the NRF outlay will be of ₹50,000 crores, over 5 years. It will ensure that the overall

research ecosystem of the country is strengthened with focus on identified national-priority thrust areas.

127. There has been a manifold increase in digital payments in the recent past. To give a further boost to digital transactions, I earmark ₹1,500 crores for a proposed scheme that will provide financial incentive to promote digital modes of payment.

128. We will undertake a new initiative – National Language Translation Mission (NTLM). This will enable the wealth of governance-and-policy related knowledge on the Internet being made available in major Indian languages.

129. The New Space India Limited (NSIL), a PSU under the Department of Space will execute the PSLV-CS51 launch, carrying the Amazonia Satellite from Brazil, along with a few smaller Indian satellites.

130. As part of the Gaganyaan mission activities, four Indian astronauts are being trained on Generic Space Flight aspects, in Russia. The first unmanned launch is slated for December 2021.

131. Our oceans are a storehouse of living and non-living resources. To better understand this realm, we will launch a Deep Ocean Mission with a budget outlay of more than ₹4,000 crores, over five years. This Mission will cover deep ocean survey exploration and projects for the conservation of deep sea bio-diversity.

6. Minimum Government, Maximum Governance

132. Speaker Sir, I now come to the last of the six pillars. This will outline plans for reforms in one of our core principles of minimum government, maximum governance.

133. We have taken a number of steps to bring reforms in Tribunals in the last few years for speedy delivery of justice. Continuing with the reforms process, I now propose to take further measures to rationalize the functioning of Tribunals.

134. We have introduced the National Commission for Allied Healthcare Professionals Bill in Parliament, with a view to ensure transparent and

efficient regulation of the 56 allied healthcare professions. Additionally, to bring about transparency, efficiency and governance reforms in the nursing profession, The National Nursing and Midwifery Commission Bill will be introduced by the government for passing.

135. To have ease of doing business for those who deal with Government or CPSEs, and carry out contracts, I propose to set up a Conciliation Mechanism and mandate its use for quick resolution of contractual disputes. This will instil confidence in private investors and contractors.

136. The forthcoming Census could be the first digital census in the history of India. For this monumental and milestone-marking task, I have allocated ₹3,768 crores in the year 2021-2022.

137. Goa is celebrating the diamond jubilee year of the state's liberation from Portuguese rule. From the GoI's side, I propose a grant of ₹300 crores to the Government of Goa for the celebrations.

138. I propose to provide ₹1,000 crores for the welfare of Tea workers especially women and their children in Assam and West Bengal. A special scheme will be devised for the same.

Fiscal Position

139. In these last few paragraphs of Part A of my speech, I draw the attention of this august House to the fact that, at the beginning of the current Financial Year, the pandemic's impact on the economy resulted in a weak revenue inflow. This was combined with high expenditure to provide essential relief to vulnerable sections of the society especially the poor, women, SCs and STs.

140. Unlike many other countries, we opted for a series of medium-sized packages during the pandemic so that we could calibrate and target our response according to an evolving situation. Once the health situation stabilised, and the lockdown was being slowly lifted, we switched to ramping up Government spending so as to revive domestic demand. As a result, against an original BE expenditure of ₹30.42 lakh crores for 2020-2021, our RE estimates are ₹34.50 lakh crores. We have maintained the

quality of expenditure. The capital expenditure, estimated in RE is ₹ 4.39 lakh crores in 2020-2021 as against ₹4.12 lakh crores in BE 2020-21.

141. The fiscal deficit in RE 2020-21 is pegged at 9.5% of GDP. We have funded this through Government borrowings, multilateral borrowings, Small Saving Funds and short term borrowings. We would need another ₹ 80,000 crores for which we would be approaching the markets in these 2 months. To ensure that the economy is given the required push, our BE estimates for expenditure in 2021-2022, are ₹34.83 lakh crores. This includes ₹ 5.54 lakh crores as capital expenditure, an increase of 34.5% over the BE figure of 2020-2021. The fiscal deficit in BE 2021-2022 is estimated to be 6.8% of GDP. The gross borrowing from the market for the next year would be around ₹12 lakh crores. We plan to continue with our path of fiscal consolidation, and intend to reach a fiscal deficit level below 4.5% of GDP by 2025-2026 with a fairly steady decline over the period. We hope to achieve the consolidation by first, increasing the buoyancy of tax revenue through improved compliance, and secondly, by increased receipts from monetisation of assets, including Public Sector Enterprises and land. The Contingency Fund of India is being proposed to be augmented from ₹500 crores to ₹30,000 crores through Finance Bill.

142. In accordance with the views of the 15th Finance Commission, we are allowing a normal ceiling of net borrowing for the states at 4% of GSDP for the year 2021-2022. A portion of this ceiling will be earmarked to be spent on incremental capital expenditure. Additional borrowing ceiling of 0.5% of GSDP will also be provided subject to conditions. States will be expected to reach a fiscal deficit of 3% of GSDP by 2023-24, as recommended by the 15th Finance Commission.

143. In the July 2019-2020 Budget, I introduced the Statement 27 on Extra Budgetary Resources – it disclosed the borrowings of Government agencies that went towards funding GoI schemes, and whose repayment burden was on the Government. In my 2020-2021 Budget, I enhanced the scope and coverage of the Statement, by including the loans provided by Government to the FCI. Taking a step further in this direction, I propose to discontinue the NSSF Loan to FCI for Food Subsidy and accordingly Budget Provisions have been made in RE 2020-21 and BE 2021-22. The Extra Budgetary Resources details are at Annexure VI.

144. We know that the FRBM Act mandates fiscal deficit of 3% of GDP to be achieved by 31st March 2020-2021. The effect of this year's unforeseen and unprecedented circumstances has necessitated the submission of a deviation statement under Sections 4 (5) and 7 (3) (b) of the FRBM Act which I am laying on the Table of the House as part of the FRBM Documents.

145. Towards achieving Central Government fiscal deficit along the broad path that I have already indicated; I will be introducing an amendment to the FRBM Act.

146. On 9th December 2020, the 15th Finance Commission submitted its final report, covering the period 2021-2026 to the Rashtrapati ji. The Government has laid the Commission's report, along with the explanatory memorandum in the Parliament retaining the vertical shares of the states at 41%. We recognise our commitment to fiscal federalism and propose therefore to adhere to this recommendation. Jammu and Kashmir in the 14th Finance Commission was entitled to get devolution being a State. Now, the funds to the UTs of Jammu and Kashmir and Ladakh would be provided by the Centre. I have also provided, on the Commission's recommendation, ₹1,18,452 crores as Revenue Deficit Grant to 17 states in 2021-2022, as against ₹74,340 crores to 14 States in 2020-2021.

I would, now, move to Part B of my speech.

PART B

147. Honourable Speaker, the world is facing a serious challenge of the pandemic and its aftershock. In these trying times, when many economies are struggling to revive, our people and our industry have exhibited remarkable resilience.

148. As I mentioned already, post-pandemic, a new world order seems to be emerging, one in which Asia is poised to occupy a prominent position and India will have a leading role therein. In this scenario, our tax system has to be transparent, efficient, and should promote investments and employment in our country. At the same time it should put minimum burden on our tax payers.

**இயற்றலும் ஈட்டலுங் காத்தலும் காத்த
வகுத்தலும் வல்ல தரசு.**

- திருக்குறள் 385

A King/Ruler is the one who creates and acquires wealth,
protects and distributes it for common good.

- Thirukkural 385

Direct Tax Proposals

149. Keeping this in mind, our Government introduced a series of reforms in the Direct tax system for the benefit of our taxpayers and economy. Few months prior to the pandemic, in order to attract investments we slashed our Corporate tax rate to make it among the lowest in the world. The Dividend Distribution Tax too was abolished. The burden of taxation on small taxpayers was eased by increasing rebates. In 2020, the return filers saw a dramatic increase to 6.48 crore from 3.31 crore in 2014.

150. In the Direct Tax administration, we had recently introduced the Faceless Assessment and Faceless Appeal. I now seek to take further steps to simplify the tax administration, ease compliance, and reduce litigation.

Relief to Senior Citizens

151. I begin my direct tax proposals by offering my *pranaam* to our senior citizens. Many of them, despite having foregone several basic necessities of their own, have strived to build our nation.

152. Now in the 75th year of Independence of our country, when we continue our endeavour with renewed vigour, we shall reduce compliance burden on our senior citizens who are 75 years of age and above. For senior citizens who only have pension and interest income, I propose exemption from filing their income tax returns. The paying bank will deduct the necessary tax on their income.

Reduction in Time for Income Tax Proceedings

153. Honourable Speaker, presently, an assessment can be re-opened up to 6 years and in serious tax fraud cases for up to 10 years. As a result, taxpayers have to remain under uncertainty for a long time.

154. I therefore propose to reduce this time-limit for re-opening of assessment to 3 years from the present 6 years. In serious tax evasion cases too, only where there is evidence of concealment of income of ₹50 lakh or more in a year, can the assessment be re-opened up to 10 years. Even this reopening can be done only after the approval of the Principal Chief Commissioner, the highest level of the Income Tax Department.

Setting up the Dispute Resolution Committee

155. Honourable Speaker, it has been the resolve of this Government to reduce litigation, which mars the present taxation system.

156. The Government came out with the Direct Tax Vivad Se Vishwas Scheme to give taxpayers an opportunity to settle long pending disputes and be relieved of further strain on their time and resources. The response from the taxpayers has been the best ever as over 1 lakh ten thousand taxpayers have already opted to settle tax disputes of over ₹85,000 crores under this Scheme.

157. To further reduce litigation for small taxpayers, I propose to constitute a Dispute Resolution Committee for them, which will be faceless to ensure efficiency, transparency and accountability. Anyone with a taxable income up to ₹50 lakh and disputed income up to ₹10 lakh shall be eligible to approach the Committee.

Faceless ITAT

158. For ease of compliance and to reduce discretion, we are committed to make the taxation processes faceless. The Government has already introduced faceless assessment and appeal this year.

159. The next level of income tax appeal is the Income Tax Appellate Tribunal. I now propose to make this Tribunal faceless. We shall establish a National Faceless Income Tax Appellate Tribunal Centre. All communication between the Tribunal and the appellant shall be electronic. Where personal hearing is needed, it shall be done through video-conferencing.

Relaxation to NRI

160. When Non-Resident Indians return to India, they have issues with respect to their accrued incomes in their foreign retirement accounts. This is usually due to a mismatch in taxation periods. They also face difficulties in getting credit for Indian taxes in foreign jurisdictions. I propose to notify rules for removing their hardship of double taxation.

Exemption from Audit

161. Currently, if your turnover exceeds ₹1 crore, you have to get your accounts audited. In the February 2020 Budget, I had increased the limit for tax audit to ₹5 crore for those who carry out 95% of their transactions digitally. To further incentivise digital transactions and reduce compliance burden, I propose to increase this limit for tax audit for such persons from ₹5 crore to ₹10 crore.

Relief for Dividend

162. In the previous Budget, I had abolished the Dividend Distribution Tax (DDT) in order to incentivise investment. Dividend was made taxable in the

hands of shareholders. Now, in order to provide ease of compliance, I propose to make dividend payment to REIT/ InvIT exempt from TDS. Further, as the amount of dividend income cannot be estimated correctly by the shareholders for paying advance tax, I propose to provide that advance tax liability on dividend income shall arise only after the declaration/payment of dividend. Also, for Foreign Portfolio Investors, I propose to enable deduction of tax on dividend income at lower treaty rate.

Attracting foreign investment into infrastructure sector

163. In the last budget, for attracting foreign investment in the infrastructure sector, we had granted 100% tax exemption, subject to certain conditions, to foreign Sovereign Wealth Funds and Pension Funds, on their income from investment in Indian infrastructure. We have noticed that few of such Funds are facing difficulties in meeting some of these conditions. In order to ensure that a large number of Funds invest in India, I propose to relax some of these conditions relating to prohibition on private funding, restriction on commercial activities, and direct investment in infrastructure.

164. In order to allow funding of infrastructure by issue of Zero Coupon Bonds, I propose to make notified Infrastructure Debt Funds eligible to raise funds by issuing tax efficient Zero Coupon Bonds.

Affordable Housing/Rental Housing

165. This Government sees ‘Housing for All’ and affordable housing as priority areas. In the July 2019 Budget, I provided an additional deduction of interest, amounting to ₹1.5 lakh, for loan taken to purchase an affordable house. I propose to extend the eligibility of this deduction by one more year, to 31st March 2022. The additional deduction of ₹1.5 lakh shall therefore be available for loans taken up till 31st March 2022, for the purchase of an affordable house.

166. Further, to keep up the supply of affordable houses, I propose that affordable housing projects can avail a tax holiday for one more year – till 31st March, 2022.

167. We are committed to promote supply of Affordable Rental Housing for migrant workers. For this, I propose to allow tax exemption for notified Affordable Rental Housing Projects.

Tax incentives to IFSC

168. As I mentioned in Part A of this speech, the Government is committed to make the International Financial Services Centre (IFSC) in GIFT City a global financial hub. In addition to the tax incentives already provided, I propose to include, among others, tax holiday for capital gains for aircraft leasing companies, tax exemption for aircraft lease rentals paid to foreign lessors; tax incentive for relocating foreign funds in the IFSC; and to allow tax exemption to the investment division of foreign banks located in IFSC.

Pre-filling of Returns

169. Honourable Speaker, in order to ease compliance for the taxpayer, details of salary income, tax payments, TDS, etc. already come pre-filled in income tax returns. To further ease filing of returns, details of capital gains from listed securities, dividend income, and interest from banks, post office, etc. will also be pre-filled.

Relief to Small Trusts

170. We hope to reduce compliance burden on small charitable trusts running educational institutions and hospitals. So far, there is a blanket exemption to such entities, whose annual receipt does not exceed ₹1 crore. I now propose to increase this amount to ₹5 crore.

Labour Welfare

171. We have noticed that some employers deduct the contribution of employees towards Provident funds, superannuation funds, and other social security funds but do not deposit these contributions within the specified time. For the employees, this means a loss of interest or income. In cases where an employer later becomes financially unviable, non-deposit results in a permanent loss for the employees.

172. In order to ensure that employees' contributions are deposited on time, I reiterate that the late deposit of employee's contribution by the employer will not be allowed as deduction to the employer.

Incentives for Start-ups

173. In order to incentivise start-ups in the country, I propose to extend the eligibility for claiming tax holiday for start-ups by one more year - till 31st March, 2022. Further, in order to incentivise funding of the start-ups, I propose to extend the capital gains exemption for investment in start-ups by one more year - till 31st March, 2022.

Indirect Tax Proposals

GST

174. Before I come to my Indirect Tax proposals, I would like to appraise the House on GST. The GST is now four years old, and we have taken several measures to further simplify it. Some of the measures include:

- i. nil return through SMS,
- ii. quarterly return and monthly payment for small taxpayers,
- iii. electronic invoice system,
- iv. validated input tax statement,
- v. pre-filled editable GST return, and
- vi. staggering of returns filing.

The capacity of GSTN system has also been enhanced. We have also deployed deep analytics and Artificial Intelligence to identify tax evaders and fake billers and launched special drives against them.

175. The results speak for themselves. We have made record collections in the last few months.

176. The GST Council has painstakingly thrashed out thorny issues. As Chairperson of the Council, I want to assure the House that we shall take every possible measure to smoothen the GST further, and remove anomalies such as the inverted duty structure.

Custom Duty Rationalization

177. Our Custom Duty Policy should have the twin objective of promoting domestic manufacturing and helping India get onto global value chain and

export better. The thrust now has to be on easy access to raw materials and exports of value added products.

178. Towards this, last year, we started overhauling the Customs Duty structure, eliminating 80 outdated exemptions. I also thank everyone who responded overwhelmingly to a crowd-sourcing call for suggestions on this revamp. I now propose to review more than 400 old exemptions this year. We will conduct this through extensive consultations, and from 1st October 2021, we will put in place a revised customs duty structure, free of distortions. I also propose that any new customs duty exemption henceforth will have validity up to the 31st March following two years from the date of its issue.

Electronic and Mobile Phone Industry

179. Domestic electronic manufacturing has grown rapidly. We are now exporting items like mobiles and chargers. For greater domestic value addition, we are withdrawing a few exemptions on parts of chargers and sub-parts of mobiles. Further, some parts of mobiles will move from 'nil' rate to a moderate 2.5%.

Iron and Steel

180. MSMEs and other user industries have been severely hit by a recent sharp rise in iron and steel prices. Therefore, we are reducing Customs duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy, and stainless steels. To provide relief to metal re-cyclers, mostly MSMEs, I am exempting duty on steel scrap for a period up to 31st March, 2022. Further, I am also revoking ADD and CVD on certain steel products. Also, to provide relief to copper recyclers, I am reducing duty on copper scrap from 5% to 2.5%.

Textile

181. The Textiles Sector generates employment and contributes significantly to the economy. There is a need to rationalize duties on raw material inputs to manmade textiles. We are now bringing nylon chain on par with polyester and other man-made fibers. We are uniformly reducing

the BCD rates on caprolactam, nylon chips and nylon fiber & yarn to 5%. This will help the textile industry, MSMEs, and exports, too.

Chemicals

182. We have calibrated customs duty rates on chemicals to encourage domestic value addition and to remove inversions. Apart from other items, we are reducing customs duty on Naptha to 2.5% to correct inversion.

Gold and Silver

183. Gold and silver presently attract a basic customs duty of 12.5%. Since the duty was raised from 10% in July 2019, prices of precious metals have risen sharply. To bring it closer to previous levels, we are rationalizing custom duty on gold and silver.

Renewable Energy

184. In Part A, we have already acknowledged that solar energy has huge promise for India. To build up domestic capacity, we will notify a phased manufacturing plan for solar cells and solar panels. At present, to encourage domestic production, we are raising duty on solar invertors from 5% to 20%, and on solar lanterns from 5% to 15%.

Capital Equipment and Auto Parts

185. There is immense potential in manufacturing heavy capital equipment domestically. We will comprehensively review the rate structure in due course. However, we are revising duty rates on certain items immediately. We propose to withdraw exemptions on tunnel boring machine. It will attract a customs duty of 7.5%; and its parts a duty of 2.5%. We are raising customs duty on certain auto parts to 15% to bring them on par with general rate on auto parts.

MSME Products

186. We are proposing certain changes to benefit MSMEs. We are increasing duty from 10% to 15% on steel screws and plastic builder wares. On prawn feed we increase it from 5% to 15%. We are rationalizing exemption on import of duty-free items as an incentive to exporters of

garments, leather, and handicraft items. Almost all these items are made domestically by our MSMEs. We are withdrawing exemption on imports of certain kind of leathers as they are domestically produced in good quantity and quality, mostly by MSMEs. We are also raising customs duty on finished synthetic gem stones to encourage their domestic processing.

Agriculture Products

187. To benefit farmers, we are raising customs duty on cotton from nil to 10% and on raw silk and silk yarn from 10% to 15%. We are also withdrawing end-use based concession on denatured ethyl alcohol. Currently, rates are being uniformly calibrated to 15% on items like maize bran, rice bran oil cake, and animal feed additives.

188. There is an immediate need to improve agricultural infrastructure so that we produce more, while also conserving and processing agricultural output efficiently. This will ensure enhanced remuneration for our farmers. To earmark resources for this purpose, I propose an Agriculture Infrastructure and Development Cess (AIDC) on a small number of items. However, while applying this cess, we have taken care not to put additional burden on consumers on most items.

Rationalization of Procedures and Easing of Compliance

189. For their judicious application, we propose certain changes in the provisions relating to ADD and CVD levies. To complete Customs investigations, we are prescribing definite timelines. In 2020, we rolled out the Turant Customs initiative, which brought in Faceless, Paperless, and Contactless Customs measures. With effect from September 2020, we have implemented a new procedure for administration of Rules of Origin. This has helped in putting a check on misuse of FTAs.

190. The specific details of direct and indirect tax changes proposed are listed in the Annexure to my speech.

191. Mr. Speaker Sir, with these words I commend the Budget to this august House.

Annex to Part A of Budget Speech**ANNEXURE-I****Health and Wellbeing – Expenditure**

(In ₹ crores)

Ministry/Department	Actuals 2019-20	BE 2020-21	BE 2021-22
D/o Health & Family Welfare	62,397	65,012	71,269
D/o Health Research	1,934	2,100	2,663
M/o AYUSH	1,784	2,122	2,970
CoVID related Special Provisions			
<i>Vaccination</i>			35,000
D/o Drinking Water & Sanitation	18,264	21,518	60,030
Nutrition	1,880	3,700	2,700
FC Grants for Water and Sanitation			36,022
FC Grants for Health			13,192
TOTAL	86,259	94,452	2,23,846

ANNEXURE-II***Flagship Projects: Roads and Highways*****Major Expressways/Corridors**

- Delhi-Mumbai Expressway: Remaining 260 km will be awarded before 31.3.2021.
- Bengaluru – Chennai Expressway: 278 km will be initiated in the current financial year. Construction will begin in 2021-22
- Delhi-Dehradun economic corridor: 210 km corridor will be initiated in the current financial year. Construction will begin in 2021-22
- Kanpur-Lucknow Expressway: 63 km expressway providing an alternate route to NH 27 will be initiated in 2021-22.
- Chennai – Salem corridor: 277 km expressway will be awarded and construction would start in 2021-22.
- Raipur-Vishakhapatnam: 464 km passing through Chhattisgarh, Odisha and North Andhra Pradesh will be awarded in the current year. Construction will start in 2021-22.
- Amritsar-Jamnagar: Construction will commence in 2021-22
- Delhi –Katra: Construction will commence in 2021-22

Advanced Traffic management system with speed radars, variable message signboards, GPS enabled recovery vans will be installed in all new four and six lane highways.

ANNEXURE-III**Highlights of Disinvestment/Strategic Disinvestment Policy****Objectives**

- a) Minimising presence of Central Government Public Sector Enterprises including financial institutions and creating new investment space for private sector
- b) Post disinvestment, economic growth of Central Public Sector Enterprises (CPSEs)/ financial institutions will be through infusion of private capital, technology and best management practices. Will contribute to economic growth and new jobs.
- c) Disinvestment proceeds to finance various social sector and developmental programmes of the government.

Policy features

- a) Policy covers existing CPSEs, Public Sector Banks and Public Sector Insurance Companies.
- b) Various sectors will be classified as strategic and non-strategic sectors.
- c) The strategic sectors classified are:
 - i) Atomic energy, Space and Defence
 - ii) Transport and Telecommunications
 - iii) Power, Petroleum, Coal and other minerals
 - iv) Banking, Insurance and financial services
- d) In strategic sectors, there will be bare minimum presence of the public sector enterprises. The remaining CPSEs in the strategic sector will be privatised or merged or subsidiarized with other CPSEs or closed.
- e) In non-strategic sectors, CPSEs will be privatised, otherwise shall be closed.

ANNEXURE-IV**MSP Purchases of Agricultural Commodities**

Year	Wheat		Paddy		Cotton		Jute		Pulses	Oilseeds and Copra
	MSP Value (₹ crore)	Number of farmers benefited (lakhs)	MSP Value (₹ crore)	Number of farmers benefited (lakhs)	MSP Value (₹ crore)	Number of farmers benefited (lakhs)	MSP Value (₹ crore)	Number of farmers benefited (lakhs)	MSP Value (₹ crore)	MSP Value (₹ lakh)
2010-11	24764.3	NA	52573.04	NA	-	-	-	-	1.75	149.03
2011-12	33152	NA	58084.48	NA	14	0.02	47.7	0.46	0.005	1.52
2012-13	49020.18	NA	65039.28	NA	4797	7.3	140.19	1.15	407.22	394.06
2013-14	33874.20	NA	63927.65	NA	90	0.14	53.98.	0.5	235.86	1626.39
2014-15	39232.20	NA	66948.00	NA	18506	29.5	6.56	0.06	1128.93	45.52
2015-16	40727.60	NA	73981.90	73.08	1825	1.91	-	-	-	15.90
2016-17	35015.53	20.47	85802.73	76.85	-	-	28.79	0.17	1039.39.	946.71
2017-18	50089.00	31.87	90397.86	72.31	898	0.88	172.16	1.22	8566.13	5072.73
2018-19	6204.33	38.77	116839.47	96.94	2976	2.38	66.79	0.26	20145.60	7091.11
2019-20	62802.88	35.57	141928.08	124.59	28500	21.5	56.24	0.55	8284.45	8305.06
2020-21	75059.60	43.36	172752**	154**	25974*	18.26*	2.99	0.01	10530.20	3647.11
* upto 27.01.21; **Estimated value										

NA= Not Available

Initiatives on Education as part of NEP

- Standards will be developed for all school teachers in the form of National Professional Standards for Teachers- NPST. This will enhance the capabilities of teachers and will be followed by all 92 lakh teachers of public and private school system in the country.
- Toys are both an expression of entertainment and learning. A unique indigenous toy-based learning – pedagogy for all levels of school education will be developed. This will transform classroom transactions from mundane and rote learning to an engaging and joyful experience.
- A National Digital Educational Architecture (NDEAR) will be set up within the context of a Digital First Mindset where the Digital Architecture will not only support teaching and learning activities but also educational planning, governance and administrative activities of the Centre and the States/ Union Territories. It will provide a diverse education eco-system architecture for development of digital infrastructure, a federated but inter operable system that will ensure autonomy of all stakeholders, specially States and UTs.
- For children with hearing impairments, the Government will work on standardization of Indian Sign language across the country, and develop National and State Curriculum materials for use by them.
- There are a number of senior and retired teachers. They will be used for individual mentoring of school teachers and educators through constant online/offline support on subjects, themes and pedagogy.
- Students have so far been evaluated on uni-dimensional parameters. There will be a complete shift from using assessments to not only judge the cognitive levels of the learner but also using it as an opportunity to identify the unique strengths and the potential of the child. To this effect, a holistic progress card is envisaged to provide students with valuable information on their strengths, areas of interest, needed areas of focus and thereby helping them in making optimal career choices.
- To enable increased access of resources, online modules covering the entire gamut of adult education will be introduced.
- During the year, despite the COVID-19 pandemic, we have trained more than 30 lakh elementary school teachers digitally, covering the

whole gamut of education. Taking this further, in 2021-22, we will enable the training of 56 lakh school teachers through the National Initiative for School Heads and Teachers for Holistic Advancement (NISTHA).

- For the past few years our Prime Minister has been engaging with students every year before their Board Exams to help them overcome anxiety and stress. In this direction, we will introduce CBSE Board Exam reforms in a phased manner to be effective from the 2022-23 academic session. Exams will move away from rote-learning and students shall be tested on their conceptual clarity, analytical skills and application of knowledge to real life situations.
- To promote enhanced academic collaboration with foreign higher educational institutions, it is proposed to put in place a regulatory mechanism to permit dual degrees, joint degrees, twinning arrangements and other such mechanisms.

ANNEXURE VI

Statement of Extra Budgetary Resources (EBRs) (Govt. fully serviced bonds, NSSF loan and other resources)							
(In ₹ crores)							
Part-A – EBRs mobilised through issue of Govt. fully serviced bonds							
Demand No.	Name of the Ministry/Department and Name of the Scheme	2016-17	2017-18	2018-19	2019-20	2020-21	2020-21
		Actuals	Actuals	Actuals	Actuals	BE	RE
24	Department of Higher Education						
	Revitalising Infrastructure and Systems in Education (RISE)	---	---	---	---	3000.00	---
44	Department of Health & Family Welfare						
	Pradhan Mantri Swasthya Suraksha Yojana	---	---	---	---	3000.00	---
59	Ministry of Housing & Urban Affairs						
	Pradhan Mantri Awas Yojana (PMAY) - Urban	---	---	20000.00	---	10000.00	---
61	Department of Water Resources, River Development & Ganga Rejuvenation						
	Polavaram Irrigation Project	---	---	1400.00	1850.00	---	2234.29
	Pradhan Mantri Krishi Sinchay Yojana (Accelerated Irrigation Benefits Programme & other Projects)	2187.00	3105.00	5493.40	1963.30	5000.00	4225.00
62	Department of Drinking Water & Sanitation						
	Swachh Bharat Mission (Rural) Jal Jeevan Mission/National Rural Drinking Water Programme	---	---	8698.20	3600.00	----	---
70	Ministry of New & Renewable Energy						
	Grid Interactive Renewable Power, Off-Grid/ Distributed & Decentralized Renewable Power	1640.00	---	---	---	---	---
	Pradhan Mantri-Kisan Urja Sanrakshan Evam Utthan Mahabhiyan (PM-KUSUM)	---	---	---	---	1000.00	---
77	Ministry of Ports, Shipping and Waterways						
	Inland Waterways Authority of India (IWAI) Projects	340.00	660.00	---	----	---	---
78	Ministry of Power						
	Deen Dayal Upadhyaya Gram Jyoti Yojana/SAUBHAGYA	5000.00	4000.00	13827.00	3782.00	5500.00	5000.00
	Power System Development Fund Projects	---		5504.70	---	---	---
86	Department of Rural Development						
	Pradhan Mantri Awas Yojana (PMAY) - Rural	---	7330.00	10678.80	10811.00	10000.00	20000.00
	Total	9167.00	15095.00	65602.10	22006.30	49500.00	31459.29

NIL

Part-B – Financial support extended through loans from NSSF

(In ₹ crores)

Sl. No.	Name of the Ministry/Department/ Name of the Entity	2016-17	2017-18	2018-19	2019-20	2020-21	2020-21	2021-22
		Actuals	Actuals	Actuals	Actuals	BE	RE	BE
1	Department of Food & Public Distribution Food Corporation of India#	70000.00	65000.00	97000.00	110000.00	136600.00	84636.00	---
2	Ministry of Housing & Urban Affairs Building Materials & Technology Promotion Council	---	8000.00	---	15000.00	---	10000.00	
3	Department of Fertilizers Metals & Minerals Trading Corporation	---	---	---	1310.00	---	---	---
4	Support to other public agencies (to meet requirement for additional resources, if any, under some specific scheme/project)							30000.00
	Total	70000.00	73000.00	97000.00	126310.00	136600.00	94636.00	30000.00
	Grand Total (A+B)	79167.00	88095.00	162602.10	148316.13	186100.00	126095.29	30000.00

NSSF loan amount outstanding with FCI as on 31.03.2020 was ₹ 2,54,600 crore.

Notes :

(i) Air India Asset Holding Limited (AIAHL) under M/o Civil Aviation was permitted to raise EBRs by issuing Govt. Fully Serviced Bonds of upto ₹ 7,000 crore in FY 2019-20 to refinance AIs debt transferred to AIAHL.

(ii) M/o Railways was permitted to meet fund requirement of upto ₹10,200 crore (₹ 5,200 crore in FY 2018-19 & ₹ 5,000 crore in FY 2019-20) through borrowings for financing its National Projects. The repayment liability is being borne on General Revenues of Govt.

(iii) **Capital Infusion in Public Sector Banks:** An amount of ₹80,000 crore in 2017-18, ₹1,06,000 crore in 2018-19 and ₹ 65,443 crore in 2019-20 was infused for recapitalisation of Public Sector Banks (PSBs). For this purpose, a provision of ₹ 20,000 crore was made in 2020-21. In the FY 2020-21 so far, an amount of ₹ 5,500 crore has been infused by Government as fresh capital in PSBs through non-interest bearing special securities. GoI has also infused capital through issue of bonds in 3 other banks namely IDBI (₹ 4,557 crore), EXIM Bank (₹ 5,050 crore) and IIFCL (₹ 5,297.60 crore).

(iv) Statement of liability on annuity projects is given in Part-B of the Receipt Budget 2021-22. Amount of unpaid annual liability at the end of financial year 2019-20 was ₹41,822.04 crore.

Annex to Part B of Budget SpeechDirect Tax Proposals:

Sl. No.	Proposals	Proposed Amendments in brief
1.	Relief to Senior Citizens	In order to ease compliance burden on senior citizen pensioners who are of 75 years of age or above, it is proposed to exempt them from the requirement of filing of income tax if the full amount of tax payable has been deducted by the paying bank. This exemption is proposed to be made available to such senior citizens who have only interest income apart from the pension income.
2.	Reduction in Time Limits	In order to reduce compliance burden, the time-limit for re-opening of assessment is being reduced to 3 years from the current 6 years from the end of the relevant assessment year. Re-opening up to 10 years is proposed to be allowed only if there is evidence of undisclosed income of ₹ 50 lakh or more for a year. Further, it is proposed to completely remove discretion in re-opening and henceforth re-opening shall be made only in cases flagged by system on the basis of data analytics, objection of C&AG and in search/survey cases. Further, in order to bring certainty in income tax proceedings at the earliest, it is also proposed to reduce the time limits for general assessment or processing of income tax return by three months and also for filing of returns.

3.	Relief for Dividend	<p>In order to provide relief to taxpayers, advance-tax liability on dividend income shall arise only after the declaration/payment of dividend. The dividend paid to Real Estate Infrastructure Trusts or Infrastructure Investment Trusts (REIT/InvIT) shall be exempt from TDS. It is also proposed to clarify that deduction of tax on incomes including dividend income of Foreign Portfolio Investors may be made at treaty rate. It is also proposed to exempt dividend payment from levy of Minimum Alternate Tax (MAT) for foreign company if the applicable tax rate is less than the rate of MAT.</p>
4.	Setting up of Dispute Resolution Committee (DRC)	<p>For reducing litigation and to give an impetus to the dispute resolution for small taxpayers, a Dispute Resolution Committee is proposed to be constituted. A taxpayer having taxable income up to ₹ 50 lakh and disputed income up to ₹ 10 lakh shall be eligible to approach the Committee. For ensuring efficiency, transparency and accountability, the procedure of the Committee will be conducted in a faceless manner.</p> <p>Consequently, the Settlement Commission shall be discontinued from 01.02.2021. However, the pending cases shall be decided by an Interim Board if opted by the applicant.</p>
5.	Faceless Income Tax Appellate Tribunal (ITAT)	<p>In order to provide transparent tax appellate mechanism, it is proposed to make the Income Tax Appellate Tribunal faceless and jurisdiction-less. A National Faceless Income-tax Appellate Tribunal Centre shall be established and all the communication between the Tribunal and the appellant shall be made electronically. Wherever personal hearing is needed, it shall be done through</p>

		video-conferencing.
6.	Tax Neutrality of conversion of Urban Cooperative Bank (UCB) into a Small Finance Bank (SFB)	In order to facilitate the transition of UCBs to SFBs, it is proposed to provide tax neutrality for the transition of UCBs to SFBs. Hence, the UCB shall not be required to pay capital gains for the assets transferred to the SFBs.
7.	Tax incentives for Affordable Housing and Affordable Rental Housing Project	<p>In order to incentivise purchase of affordable house, It is proposed to extend the eligibility period for claim of additional deduction for interest of ₹ 1.5 lakh paid for loan taken for purchase of an affordable house to 31st March 2022.</p> <p>In order to increase the supply of affordable house, it is proposed to extend eligibility period for claiming tax holiday for affordable housing project by one more year to 31st March, 2022.</p> <p>In order to promote supply of Affordable Rental Housing for the migrant workers, it is also proposed to allow a new tax exemption for the notified Affordable Rental Housing Projects.</p>
8.	Tax benefit for Start-ups	<p>In order to incentivise setting-up of more start-ups in the country, it is proposed to extend the eligibility period to claim tax holiday for the start-ups by one more year to 31st March, 2022.</p> <p>In order to incentivise investment in start-up, it is proposed to extend the eligibility period of claiming capital gains exemption for investment made in the start-ups by one more year to 31st Match, 2022.</p>
9.	Relaxation to NRI for Income of Retirement	In order to remove the genuine hardship faced by the NRIs in respect of their income accrued on foreign retirement benefit account

	Benefit Account	due to mismatch in taxation, it is proposed to notify rules for aligning the taxation of income arising on foreign retirement benefit account.
10.	Exemption from Audit	To incentivise digital transactions and to reduce the compliance burden of the person who is carrying almost all of their transactions digitally, it is proposed to increase the limit for tax audit for persons who are undertaking 95% of their transactions digitally from ₹ 5 crore to ₹ 10 crore.
11.	Relaxation of Condition for carry forward of loss for Disinvestment	In order to promote strategic disinvestment of PSU, it is proposed to relax the condition regarding carry forward of loss for disinvested PSU in amalgamation.
12.	Relaxation of Condition for tax neutral Demerger for disinvestment	In order to promote strategic disinvestment, it is proposed to deem the transfer of assets by the PSU to the resulting company as tax neutral demerger.
13.	Zero Coupon Bonds by Infrastructure Debt Fund (IDF)	In order to allow funding of infrastructure, it is proposed to make Zero Coupon Bonds issued by notified IDF eligible for tax benefit.
14.	Rationalisation of taxation of Unit Linked Insurance Plan (ULIP)	In order to rationalise taxation of ULIP, it is proposed to allow tax exemption for maturity proceed of the ULIP having annual premium up to ₹ 2.5 lakh. However, the amount received on death shall continue to remain exempt without any limit on the annual premium. The cap of ₹ 2.5 lakh on the annual premium of ULIP shall be applicable only for the policies taken on or after 01.02.2021. Further, in order to provide parity, the non-exempt ULIP shall be provided same concessional capital gains taxation regime as available to the mutual fund.

15.	Rationalisation of Tax-free Income on Provident Funds	In order to rationalise tax exemption for the income earned by high income employees, it is proposed to restrict tax exemption for the interest income earned on the employees' contribution to various provident funds to the annual contribution of ₹ 2.5 lakh. This restriction shall be applicable only for the contribution made on or after 01.04.2021.
16.	Taxability of Surplus amount received by partners	In order to provide certainty, it is proposed to rationalise the provisions relating to taxation of the assets or amount received by partners from the partnership firm in excess of their capital contribution.
17.	Clarification on Depreciation on Goodwill	In order to provide certainty, it is proposed to clarify that no depreciation on Goodwill shall be allowed. However, the deduction for the amount paid for acquiring Goodwill shall be allowed on sale of Goodwill.
18.	Clarification for the Slump Sale	In order to provide certainty, it is proposed to clarify that slump sale shall include all types of transfer.
19.	Fake Invoice/sham transaction	In order to protect the revenue, it is proposed to provide that the penalty proceedings initiated for fake invoice/sham transactions of more than ₹ 2 crore shall also be eligible for provisional attachment of assets.
20.	Exemption for Small Trusts	In order to reduce compliance burden on the small charitable trusts running educational institutions and hospitals, it is proposed to increase the limit on annual receipts for these trusts from present ₹ 1 crore to ₹ 5 crore for non-applicability of various compliances like approval etc.
21	Carry Forward of loss by Charitable Organisations	In order to provide certainty, it is proposed to clarify that charitable trusts shall not be

		permitted to claim carry forward of loss. However, the loan repayment and replenishment of corpus shall be allowed as application.
22.	Clarification for Equalisation Levy	In order to provide certainty, it is being expressly clarified that transaction taxable under income-tax are not liable for equalisation levy. Further, it is also proposed to clarify regarding applicability of equalisation levy on physical/offline supply of goods and services.
23	Timely deposit of Employees' contribution to labour welfare funds by Due Date	Delay in deposit of the contribution of employees towards various welfare funds by employers result in permanent loss of interest/income for the employees. In order to ensure timely deposit of employees' contribution to these funds by the employers, it is proposed to reiterate that the late deposit of employees' contribution by the employer shall never be allowed as deduction to the employer.
24	Relaxation in conditions for exemption to Sovereign Wealth Fund & Pension Fund (SWF/PF)	In order to incentivise more number of SWF/PF to invest in Indian Infrastructure, it is proposed to relax some of conditions for availing 100% tax exemption introduced in the last budget. The conditions which are proposed to be relaxed include prohibition on loans or borrowings, restriction on commercial activities, direct investment in entity owning infrastructure, etc.
25.	Tax incentives for IFSC	In order to promote IFSC, It is proposed to provide more tax incentives which includes tax holiday for capital gains incomes of aircraft leasing company, tax exemptions for aircraft lease rental paid to foreign lessor, tax incentive for re-location of foreign funds in IFSC and tax exemptions to investment

		division of the foreign banks located in IFSC.
26	Non-filing of Return by Deductee/Collectee	In order to discourage the practice of not filing returns by the persons in whose case substantial amount of tax has been deducted/collected, it is proposed to provide that a person in whose case TDS/TCS of ₹50,000 or more has been made for the past two years and who has not filed return of income, the rate of TDS/TCS shall be at the double of the specified rate or 5%, whichever is higher. This provision shall not be applicable for the transactions where full amount of tax is required to be deducted e.g. salary income, payment to non-resident, lottery, etc.
27	Levy of TDS on Purchase of Goods	In order to widen the scope of TDS, it is proposed to levy a TDS of 0.1% on a purchase transaction exceeding ₹ 50 lakh in a year. In order to reduce the compliance burden, it is also proposed to provide that the responsibility of deduction shall lie only on the persons whose turnover exceeds ₹ 10 crore.
28	Substitution of Authority for Advance Rulings with Board for Advance Rulings	To ensure faster disposal of cases, it is proposed to replace the Authority for Advance Rulings with a Board for Advance Rulings. It is also proposed to provide appeal against the order of such Board to the High Court.
29.	Alignment of Minimum Alternate Tax (MAT) for Advanced Pricing Agreement (APA) and secondary adjustment	In order to provide relief to the taxpayers in whose case MAT liability has arisen in the year of repatriation on account APA or secondary adjustment, it is proposed to provide relief by aligning the MAT provisions with the year of taxability of such income.
30.	Exemption for Leave Travel Concession (LTC)	In order to provide relief to employees, it is proposed to provide tax exemption to the amount given to an employee in lieu of LTC

	cash scheme	subject to incurring of specified expenditure.
31	Increase in safe harbor limit for primary sale of residential units.	In order to incentivise home buyers and real estate developers, it is proposed to increase safe harbour limit from 10% to 20% for the specified primary sale of residential units.
32	Miscellaneous	<ul style="list-style-type: none"> • It is proposed to make consequential amendment in the provisions relating to processing of returns for allowing certain deductions and to provide clarification for adjustment of income reported in Audit Report. • It is also proposed to enable issuance of notice for calling for returns by the prescribed authority. • It is proposed to empower the Board to relax the rule relating to defective return for a class of taxpayers and to align due dates of return for certain taxpayers, • It is proposed to clarify that Limited Liability Partnership shall not be eligible for presumptive tax for professionals. • It is proposed to define the term “liable to tax” to provide certainty.

ANNEXURE TO THE BUDGET SPEECH

A. LEGISLATIVE CHANGES IN CUSTOMS AND CENTRAL EXCISE:

1. Major Amendments in the Customs Act, 1962:

S. No.	Amendment
A.	Reduce dwell time and EoDB (Trade facilitation)
1.	It is proposed to mandate filing of bills of entry before the end of day preceding the day of arrival of goods (Section 46).
2.	It is proposed to allow the specified amendments by importer/exporter on self-amendment basis. Hitherto all amendments were to be approved by the officer. (Section 149).
3.	To encourage paperless processing, it is proposed to recognize the use of common portal to serve notice, order etc and the portal to act as a one-point digital interface for the trade to interact with the Customs.
B.	Efficiency and accountability
1	It is proposed to add a new provision in law to prescribe that all conditional exemptions, unless otherwise specified or varied or rescinded, given under Customs Act shall come to an end on 31 st March falling immediately two years after the date of such grant or variation. (Section 25 of the Customs Act).
2.	It is proposed to introduce a new section 28BB to prescribe a definite time-period of two years subject to certain exceptions, for completion of investigations.
C.	Improving tax compliance
1.	A new provision is being proposed that any goods entered for exportation making wrongful claim of remission or refund shall be liable to confiscation [sub-section (ja) is being added to section 113 of the Customs Act].
2.	A new provision is being inserted in the Customs Act (section 114AC) to prescribe penalty in specific case where any person claims refund of tax or duty discharge, using fraudulent invoices, on exports of goods.
E.	Disposal of seized gold
1.	Section 110 of the Customs Act is proposed to be amended to revise the procedure for pre-trial disposal of seized gold for expediting such disposals

2. Amendments to the Customs Tariff Act, 1975:

S. No.	Amendment
A	Amendment in First Schedule to the Customs Tariff Act, 1975
1.	The first schedule to the Customs Tariff Act is being proposed to be amended in accordance with HSN 2022 amendments. These changes shall come into effect from 01.01.2022. Besides certain new tariff lines are being created
B	Amendment in the provisions relating to Anti-Dumping Duty (ADD), Countervailing Duty (CVD), and Safeguard Measures
1.	<p>It is being proposed to make the following amendments in the provision relating to ADD, CVD [section 9, 9A of the Customs Tariff Act and respective Rules] to provide for:</p> <ul style="list-style-type: none"> (i) imposition of duty from the date of initiation of anti-circumvention investigation; (ii) anti-absorption provisions; (iii) imposition of these duties on review for period upto 5 years at a time; (iv) uniform provisions for imposition ADD/CVD on account of inputs (attracting ADD or CVD) used by EoUs and SEZs for manufacture of goods that are cleared to Domestic Tariff Area; (v) whenever any particular ADD or CVD is temporarily revoked, such temporary revocation shall not exceed one year at a time; (vi) final findings are to be issued in ADD/CVD, in investigation in review proceedings, by the designated authority, at least three months prior to expiry of the ADD under review (with effect from the 1st Jul, 2021); <p>Amendment at S. No. (vi) is being made in respective Rules and rest of the other changes are being made in the Customs Tariff Act.</p>
2.	The Safeguard Rules are being amended to provide for the manner and procedure for causing investigation into the cases of imports in increased quantity that cause injury to domestic industry for imposition of Safeguard TRQs.

3. Amendments to the Central Excise Act, 1944:

1.	<ul style="list-style-type: none"> • Addition of new tariff lines consequent to review of Harmonised System of Nomenclature (HSN) by World Customs Organisation. • A few minor changes in the schedule of clarificatory nature are being made.
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4. Amendments in Customs Rules:

The Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 [IGCR] are being made so as a trade facilitation measure to allow:

- job-work on the materials (except precious metals) imported under IGCR
- clearance of imported capital goods imported under IGCR on payment of customs duty on the depreciated value.

B. Customs duty rate changes

1. Changes in basic customs duty for creating level playing field for the benefit of farmer, MSME and other domestic manufacturers [with effect from 02.02.2021]:

S.No .	Category	Specific items	Rate of Duty	
			From	To
1.	Agricultural products and fishery sector	Cotton	0	5%*
		Cotton waste	Nil	10%
		Raw Silk (not thrown) and silk yarn /yarn spun from silk waste	10%	15%
		Denatured ethyl alcohol (ethanol) for manufacture of excisable goods	2.5%	5%
		Prawn Feed	5%	15%
		Fish feed in pellet form	5%	15%
		Flours, meals and pellets of fish, crustaceans, molluscs or other aquatic invertebrates	5%	15%
		Maize Bran	Nil	15%
		De-oiled rice bran cake	Nil	15%
2.	Chemicals	Carbon Black	5%	7.5%
		Bis-phenol A	Nil	7.5%
		Epichlorohydrin	2.5%	7.5%
3.	Plastics	Builder's ware of plastic, not elsewhere specified or included	10%	15%
		Polycarbonates	5%	7.5%
4.	Leather	Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including their splits and slides	Nil	10%
5.	Gems and Jewellery	Cut and Polished Cubic Zirconia	7.5%	15%
		Synthetic Cut and Polished Stones	7.5%	15%
6.	Capital Goods and Machinery	Tunnel Boring Machines	Nil	7.5%
		Parts and components for manufacture of Tunnel Boring Machines	Nil	2.5%
7.	Auto Sector	Specified auto parts like ignition wiring sets, safety glass, parts of signaling equipment, etc.	7.5%/ 10%	15%
8.	Metal products	Screws, Nuts, etc.	10%	15%

* Also, to attract Agriculture Infrastructure and development Cess at the rate of 5%

2. Changes in Customs duty to promote value addition in the Electronics Sector [with effect from 2.2.2021, unless specified otherwise].

S.No.	Description	From	To
1.	Inputs, parts or sub-parts for manufacture of specified parts of mobile phones, including: (1) Printed Circuit Board Assembly (PCBA) (2) Camera module (3) Connectors [To apply with effect from 01.04.2021]	0	2.5%
2.	Printed Circuit Board Assembly [PCBA] and Moulded Plastic, for manufacture of charger or adapter	10%	15%
3.	Inputs and parts [other than PCBA and moulded plastic] of mobile charger	Nil	10%
4.	Inputs, Parts and Sub-parts [other than PCBA and Li-ion Cell] for manufacture of Lithium-ion battery and battery pack [w.e.f. 01.04.2021]	0	2.5%
5.	Compressor of Refrigerator/Air Conditioner	12.5%	15%
6.	Specified insulated wires and cables	7.5%	10%
7.	Specific parts of transformer such as Bobbins, brackets, wires, etc.	Nil	Applicable Rate
8.	Inputs and parts of LED lights or fixtures including LED Lamps	5%	10%
9.	Solar Inverters	5%	20%
10.	Solar lanterns or solar lamps	5%	15%

3. Changes in Customs duty raw materials and inputs used by Domestic Manufacturers for reducing cost of inputs and correction of inverted duty structure:

S. No.	Inputs/Raw materials (for Sector)	Specific Items	Rate of duty	
			From	To
1.	Petrochemical industry	Naphtha	4%	2.5%
2.	Textile industry	Caprolactam	7.5%	5%
		Nylon Chips	7.5%	5%
		Nylon fibre and yarn	7.5%	5%
3.	Ferrous and Non-Ferrous Metals	Iron and Steel melting scrap, including stainless steel scrap [upto 31.3.2022]	2.5%	Nil
		Primary/Semi-finished products of non-alloy steel	10%	7.5%
		Flat products of non-alloy and alloy-steel	10%/12.5%	7.5%
		Long products of non-alloy, stainless and alloy steel	10%	7.5%

		Raw materials used in manufacture of CRGO Steel	2.5%	Nil
		Copper Scrap	5%	2.5%
6.	Aviation Sector	Components or parts, including engines, for manufacture of aircrafts by Public Sector Units of Ministry of Defence	2.5%	0%
7.	Precious Metals	Gold and silver*	12.5%	7.5%*
		Gold dore bar*	11.85%	6.9%*
		Silver dore bar*	11%	6.1%*
		Platinum, Palladium, etc.	12.5%	10%
		Gold/silver findings	20%	10%
		Waste & Scrap of Precious Metals	12.5%	10%
		Spent Catalyst or ash containing precious metals	11.85%	9.2%
		Precious Metal Coins	12.5%	10%
8	Animal Husbandry	Feed additives or pre-mixes	20%	15%

* Also, to attract Agriculture Infrastructure and development Cess at the rate of 2.5%

4. BCD rates has been reduced on following items with imposition of Agriculture Infrastructure and Development Cess on these so that overall consumer does not bear additional burden on most of the items. The revised rate of basic customs duty on such items shall be as follows:

Item	Revised basic customs duty rate*
Apple	15%
Alcoholic beverages falling in Chapter 22	50%
Crude edible oil (Palm, Soyabean, sunflower)	15%
Coal, lignite and peat	1%
Specified fertilizers (Urea, MoP, DAP)	0%
Ammonium nitrate	2.5%
Peas, kabuli chana, Bengal gram, lentils	10%

* refer to part C for Agriculture Infrastructure and Development Cess rates on these items

5. Consequent to imposition of Agriculture Infrastructure and Development Cess (AIDC) on petrol and diesel, the Basic excise duty (BED) and Special Additional Excise Duty (SAED) rates have been reduced on them so that overall consumer does not bear any additional burden. Consequently, unbranded petrol and diesel will attract basic excise duty of Rs 1.4, and Rs 1.8 per litre respectively. The SAED on unbranded petrol and diesel shall be Rs 11 and Rs 8 per litre respectively. Similar changes have also been made for branded petrol and diesel. Refer to part C for Agriculture Infrastructure and Development Cess rates on these items

6. Rationalization of exemptions

S. No.	Category of goods	Specific items	From	To
1.	Minerals	Natural borates and concentrates thereof	Nil/5%	2.5%
2.	Chemicals	Methyl Diphenyl Isocyanate (MDI) for the manufacture of spandex yarn	Nil	7.5%
3.	Items allowed to be imported duty free based on export performance in handicrafts, garments and leather	Certain duty-free imports of items like motif, glue, veneer, polish, hooks, rivets, button, Velcro, chaton, badges, beads, sewing thread etc, on the basis of export made in the previous financial year, are allowed to handicraft, garments and leather exporters. An end date of 31.3.2021 is being provided for these concessions.	Nil	Applicable rate

7. Revocation / Temporary Revocation / Discontinuance of Anti-Dumping Duty and Countervailing Duty

S. No.	Specific Items
1.	Anti-Dumping duty is being temporarily revoked for the period commencing from 2.2.2021 till 30.09.2021, on imports of the following- (a) Straight Length Bars and Rods of alloy-steel, originating in or exported from People's Republic of China, imposed <i>vide</i> notification No. 54/2018-Cus (ADD) dated 18.10.2018;

	(b) High Speed Steel of Non-Cobalt Grade, originating in or exported from Brazil, People's Republic of China and Germany, imposed vide notification No. 38/2019-Cus (ADD) dated 25.09.2019; (c) Flat rolled product of steel, plated or coated with alloy of Aluminium or Zinc, originating in or exported from People's Republic of China, Vietnam and Korea RP, imposed vide notification No. 16/2020-Cus (ADD) dated 23.06.2020.
2.	Countervailing duty is being temporarily revoked for the period commencing from 2.2.2021 till 30.09.2021, on imports of Certain Hot Rolled and Cold Rolled Stainless Steel Flat Products, originating in or exported from People's Republic of China, imposed vide notification No. 1/2017-Cus (CVD) dated 7.09.2017.
3.	Provisional Countervailing duty is being revoked on imports Flat Products of Stainless Steel, originating in or exported from Indonesia, imposed vide notification No. 2/2020-Customs (CVD) dated 9.10.2020.
4.	In Sunset Review, anti-dumping duty on Cold-Rolled Flat Products of Stainless Steel of width 600 mm to 1250 mm and above 1250 mm of non bonafide usage originating in or exported from People's Republic of China, Korea RP, European Union, South Africa, Taiwan, Thailand and United States of America has been discontinued upon expiry of the anti-dumping duty hitherto leviable vide notifications no. 61/2015-Customs (ADD) dated 11th December, 2015 and 52/2017-Customs (ADD) dated 24th October, 2017.

8. Other miscellaneous changes

S. No.	Category of Goods	Specific Items
1.	Miscellaneous	Exemption to temporary imports of costumes and props by film-makers.
		Exemption to all items of machinery, instruments, appliances, components or auxiliary equipment for setting up of solar power generation projects is being rescinded [Notif No. 1/2011-Cus]
2.	Project Imports	Benefit is being extended to All High-Speed Railway projects
3.	IT/Electronics	Concessional rate of BCD on ink cartridges, ribbon assembly, ribbon gear assembly, ribbon gear carriage,

		for use in printers for computers is being withdrawn.
4.	Toys	Existing entries in exemption notification which provide concessional BCD rate on various parts of electronic toys, is being consolidated in a single entry and a revised BCD rate of 15% is being prescribed for the said new entry.
3.	End use-based exemptions to be have condition of IGCR in lieu of existing miscellaneous conditions.	A number of cumbersome conditions in customs exemptions are now being replaced by the requirement of observance of Import of Goods at Concessional rate (IGCR). This will simplify and standardized the compliance requirement for end use-based exemptions.

C. Imposition of Agriculture Infrastructure and Development Cess on specified goods [w.e.f. 2.2.2021]

An Agriculture Infrastructure and Development Cess has been proposed on specified goods, as below:

(A) On customs side

Items	Proposed cess (Customs)
Gold, Silver and dore bars	2.5%
Alcoholic beverages (falling under chapter 22)	100%
Crude palm oil	17.5%
Crude soyabean and sunflower oil	20%
Apples	35%
Coal, lignite and peat	1.5%
Specified fertilizers (Urea etc)	5%
Peas	40%
Kabuli Chana	30%
Bengal Gram/Chick peas	50%
Lentil (Mosur)	20%
Cotton (not carded or combed)	5%

For basic customs duty rates on these items refer to part B. Overall there would be no additional burden on the consumer on most of these items.

(B) On excise side:

An agriculture Infrastructure and Development Cess (AIDC) of ₹ 2.5 per litre has been imposed on petrol and ₹ 4 per litre on diesel. For other duties and cess, as revised, consequent to imposition of AIDC) on these items refer to part B. Overall there would be no additional burden on the consumer.

E. Social Welfare Surcharge (SWS)

1.	a. Notification No. 12/2018-Customs dated 2.2.2018 is being rescinded to keep only one SWS rate of 10% for all goods. b. The SWS on Agriculture Infrastructure and Development Cess is being exempted for Gold and Silver.
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F. Miscellaneous changes in Central Excise:

1.	Blended Fuel: M-15 Petrol and E-20 Petrol	Exemptions from cesses and surcharges on the lines of other blended fuels (like E-5 and E-10) if these blended fuels are made of duty paid inputs
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G. Legislative Changes in the provisions of Central GST Act, 2017 (CGST Act) and Integrated GST Act, 2017 (IGST Act):

Certain changes have been in the CGST Act and the IGST Act on the basis of recommendations made by the GST Council. These changes will come into effect from the date when the same will be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.

These includes measures for

- (i) facilitating taxpayers, such as remove the mandatory requirement of getting annual accounts audited and reconciliation statement, filing of the annual return on self-certification basis and charging interest on net cash liability with effect from the 1st July, 2017.
- (ii) improving compliance, such as availment of input tax credit only when the details have been furnished by the supplier in the statement of outward supplies, validity of provisional attachment for a period, zero-rating on payment of IGST only in specified cases and linking it to the receipt of foreign remittances

(iii) making certain other changes relating to seizure and confiscation, filing of appeal only on payment of a sum equal to twenty-five per cent. of penalty imposed

H. There are few other changes of minor nature. For details of the budget proposals, the Explanatory Memorandum and other relevant budget documents may be referred to.



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GOVERNMENT OF INDIA

BUDGET 2022-2023

SPEECH

OF

NIRMALA SITHARAMAN
MINISTER OF FINANCE

February 1, 2022

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Budget 2022-2023

**Speech of
Nirmala Sitharaman
*Minister of Finance***

February 1, 2022

Hon'ble Speaker,

I present the Budget for the year 2022-23.

Introduction

1. At the outset, I want to take a moment to express my empathy for those who had to bear adverse health and economic effects of the pandemic.

2. The overall, sharp rebound and recovery of the economy is reflective of our country's strong resilience. India's economic growth in the current year is estimated to be 9.2 per cent, highest among all large economies.

3. I recognise we are in the midst of an Omicron wave, with high incidence, but milder symptoms. Further, the speed and coverage of our vaccination campaign has helped greatly. With the accelerated improvement of health infrastructure in the past two years, we are in a strong position to withstand challenges. I am confident that with *Sabka Prayas* we will continue our journey of strong growth.

4. Hon'ble Speaker, we are marking *Azadi ka Amrit Mahotsav*, and have entered into *Amrit Kaal*, the 25-year-long leadup to India@100. Hon'ble Prime Minister in his Independence Day address had set-out the vision for India@100.

5. By achieving certain goals during the *Amrit Kaal*, our government aims to attain the vision. They are:

- Complementing the macro-economic level growth focus with a micro-economic level all-inclusive welfare focus,

- Promoting digital economy & fintech, technology enabled development, energy transition, and climate action, and
- Relying on virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment.

6. Since 2014 our government's focus has been on empowerment of citizens, especially the poor and the marginalised. Measures have included programmes that have provided housing, electricity, cooking gas, and access to water. We also have programmes for ensuring financial inclusion and direct benefit transfers. We are committed to strengthening the abilities of the poor to tap all opportunities. Our government constantly strives to provide the necessary ecosystem for the middle classes – a vast and wide section which is populated across various middle-income brackets – to make use of the opportunities they so desire.

7. This Budget seeks to lay the foundation and give a blueprint to steer the economy over the *Amrit Kaal* of the next 25 years – from India at 75 to India at 100. It continues to build on the vision drawn in the Budget of 2021-22. Its fundamental tenets, which included transparency of financial statement and fiscal position, reflect the government's intent, strengths, and challenges. This continues to guide us.

8. The initiatives of the last year's Budget have seen significant progress and have been provided with adequate allocations in this Budget as well.

9. The strengthening of health infrastructure, speedy implementation of the vaccination programme, and the nation-wide resilient response to the current wave of the pandemic, are evident for all.

10. The Productivity Linked Incentive in 14 sectors for achieving the vision of AtmaNirbhar Bharat has received excellent response, with potential to create 60 lakh new jobs, and an additional production of ₹ 30 lakh crore during next 5 years.

11. Towards implementation of the new Public Sector Enterprise policy, the strategic transfer of ownership of Air India has been completed. The strategic partner for NINL (Neelanchal Ispat Nigam Limited) has been selected. The public issue of the LIC is expected shortly. Others too are in the process for 2022-23.

12. The National Bank for Financing Infrastructure and Development (NaBFID) and National Asset Reconstruction Company have commenced their activities.

13. Hon'ble Speaker sir, Budget 2021-22 had provided a sharp increase in provision for public investment or capital expenditure. Throughout the year, with the Hon'ble Prime Minister, guiding the implementation, our economic recovery is continuing to benefit from the multiplier effect.

14. This Budget continues to provide impetus for growth. It lays a parallel track of (1) a blueprint for the *Amrit Kaal*, which is futuristic and inclusive. This will directly benefit our youth, women, farmers, the Scheduled Castes and the Scheduled Tribes. And (2) big public investment for modern infrastructure, readying for India at 100. This shall be guided by PM GatiShakti and be benefited by the synergy of multi-modal approach. Moving forward, on this parallel track, we lay the following four priorities:

- PM GatiShakti
- Inclusive Development
- Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action
- Financing of Investments

PM GatiShakti

15. PM GatiShakti is a transformative approach for economic growth and sustainable development. The approach is driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways, and Logistics Infrastructure. All seven engines will pull forward the economy in unison. These engines are supported by the complementary roles of Energy Transmission, IT Communication, Bulk Water & Sewerage, and Social Infrastructure. Finally, the approach is powered by Clean Energy and *Sabka Prayas* – the efforts of the Central Government, the state governments, and the private sector together – leading to huge job and entrepreneurial opportunities for all, especially the youth.

PM GatiShakti National Master Plan

16. The scope of PM GatiShakti National Master Plan will encompass the seven engines for economic transformation, seamless multimodal connectivity and logistics efficiency. It will also include the infrastructure developed by the state governments as per the GatiShakti Master Plan. The

focus will be on planning, financing including through innovative ways, use of technology, and speedier implementation.

17. The projects pertaining to these 7 engines in the National Infrastructure Pipeline will be aligned with PM GatiShakti framework. The touchstone of the Master Plan will be world-class modern infrastructure and logistics synergy among different modes of movement – both of people and goods – and location of projects. This will help raise productivity, and accelerate economic growth and development.

Road Transport

18. PM GatiShakti Master Plan for Expressways will be formulated in 2022-23 to facilitate faster movement of people and goods. The National Highways network will be expanded by 25,000 km in 2022-23. ₹ 20,000 crore will be mobilized through innovative ways of financing to complement the public resources.

Seamless Multimodal Movement of Goods and People

19. The data exchange among all mode operators will be brought on Unified Logistics Interface Platform (ULIP), designed for Application Programming Interface (API). This will provide for efficient movement of goods through different modes, reducing logistics cost and time, assisting just-in-time inventory management, and in eliminating tedious documentation. Most importantly, this will provide real time information to all stakeholders, and improve international competitiveness. Open-source mobility stack, for organizing seamless travel of passengers will also be facilitated.

Multimodal Logistics Parks

20. Contracts for implementation of Multimodal Logistics Parks at four locations through PPP mode will be awarded in 2022-23.

Railways

21. Railways will develop new products and efficient logistics services for small farmers and Small and Medium Enterprises, besides taking the lead in integration of Postal and Railways networks to provide seamless solutions for movement of parcels.

22. ‘One Station-One Product’ concept will be popularized to help local businesses & supply chains.

23. As a part of Atmanirbhar Bharat, 2,000 km of network will be brought under Kavach, the indigenous world-class technology for safety and capacity augmentation in 2022-23. Four hundred new-generation Vande Bharat Trains with better energy efficiency and passenger riding experience will be developed and manufactured during the next three years.

24. One hundred PM GatiShakti Cargo Terminals for multimodal logistics facilities will be developed during the next three years.

Mass Urban Transport including Connectivity to Railways

25. Innovative ways of financing and faster implementation will be encouraged for building metro systems of appropriate type at scale. Multimodal connectivity between mass urban transport and railway stations will be facilitated on priority. Design of metro systems, including civil structures, will be re-oriented and standardized for Indian conditions and needs.

Parvatmala: National Ropeways Development Programme

26. As a preferred ecologically sustainable alternative to conventional roads in difficult hilly areas, National Ropeways Development Programme will be taken up on PPP mode. The aim is to improve connectivity and convenience for commuters, besides promoting tourism. This may also cover congested urban areas, where conventional mass transit system is not feasible. Contracts for 8 ropeway projects for a length of 60 km will be awarded in 2022-23.

Capacity Building for Infrastructure Projects

27. With technical support from the Capacity Building Commission, central ministries, state governments, and their infra-agencies will have their skills upgraded. This will ramp up capacity in planning, design, financing (including innovative ways), and implementation management of the PM GatiShakti infrastructure projects.

Inclusive Development

Agriculture

28. The procurement of wheat in Rabi 2021-22 and the estimated procurement of paddy in Kharif 2021-22 will cover 1208 lakh metric tonnes of wheat and paddy from 163 lakh farmers, and ₹ 2.37 lakh crore direct payment of MSP value to their accounts.

29. Chemical-free Natural Farming will be promoted throughout the country, with a focus on farmers' lands in 5-km wide corridors along river Ganga, at the first stage.

30. 2023 has been announced as the International Year of Millets. Support will be provided for post-harvest value addition, enhancing domestic consumption, and for branding millet products nationally and internationally.

31. To reduce our dependence on import of oilseeds, a rationalised and comprehensive scheme to increase domestic production of oilseeds will be implemented.

32. For delivery of digital and hi-tech services to farmers with involvement of public sector research and extension institutions along with private agri-tech players and stakeholders of agri-value chain, a scheme in PPP mode will be launched.

33. Use of 'Kisan Drones' will be promoted for crop assessment, digitization of land records, spraying of insecticides, and nutrients.

34. States will be encouraged to revise syllabi of agricultural universities to meet the needs of natural, zero-budget and organic farming, modern-day agriculture, value addition and management.

35. A fund with blended capital, raised under the co-investment model, will be facilitated through NABARD. This is to finance startups for agriculture & rural enterprise, relevant for farm produce value chain. The activities for these startups will include, inter alia, support for FPOs, machinery for farmers on rental basis at farm level, and technology including IT-based support.

Ken Betwa project and Other River Linking Projects

36. Implementation of the Ken-Betwa Link Project, at an estimated cost of ₹ 44,605 crore will be taken up. This is aimed at providing irrigation benefits to 9.08 lakh hectare of farmers' lands, drinking water supply for 62 lakh people, 103 MW of Hydro, and 27 MW of solar power. Allocations of ₹ 4,300 crore in RE 2021-22 and ₹ 1,400 crore in 2022-23 have been made for this project.

37. Draft DPRs of five river links, namely Damanganga-Pinjal, Par-Tapi-Narmada, Godavari-Krishna, Krishna-Pennar and Pennar-Cauvery have been

finalized. Once a consensus is reached among the beneficiary states, the Centre will provide support for implementation.

Food Processing

38. For farmers to adopt suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques, our government will provide a comprehensive package with participation of state governments.

MSME

39. Udyam, e-Shram, NCS and ASEEM portals will be interlinked. Their scope will be widened. They will now perform as portals with live, organic databases, providing G2C, B2C and B2B services. These services will relate to credit facilitation, skilling, and recruitment with an aim to further formalise the economy and enhance entrepreneurial opportunities for all.

40. Emergency Credit Line Guarantee Scheme (ECLGS) has provided much-needed additional credit to more than 130 lakh MSMEs. This has helped them mitigate the adverse impact of the pandemic. The hospitality and related services, especially those by micro and small enterprises, are yet to regain their pre-pandemic level of business. Considering these aspects, the ECLGS will be extended up to March 2023 and its guarantee cover will be expanded by ₹ 50,000 crore to total cover of ₹ 5 lakh crore, with the additional amount being earmarked exclusively for the hospitality and related enterprises.

41. Credit Guarantee Trust for Micro and Small Enterprises (CGTMSE) scheme will be revamped with required infusion of funds. This will facilitate additional credit of ₹ 2 lakh crore for Micro and Small Enterprises and expand employment opportunities.

42. Raising and Accelerating MSME Performance (RAMP) programme with outlay of ₹ 6,000 crore over 5 years will be rolled out. This will help the MSME sector become more resilient, competitive and efficient.

Skill Development

43. Skilling programmes and partnership with the industry will be reoriented to promote continuous skilling avenues, sustainability, and employability. The National Skill Qualification Framework (NSQF) will be aligned with dynamic industry needs.

44. Digital Ecosystem for Skilling and Livelihood – the DESH-Stack e-portal – will be launched. This aims to empower citizens to skill, reskill or upskill through on-line training. It will also provide API-based trusted skill credentials, payment and discovery layers to find relevant jobs and entrepreneurial opportunities.

45. Startups will be promoted to facilitate ‘Drone Shakti’ through varied applications and for Drone-As-A-Service (DrAAS). In select ITIs, in all states, the required courses for skilling, will be started.

Universalization of Quality Education

46. Due to the pandemic-induced closure of schools, our children, particularly in the rural areas, and those from Scheduled Castes and Scheduled Tribes, and other weaker sections, have lost almost 2 years of formal education. Mostly, these are children in government schools. We recognise the need to impart supplementary teaching and to build a resilient mechanism for education delivery. For this purpose, ‘one class-one TV channel’ programme of PM eVIDYA will be expanded from 12 to 200 TV channels. This will enable all states to provide supplementary education in regional languages for classes 1-12.

47. In vocational courses, to promote crucial critical thinking skills, to give space for creativity, 750 virtual labs in science and mathematics, and 75 skilling e-labs for simulated learning environment, will be set-up in 2022-23.

48. High-quality e-content in all spoken languages will be developed for delivery via internet, mobile phones, TV and radio through Digital Teachers.

49. A competitive mechanism for development of quality e-content by the teachers will be set-up to empower and equip them with digital tools of teaching and facilitate better learning outcomes.

Digital University

50. A Digital University will be established to provide access to students across the country for world-class quality universal education with personalised learning experience at their doorsteps. This will be made available in different Indian languages and ICT formats. The University will be built on a networked hub-spoke model, with the hub building cutting edge ICT expertise. The best public universities and institutions in the country will collaborate as a network of hub-spokes.

Ayushman Bharat Digital Mission

51. An open platform, for the National Digital Health Ecosystem will be rolled out. It will consist of digital registries of health providers and health facilities, unique health identity, consent framework, and universal access to health facilities.

National Tele Mental Health Programme

52. The pandemic has accentuated mental health problems in people of all ages. To better the access to quality mental health counselling and care services, a ‘National Tele Mental Health Programme’ will be launched. This will include a network of 23 tele-mental health centres of excellence, with NIMHANS being the nodal centre and International Institute of Information Technology-Bangalore (IIITB) providing technology support.

Mission Shakti, Mission Vatsalya, Saksham Anganwadi & Poshan 2.0

53. Recognizing the importance of *Nari Shakti* as the harbinger of our bright future and for women-led development during the *Amrit Kaal*, our government has comprehensively revamped the schemes of the Ministry of Women & Child Development. Accordingly, three schemes, namely, Mission Shakti, Mission Vatsalya, Saksham Anganwadi and Poshan 2.0 were launched recently to provide integrated benefits to women and children. Saksham Anganwadis are a new generation anganwadis that have better infrastructure and audio-visual aids, powered by clean energy and providing improved environment for early child development. Two lakh anganwadis will be upgraded under the Scheme.

Har Ghar, Nal Se Jal

54. Current coverage of Har Ghar, Nal Se Jal is 8.7 crores. Of this 5.5 crore households were provided tap water in last 2 years itself. Allocation of ₹ 60,000 crore has been made with an aim to cover 3.8 crore households in 2022-23.

Housing for All

55. In 2022-23 80 lakh houses will be completed for the identified eligible beneficiaries of PM Awas Yojana, both rural and urban. ₹ 48,000 crore is allocated for this purpose.

56. The Central Government will work with the state governments for reduction of time required for all land and construction related approvals, for promoting affordable housing for middle class and Economically Weaker

Sections in urban areas. We shall also work with the financial sector regulators to expand access to capital along with reduction in cost of intermediation.

Prime Minister's Development Initiative for North East Region (PM-DevINE)

57. A new scheme, Prime Minister's Development Initiative for North-East, PM-DevINE, will be implemented through the North-Eastern Council. It will fund infrastructure, in the spirit of PM GatiShakti, and social development projects based on felt needs of the North-East. This will enable livelihood activities for youth and women, filling the gaps in various sectors. It will not be a substitute for existing central or state schemes. While the central ministries may also pose their candidate projects, priority will be given to those posed by the states. An initial allocation of ₹ 1,500 crore will be made, and the initial list of projects is given in Annexure-1.

Aspirational Blocks Programme

58. Our vision to improve the quality of life of citizens in the most backward districts of the country through Aspirational Districts Programme has been translated into reality in a short span of time. 95 per cent of those 112 districts have made significant progress in key sectors such as health, nutrition, financial inclusion and basic infrastructure. They have surpassed the state average values. However, in those districts, some blocks continue to lag. In 2022-23, the programme will focus on such blocks in those districts.

Vibrant Villages Programme

59. Border villages with sparse population, limited connectivity and infrastructure often get left out from the development gains. Such villages on the northern border will be covered under the new Vibrant Villages Programme. The activities will include construction of village infrastructure, housing, tourist centres, road connectivity, provisioning of decentralized renewable energy, direct to home access for Doordarshan and educational channels, and support for livelihood generation. Additional funding for these activities will be provided. Existing schemes will be converged. We will define their outcomes and monitor them on a constant basis.

Anytime – Anywhere Post Office Savings

60. In 2022, 100 per cent of 1.5 lakh post offices will come on the core banking system enabling financial inclusion and access to accounts through

net banking, mobile banking, ATMs, and also provide online transfer of funds between post office accounts and bank accounts. This will be helpful, especially for farmers and senior citizens in rural areas, enabling interoperability and financial inclusion.

Digital Banking

61. In recent years, digital banking, digital payments and fintech innovations have grown at a rapid pace in the country. Government is continuously encouraging these sectors to ensure that the benefits of digital banking reach every nook and corner of the country in a consumer-friendly manner. Taking forward this agenda, and to mark 75 years of our independence, it is proposed to set up 75 Digital Banking Units (DBUs) in 75 districts of the country by Scheduled Commercial Banks.

Digital Payments

62. The financial support for digital payment ecosystem announced in the previous Budget will continue in 2022-23. This will encourage further adoption of digital payments. There will also be a focus to promote use of payment platforms that are economical and user friendly.

Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action

Productivity Enhancement & Investment

Ease of Doing Business 2.0 & Ease of Living

63. In recent years, over 25,000 compliances were reduced and 1486 Union laws were repealed. This is the result of our government's strong commitment for 'minimum government & maximum governance', our trust in the public, and ease of doing business (EODB).

64. For the *Amrit Kaal*, the next phase of Ease of Doing Business EODB 2.0 and Ease of Living, will be launched. In our endeavour to improve productive efficiency of capital and human resources, we will follow the idea of 'trust-based governance'.

65. This new phase will be guided by an active involvement of the states, digitisation of manual processes and interventions, integration of the central and state-level systems through IT bridges, a single point access for all citizen-centric services, and a standardization and removal of overlapping compliances. Crowdsourcing of suggestions and ground level

assessment of the impact with active involvement of citizens and businesses will be encouraged.

Green Clearances

66. A single window portal, PARIVESH, for all green clearances was launched in 2018. It has been instrumental in reducing the time required for approvals significantly. The scope of this portal will now be expanded, to provide information to the applicants. Based on location of units, information about specific approvals will be provided. It will enable application for all four approvals through a single form, and tracking of the process through Centralized Processing Centre-Green (CPC-Green).

e-Passport

67. The issuance of e-Passports using embedded chip and futuristic technology will be rolled out in 2022-23 to enhance convenience for the citizens in their overseas travel.

Urban Development

68. By the time of India @ 100, nearly half our population is likely to be living in urban areas. To prepare for this, orderly urban development is of critical importance. This will help realize the country's economic potential, including livelihood opportunities for the demographic dividend. For this, on the one hand we need to nurture the megacities and their hinterlands to become current centres of economic growth. On the other hand, we need to facilitate tier 2 and 3 cities to take on the mantle in the future. This would require us to reimagine our cities into centres of sustainable living with opportunities for all, including women and youth. For this to happen, urban planning cannot continue with a business-as-usual approach. We plan to steer a paradigm change.

69. A high-level committee of reputed urban planners, urban economists and institutions will be formed to make recommendations on urban sector policies, capacity building, planning, implementation and governance.

Urban Planning Support to States

70. For urban capacity building, support will be provided to the states. Modernization of building byelaws, Town Planning Schemes (TPS), and Transit Oriented Development (TOD) will be implemented. This will facilitate reforms for people to live and work closer to mass transit systems.

The Central Government's financial support for mass transit projects and AMRUT scheme will be leveraged for formulation of action plans and their implementation for facilitating TOD and TPS by the states.

71. For developing India specific knowledge in urban planning and design, and to deliver certified training in these areas, up to five existing academic institutions in different regions will be designated as centres of excellence. These centres will be provided endowment funds of ₹ 250 crore each. In addition, AICTE will take the lead to improve syllabi, quality and access of urban planning courses in other institutions.

Clean & Sustainable Mobility

72. We will promote a shift to use of public transport in urban areas. This will be complemented by clean tech and governance solutions, special mobility zones with zero fossil-fuel policy, and EV vehicles.

Battery Swapping Policy

73. Considering the constraint of space in urban areas for setting up charging stations at scale, a battery swapping policy will be brought out and inter-operability standards will be formulated. The private sector will be encouraged to develop sustainable and innovative business models for 'Battery or Energy as a Service'. This will improve efficiency in the EV ecosystem.

Land Records Management

74. Efficient use of land resources is a strong imperative. States will be encouraged to adopt Unique Land Parcel Identification Number to facilitate IT-based management of records. The facility for transliteration of land records across any of the Schedule VIII languages will also be rolled out.

75. The adoption or linkage with National Generic Document Registration System (NGDRS) with the 'One-Nation One-Registration Software' will be promoted as an option for uniform process for registration and 'anywhere registration' of deeds & documents.

Insolvency and Bankruptcy Code

76. Necessary amendments in the Code will be carried out to enhance the efficacy of the resolution process and facilitate cross border insolvency resolution.

Accelerated Corporate Exit

77. Several IT-based systems have been established for accelerated registration of new companies. Now the Centre for Processing Accelerated Corporate Exit (C-PACE) with process re-engineering, will be established to facilitate and speed up the voluntary winding-up of these companies from the currently required 2 years to less than 6 months.

Government Procurement

78. Government rules have recently been modernized for the needs of the *Amrit Kaal*. The new rules have benefitted from the inputs from various stakeholders. The modernised rules allow use of transparent quality criteria besides cost in evaluation of complex tenders. Provisions have been made for payment of 75 per cent of running bills, mandatorily within 10 days and for encouraging settlement of disputes through conciliation.

79. As a further step to enhance transparency and to reduce delays in payments, a completely paperless, end-to-end online e-Bill System will be launched for use by all central ministries for their procurements. The system will enable the suppliers and contractors to submit online their digitally signed bills and claims and track their status from anywhere.

80. To reduce indirect cost for suppliers and work-contractors, the use of surety bonds as a substitute for bank guarantee will be made acceptable in government procurements. Business such as gold imports may also find this useful. IRDAI has given the framework for issue of surety bonds by insurance companies.

AVGC Promotion Task Force

81. The animation, visual effects, gaming, and comic (AVGC) sector offers immense potential to employ youth. An AVGC promotion task force with all stakeholders will be set-up to recommend ways to realize this and build domestic capacity for serving our markets and the global demand.

Telecom Sector

82. Telecommunication in general, and 5G technology in particular, can enable growth and offer job opportunities. Required spectrum auctions will be conducted in 2022 to facilitate rollout of 5G mobile services within 2022-23 by private telecom providers.

83. A scheme for design-led manufacturing will be launched to build a strong ecosystem for 5G as part of the Production Linked Incentive Scheme.

84. To enable affordable broadband and mobile service proliferation in rural and remote areas, five per cent of annual collections under the Universal Service Obligation Fund will be allocated. This will promote R&D and commercialization of technologies and solutions.

85. Our vision is that all villages and their residents should have the same access to e-services, communication facilities, and digital resources as urban areas and their residents. The contracts for laying optical fibre in all villages, including remote areas, will be awarded under the Bharatnet project through PPP in 2022-23. Completion is expected in 2025. Measures will be taken to enable better and more efficient use of the optical fibre.

Export Promotion

86. The Special Economic Zones Act will be replaced with a new legislation that will enable the states to become partners in 'Development of Enterprise and Service Hubs'. This will cover all large existing and new industrial enclaves to optimally utilise available infrastructure and enhance competitiveness of exports.

AtmaNirbharta in Defence

87. Our Government is committed to reducing imports and promoting *AtmaNirbharta* in equipment for the Armed Forces. 68 per cent of the capital procurement budget will be earmarked for domestic industry in 2022-23, up from 58 per cent in 2021-22.

88. Defence R&D will be opened up for industry, startups and academia with 25 per cent of defence R&D budget earmarked. Private industry will be encouraged to take up design and development of military platforms and equipment in collaboration with DRDO and other organizations through SPV model. An independent nodal umbrella body will be set up for meeting wide ranging testing and certification requirements.

Sunrise Opportunities

89. Artificial Intelligence, Geospatial Systems and Drones, Semiconductor and its eco-system, Space Economy, Genomics and Pharmaceuticals, Green Energy, and Clean Mobility Systems have immense potential to assist sustainable development at scale and modernize the country. They provide employment opportunities for youth, and make Indian industry more efficient and competitive.

90. Supportive policies, light-touch regulations, facilitative actions to build domestic capacities, and promotion of research & development will guide the government's approach. For R&D in these sunrise opportunities, in addition to efforts of collaboration among academia, industry and public institutions, government contribution will be provided.

Energy Transition and Climate Action

91. The risks of climate change are the strongest negative externalities that affect India and other countries. As Hon'ble Prime Minister said at the COP26 summit in Glasgow last November, "what is needed today is mindful and deliberate utilisation, instead of mindless and destructive consumption." The low carbon development strategy as enunciated in the 'panchamrit' that he announced is an important reflection of our government's strong commitment towards sustainable development.

92. This strategy opens up huge employment opportunities and will take the country on a sustainable development path. This budget proposes several near-term and long-term actions accordingly.

Solar Power

93. To facilitate domestic manufacturing for the ambitious goal of 280 GW of installed solar capacity by 2030, an additional allocation of ₹ 19,500 crore for Production Linked Incentive for manufacture of high efficiency modules, with priority to fully integrated manufacturing units from polysilicon to solar PV modules, will be made.

Circular Economy

94. The Circular Economy transition is expected to help in productivity enhancement as well as creating large opportunities for new businesses and jobs. The action plans for ten sectors such as electronic waste, end-of-life vehicles, used oil waste, and toxic & hazardous industrial waste are ready. The focus now will be on addressing important cross cutting issues of infrastructure, reverse logistics, technology upgradation and integration with informal sector. This will be supported by active public policies covering regulations, extended producers' responsibilities framework and innovation facilitation.

Transition to Carbon Neutral Economy

95. Five to seven per cent biomass pellets will be co-fired in thermal power plants resulting in CO₂ savings of 38 MMT annually. This will also

provide extra income to farmers and job opportunities to locals and help avoid stubble burning in agriculture fields.

96. Saving energy is an important aspect of energy management. Hence, energy efficiency and savings measures will be promoted. This will be done in large commercial buildings through the Energy Service Company (ESCO) business model. It will facilitate capacity building and awareness for energy audits, performance contracts, and common measurement & verification protocol.

97. Four pilot projects for coal gasification and conversion of coal into chemicals required for the industry will be set-up to evolve technical and financial viability.

98. The policies and required legislative changes to promote agroforestry and private forestry will be brought in. In addition, financial support will be provided to farmers belonging to Scheduled Castes and Scheduled Tribes, who want to take up agro-forestry.

Financing of Investments

Public Capital Investment

99. Capital investment holds the key to speedy and sustained economic revival and consolidation through its multiplier effect. Capital investment also helps in creating employment opportunities, inducing enhanced demand for manufactured inputs from large industries and MSMEs, services from professionals, and help farmers through better agri-infrastructure. The economy has shown strong resilience to come out of the effects of the pandemic with high growth. However, we need to sustain that level to make up for the setback of 2020-21.

100. As outlined in para 5 earlier, the virtuous cycle of investment requires public investment to crowd-in private investment. At this stage, private investments seem to require that support to rise to their potential and to the needs of the economy. Public investment must continue to take the lead and pump-prime the private investment and demand in 2022-23.

101. Considering the above imperative, the outlay for capital expenditure in the Union Budget is once again being stepped up sharply by 35.4 per cent from ₹ 5.54 lakh crore in the current year to ₹ 7.50 lakh crore in 2022-23. This has increased to more than 2.2 times the expenditure of 2019-20. This outlay in 2022-23 will be 2.9 per cent of GDP.

Effective Capital Expenditure

102. With this investment taken together with the provision made for creation of capital assets through Grants-in-Aid to States, the ‘Effective Capital Expenditure’ of the Central Government is estimated at ₹ 10.68 lakh crore in 2022-23, which will be about 4.1 per cent of GDP.

Green Bonds

103. As a part of the government’s overall market borrowings in 2022-23, sovereign Green Bonds will be issued for mobilizing resources for green infrastructure. The proceeds will be deployed in public sector projects which help in reducing the carbon intensity of the economy.

GIFT-IFSC

104. World-class foreign universities and institutions will be allowed in the GIFT City to offer courses in Financial Management, FinTech, Science, Technology, Engineering and Mathematics free from domestic regulations, except those by IFSCA to facilitate availability of high-end human resources for financial services and technology.

105. An International Arbitration Centre will be set up in the GIFT City for timely settlement of disputes under international jurisprudence.

106. Services for global capital for sustainable & climate finance in the country will be facilitated in the GIFT City.

Infrastructure Status

107. Data Centres and Energy Storage Systems including dense charging infrastructure and grid-scale battery systems will be included in the harmonized list of infrastructure. This will facilitate credit availability for digital infrastructure and clean energy storage.

Venture Capital and Private Equity Investment

108. Venture Capital and Private Equity invested more than ₹ 5.5 lakh crore last year facilitating one of the largest start-up and growth ecosystem. Scaling up this investment requires a holistic examination of regulatory and other frictions. An expert committee will be set up to examine and suggest appropriate measures.

Blended Finance

109. Government backed Funds NIIF and SIDBI Fund of Funds have provided scale capital creating a multiplier effect. For encouraging important sunrise sectors such as Climate Action, Deep-Tech, Digital Economy, Pharma and Agri-Tech, the government will promote thematic funds for blended finance with the government share being limited to 20 per cent and the funds being managed by private fund managers.

Financial Viability of Infrastructure Projects

110. For financing the infrastructure needs, the stepping-up of public investment will need to be complemented by private capital at a significant scale. Measures will be taken to enhance financial viability of projects including PPP, with technical and knowledge assistance from multi-lateral agencies. Enhancing financial viability shall also be obtained by adopting global best practices, innovative ways of financing, and balanced risk allocation.

Digital Rupee

111. Introduction of Central Bank Digital Currency (CBDC) will give a big boost to digital economy. Digital currency will also lead to a more efficient and cheaper currency management system. It is, therefore, proposed to introduce Digital Rupee, using blockchain and other technologies, to be issued by the Reserve Bank of India starting 2022-23.

Financial Assistance to States for Capital Investment

112. Reflecting the true spirit of cooperative federalism, the Central Government is committed to bolstering the hands of the states in enhancing their capital investment towards creating productive assets and generating remunerative employment. The ‘Scheme for Financial Assistance to States for Capital Investment’ has been extremely well received by the states. In deference to the requests received during my meeting with Chief Ministers and state Finance Ministers, the outlay for this scheme is being enhanced from ₹ 10,000 crore in the Budget Estimates to ₹ 15,000 crore in the Revised Estimates for the current year.

113. For 2022-23, the allocation is ₹ 1 lakh crore to assist the states in catalysing overall investments in the economy. These fifty-year interest free loans are over and above the normal borrowings allowed to the states.

114. This allocation will be used for PM GatiShakti related and other productive capital investment of the states. It will also include components for:

- Supplemental funding for priority segments of PM Gram Sadak Yojana, including support for the states' share,
- Digitisation of the economy, including digital payments and completion of OFC network, and
- Reforms related to building byelaws, town planning schemes, transit-oriented development, and transferable development rights.

115. In 2022-23, in accordance with the recommendations of the 15th Finance Commission, the states will be allowed a fiscal deficit of 4 per cent of GSDP of which 0.5 per cent will be tied to power sector reforms, for which the conditions have already been communicated in 2021-22.

Fiscal Management

116. As against a total expenditure of ₹ 34.83 lakh crore projected in the Budget Estimates 2021-22, the Revised Estimate is ₹ 37.70 lakh crore. The Revised Estimate of capital expenditure is ₹ 6.03 lakh crore. This includes an amount of ₹ 51,971 crore towards settlement of outstanding guaranteed liabilities of Air India and its other sundry commitments.

117. Coming to the Budget Estimates, the total expenditure in 2022-23 is estimated at ₹ 39.45 lakh crore, while the total receipts other than borrowings are estimated at ₹ 22.84 lakh crore.

118. The revised Fiscal Deficit in the current year is estimated at 6.9 per cent of GDP as against 6.8 per cent projected in the Budget Estimates. The Fiscal Deficit in 2022-23 is estimated at 6.4 per cent of GDP, which is consistent with the broad path of fiscal consolidation announced by me last year to reach a fiscal deficit level below 4.5 per cent by 2025-26. While setting the fiscal deficit level in 2022-23, I am conscious of the need to nurture growth, through public investment, to become stronger and sustainable.

I will, now, move to Part B of my speech.

PART B

Direct Tax

119. Hon'ble Speaker, Sir, I take this opportunity to thank all the taxpayers of our country who have contributed immensely and strengthened the hands of the government in helping their fellow citizens in this hour of need.

दापयित्वाकरंधर्म्यराष्ट्रंनित्यंयथाविधि।
अशेषान्कल्पयेद्राजायोगक्षेमानतन्द्रितः॥११॥

*dāpayitvākaramdharmyamrāṣṭramnityamyathāvidhi |
aśeṣānkalpayedrājāyogakṣemānatandritah ||*

“The king must make arrangements for Yogakshema (welfare) of the populace by way of abandoning any laxity and by governing the state in line with Dharma, along with collecting taxes which are in consonance with the Dharma.”

Mahabharat, Shanti ParvaAdhyaya. 72. Shlok 11

120. Drawing wisdom from our ancient texts, we continue on the path to progress. The proposals in this budget, while continuing with our declared policy of stable and predictable tax regime, intend to bring more reforms that will take ahead our vision to establish a trustworthy tax regime. This will further simplify the tax system, promote voluntary compliance by taxpayers, and reduce litigation.

Introducing new ‘Updated return’

121. India is growing at an accelerated pace and people are undertaking multiple financial transactions. The Income Tax Department has established a robust framework of reporting of taxpayers' transactions. In this context, some taxpayers may realize that they have committed omissions or mistakes in correctly estimating their income for tax payment. To provide an opportunity to correct such errors, I am proposing a new provision

permitting taxpayers to file an **Updated Return** on payment of additional tax. This updated return can be filed within two years from the end of the relevant assessment year.

122. Presently, if the department finds out that some income has been missed out by the assessee, it goes through a lengthy process of adjudication. Instead, with this proposal now, there will be a trust reposed in the taxpayers that will enable the assessee herself to declare the income that she may have missed out earlier while filing her return. Full details of the proposal are given in the Finance Bill. It is an affirmative step in the direction of voluntary tax compliance.

Reduced Alternate minimum tax rate and Surcharge for Cooperatives

123. Currently, cooperative societies are required to pay Alternate Minimum Tax at the rate of eighteen and one half per cent. However, companies pay the same at the rate of fifteen per cent. To provide a level playing field between co-operative societies and companies, I, propose to reduce this rate for the cooperative societies also to fifteen per cent.

124. I also propose to reduce the surcharge on co-operative societies from present 12 per cent to 7 per cent for those having total income of more than ₹ 1 crore and up to ₹ 10 crores.

125. This would help in enhancing the income of cooperative societies and its members who are mostly from rural and farming communities.

Tax relief to persons with disability

126. The parent or guardian of a differently abled person can take an insurance scheme for such person. The present law provides for deduction to the parent or guardian only if the lump sum payment or annuity is available to the differently abled person on the death of the subscriber i.e. parent or guardian.

127. There could be situations where differently abled dependants may need payment of annuity or lump sum amount even during the lifetime of their parents/guardians. I propose to thus allow the payment of annuity and lump sum amount to the differently abled dependent during the lifetime of parents/guardians, i.e., on parents/ guardians attaining the age of sixty years.

Parity between employees of State and Central government

128. At present, the Central Government contributes 14 per cent of the salary of its employee to the National Pension System (NPS) Tier-I. This is allowed as a deduction in computing the income of the employee.

However, such deduction is allowed only to the extent of 10 per cent of the salary in case of employees of the State government. To provide equal treatment to both Central and State government employees, I propose to increase the tax deduction limit from 10 per cent to 14 per cent on employer's contribution to the NPS account of State Government employees as well. This would help in enhancing the social security benefits of the state government employees and bring them at par with central government employees.

Incentives for Start-ups

129. Start-ups have emerged as drivers of growth for our economy. Over the past few years, the country has seen a manifold increase in successful start-ups. Eligible start-ups established before 31.3.2022 had been provided a tax incentive for three consecutive years out of ten years from incorporation. In view of the Covid pandemic, I propose to extend the period of incorporation of the eligible start-up by one more year, that is, up to 31.03.2023 for providing such tax incentive.

Incentives for newly incorporated manufacturing entities under concessional tax regime

130. In an effort to establish a globally competitive business environment for certain domestic companies, a concessional tax regime of 15 per cent tax was introduced by our government for newly incorporated domestic manufacturing companies. I propose to extend the last date for commencement of manufacturing or production under section 115BAB by one year i.e. from 31st March, 2023 to 31st March, 2024.

Scheme for taxation of virtual digital assets

131. There has been a phenomenal increase in transactions in virtual digital assets. The magnitude and frequency of these transactions have made it imperative to provide for a specific tax regime. Accordingly, for the taxation of virtual digital assets, I propose to provide that any income from transfer of any virtual digital asset shall be taxed at the rate of 30 per cent.

- No deduction in respect of any expenditure or allowance shall be allowed while computing such income except cost of acquisition. Further, loss from transfer of virtual digital asset cannot be set off against any other income.
- Further, in order to capture the transaction details, I also propose to provide for TDS on payment made in relation to

transfer of virtual digital asset at the rate of 1 per cent of such consideration above a monetary threshold.

- Gift of virtual digital asset is also proposed to be taxed in the hands of the recipient.

Litigation management to avoid repetitive appeals by the Department

132. It has been observed that a lot of time and resources are consumed in filing of appeals which involve identical issues. Taking forward our policy of sound litigation management, I propose to provide that, if a question of law in the case of an assessee is identical to a question of law which is pending in appeal before the jurisdictional High Court or the Supreme Court in any case, the filing of further appeal in the case of this assessee by the department shall be deferred till such question of law is decided by the jurisdictional High Court or the Supreme Court. This will greatly help in reducing the repeated litigation between taxpayers and the department.

Tax incentives to IFSC

133. Taking forward our efforts to further promote the IFSC, I hereby propose to provide that income of a non-resident from offshore derivative instruments, or over the counter derivatives issued by an offshore banking unit, income from royalty and interest on account of lease of ship and income received from portfolio management services in IFSC shall be exempt from tax, subject to specified conditions.

134. Rationalization of Surcharge

- In the globalized business world, there are several works contracts whose terms and conditions mandatorily require formation of a consortium. The members in the consortium are generally companies. In such cases, the income of these AOPs has to suffer a graded surcharge upto 37 per cent, which is a lot more than the surcharge on the individual companies. Accordingly, I propose to cap the Surcharge of these AOP's at 15 per cent.
- Further, the long-term capital gains on listed equity shares, units etc. are liable to maximum surcharge of 15 per cent, while the other long term capital gains are subjected to a graded surcharge which goes up to 37 per cent. I propose to cap the surcharge on long term capital gains arising on transfer of any type of assets at 15 per cent. This step will give a boost to the start up community and along with my

proposal on extending tax benefits to manufacturing companies and start ups re affirms our commitment to Atma Nirbhar Bharat.

Clarification in relation to ‘Health and Education cess’ as business expenditure

135. The income-tax is not an allowable expenditure for computation of business income. This includes tax as well as surcharges. The ‘Health and Education Cess’ is imposed as an additional surcharge on the taxpayer for funding specific government welfare programs. However, some courts have allowed ‘Health and education ‘cess’ as business expenditure, which is against the legislative intent. To reiterate the legislative intent, I propose to clarify that any surcharge or cess on income and profits is not allowable as business expenditure.

Deterrence against tax-evasion:

136. Presently, there is ambiguity regarding set off, of brought forward loss against undisclosed income detected in search operations. It has been observed that in many cases where undisclosed income or suppression of sales etc. is detected, payment of tax is avoided by setting off, of losses. In order to bring certainty and to increase deterrence among tax evaders, I propose to provide that no set off, of any loss shall be allowed against undisclosed income detected during search and survey operations.

Rationalizing TDS Provisions

137. It has been noticed that as a business promotion strategy, there is a tendency on businesses to pass on benefits to their agents. Such benefits are taxable in the hands of the agents. In order to track such transactions, I propose to provide for tax deduction by the person giving benefits, if the aggregate value of such benefits exceeds ₹ 20,000 during the financial year.

138. A few other changes are being made the details of which are there in the Finance Bill.

Indirect taxes

Remarkable progress in GST:

139. GST has been a landmark reform of Independent India showcasing the spirit of Cooperative Federalism. While aspirations were high, there

were huge challenges too. These challenges were overcome deftly and painstakingly under the guidance and oversight of the GST Council. We can now take pride in a fully IT driven and progressive GST regime that has fulfilled the cherished dream of India as one market- one tax. There are still some challenges remaining and we aspire to meet them in the coming year. The right balance between facilitation and enforcement has engendered significantly better compliance. GST revenues are buoyant despite the pandemic. Taxpayers deserve applause for this growth. Not only did they adapt to the changes but enthusiastically contributed to the cause by paying taxes.

Special Economic Zones:

140. In Part A of my speech, I have referred to the proposed reforms in SEZs. Alongside, we will also undertake reforms in Customs Administration of SEZs and it shall henceforth be fully IT driven and function on the Customs National Portal with a focus on higher facilitation and with only risk-based checks. This will ease doing business by SEZ units considerably. This reform shall be implemented by 30th September 2022.

Customs Reforms and duty rate changes

141. Customs administration has reinvented itself over the years through liberalised procedures and infusion of technology. Faceless Customs has been fully established. During Covid-19 pandemic, Customs formations have done exceptional frontline work against all odds displaying agility and purpose. Customs' reforms have played a very vital role in domestic capacity creation, providing level playing field to our MSMEs, easing the raw material supply side constraints, enhancing ease of doing business and being an enabler to other policy initiatives such as PLIs and Phased Manufacturing Plans. My proposals on customs side are aligned to these objectives.

Project imports and capital goods

142. National Capital Goods Policy, 2016 aims at doubling the production of capital goods by 2025. This would create employment opportunities and result in increased economic activity. However, several duty exemptions, even extending to over three decades in some cases, have been granted to capital goods for various sectors like power, fertilizer, textiles, leather, footwear, food processing and fertilizers. These exemptions have hindered the growth of the domestic capital goods sector.

143. Similarly, project import duty concessions have also deprived the local producers of a level playing field in areas like coal mining projects, power generation, transmission or distribution projects, railway and metro projects. Our experience suggests that reasonable tariffs are conducive to the growth of domestic industry and ‘Make in India’ without significantly impacting the cost of essential imports.

144. Accordingly, it is proposed to phase out the concessional rates in capital goods and project imports gradually and apply a moderate tariff of 7.5 per cent. Certain exemptions for advanced machineries that are not manufactured within the country shall continue.

145. A few exemptions are being introduced on inputs, like specialised castings, ball screw and linear motion guide, to encourage domestic manufacturing of capital goods.

Review of customs exemptions and tariff simplification

146. In the last two budgets we have rationalised several customs exemptions. We have once again carried out an extensive consultation, including by crowd sourcing and as a result of these consultations, more than 350 exemption entries are proposed to be gradually phased out. These include exemption on certain agricultural produce, chemicals, fabrics, medical devices and drugs and medicines for which sufficient domestic capacity exists. Further, as a simplification measure, several concessional rates are being incorporated in the Customs Tariff Schedule itself instead of prescribing them through various notifications.

147. This comprehensive review will simplify the Customs rate and tariff structure particularly for sectors like chemicals, textiles and metals and minimise disputes. Removal of exemption on items which are or can be manufactured in India and providing concessional duties on raw material that go into manufacturing of intermediate products will go many a step forward in achieving our objective of ‘Make in India’ and ‘Atmanirbhar Bharat’.

148. I shall now take up sector specific proposals.

Electronics

149. Electronic manufacturing has been growing rapidly. Customs duty rates are being calibrated to provide a graded rate structure to facilitate domestic manufacturing of wearable devices, hearable devices and

electronic smart meters. Duty concessions are also being given to parts of transformer of mobile phone chargers and camera lens of mobile camera module and certain other items. This will enable domestic manufacturing of high growth electronic items.

Gems and Jewellery

150. To give a boost to the Gems and Jewellery sector, Customs duty on cut and polished diamonds and gemstones is being reduced to 5 per cent. Simply sawn diamond would attract nil customs duty. To facilitate export of jewellery through e-commerce, a simplified regulatory framework shall be implemented by June this year. To disincentivise import of undervalued imitation jewellery, the customs duty on imitation jewellery is being prescribed in a manner that a duty of at least ₹ 400 per Kg is paid on its import.

Chemicals:

151. Customs duty on certain critical chemicals namely methanol, acetic acid and heavy feed stocks for petroleum refining are being reduced, while duty is being raised on sodium cyanide for which adequate domestic capacity exists. These changes will help in enhancing domestic value addition.

MSME

152. Duty on umbrellas is being raised to 20 per cent. Exemption to parts of umbrellas is being withdrawn. Exemption is also being rationalised on implements and tools for agri-sector which are manufactured in India. Customs duty exemption given to steel scrap last year is being extended for another year to provide relief to MSME secondary steel producers. Certain Anti- dumping and CVD on stainless steel and coated steel flat products, bars of alloy steel and high-speed steel are being revoked in larger public interest considering prevailing high prices of metals.

Exports

153. To incentivise exports, exemptions are being provided on items such as embellishment, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings and packaging boxes that may be needed by *bonafide* exporters of handicrafts, textiles and leather garments, leather footwear and other goods.

154. Duty is being reduced on certain inputs required for shrimp aquaculture so as to promote its exports.

Tariff measure to encourage blending of fuel

155. Blending of fuel is a priority of this Government. To encourage the efforts for blending of fuel, unblended fuel shall attract an additional differential excise duty of ₹ 2/ litre from the 1st day of October 2022.

156. A few other changes are being made in duty rates, Customs Tariff and Customs Law the details of which are there in the Finance Bill.

157. Mr Speaker Sir, with these words I commend the budget to this august house.

Annex to Part A of Budget Speech

Annexure 1
(Refer Para 57)

INITIAL LIST OF PROJECTS UNDER PM DevINE

S. No.	Name of the Project	Total tentative cost (₹ in crore)
1.	Establishment of Dedicated Services for the Management of Paediatric and Adult Haemotolymphoid Cancers in North East India, Guwahati (Multi-State)	129
2.	NECTAR Livelihood Improvement Project (Multi-State)	67
3.	Promoting Scientific Organic Agriculture in North East Indian (Multi-State)	45
4.	Construction of Aizawl By-pass on Western Side	500
5.	Gap funding for Passenger Ropeway system for Pelling to Sanga-Choeling in West Sikkim	64
6.	Gap funding for Eco-friendly Ropeway (Cable Car) from Dhapper to Bhaleydhunga in South Sikkim	58
7.	Pilot Project for Construction of Bamboo Link Road at Different Locations in Various Districts in the State of Mizoram	100
8.	Others (to be identified)	537
	Total	1500

Annexure 2

Statement of Extra Budgetary Resources (EBRs) (Govt. fully serviced bonds, NSSF loan and other resources)

(In ₹ crores)

Part-A – EBRs mobilised through issue of Govt. fully serviced bonds									
Dem and No.	Name of the Ministry/Department and Name of the Scheme	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2021-22	2022-23
		Actuals	Actuals	Actuals	Actuals	Actuals	BE	RE	BE
26	Department of Higher Education Revitalising Infrastructure and Systems in Education (RISE)	---	---	---	---	---			
46	Department of Health & Family Welfare Pradhan Mantri Swasthya Suraksha Yojana	---	---	---	---	---			
60	Ministry of Housing & Urban Affairs Pradhan Mantri Awas Yojana (PMAY) - Urban	---	---	20000.00	---	---			
62	Department of Water Resources, River Development & Ganga Rejuvenation (i) Polavaram Irrigation Project (ii) Pradhan Mantri Krishi Sinchay Yojana (Accelerated Irrigation Benefits Programme & other Projects)	2187.00	3105.00	5493.40	1963.30	2243.20	751.80		
63	Department of Drinking Water & Sanitation (i) Swachh Bharat Mission (Rural) (ii) Jal Jeevan Mission/National Rural Drinking Water Programme	---	---	8698.20	3600.00	---	NIL		NIL
71	Ministry of New & Renewable Energy (i) Grid Interactive Renewable Power, Off-Grid/ Distributed & Decentralized Renewable Power (ii) Pradhan Mantri-Kisan Urja Sanrakshan Evam Utthan Mahabhiyan (PM-KUSUM)	1640.00	---	---	---	---			
78	Ministry of Ports, Shipping and Waterways Inland Waterways Authority of India (IWAI) Projects	340.00	660.00	---	----	---			
79	Ministry of Power (i) Deen Dayal Upadhyaya Gram Jyoti Yojana/SAUBHAGYA (ii) Power System Development Fund Projects	5000.00	4000.00	13827.00	3782.00	2500.00			
87	Department of Rural Development Pradhan Mantri Awas Yojana (PMAY) - Rural	---	7330.00	10678.80	10811	19999.80	751.80		
	Total	9167.00	15095.00	65602.10	22006.30	26665.10			

Part-B – Financial support extended through loans from NSSF

(In ₹ crores)

Sl. No.	Name of the Ministry/Department/ Name of the Entity	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2021-22	2022-23
		Actuals	Actuals	Actuals	Actuals	Actuals	BE	RE	BE
1	Department of Food & Public Distribution Food Corporation of India	70000.00	65000.00	97000.00	110000.00	84636.00	---		
2	Ministry of Housing & Urban Affairs Building Materials & Technology Promotion Council	---	8000.00	---	15000.00	10000.00	---		
3	Department of Fertilizers Metals & Minerals Trading Corporation	---	---	---	1310.00		---	NIL	NIL
4	Support to other public agencies (to meet requirement for additional resources, if any, under some specific scheme/project)						30000.00		
	Total	70000.00	73000.00	97000.00	126310.00	94636.00	30000.00		
	Grand Total (A+B)	79167.00	88095.00	162602.10	148316.30	121301.10	30000.00	751.80	

Notes:

- (i) Air India Asset Holding Limited (AIAHL) under M/o Civil Aviation was permitted to raise EBRs by issuing Govt. Fully Serviced Bonds upto ₹ 7,000 crore in FY 2019-20 to refinance Als debt transferred to AIAHL.
- (ii) M/o Railways was permitted to meet fund requirement of upto ₹ 10,200 crore (₹ 5,200 crore in FY 2018-19 & ₹5,000 crore in FY 2019-20) through borrowings for financing its National Projects. The repayment liability is being borne on General Revenues of Govt.
- (iii) An amount of ₹ 80,000 crore in 2017-18, ₹ 1,06,000 crore in 2018-19 and ₹65,443 crore in 2019-20 was infused for recapitalisation of Public Sector Banks (PSBs). For this purpose, a provision of ₹15,000 crore has been made in 2021-22.
- (iv) Statement of liability on annuity projects is given in Part-B of the Receipt Budget 2022-23. Amount of unpaid annual liability at the end of financial year 2020-21 was ₹ 38775.72 crore.
- (v) EBR in FY2021-22 under Polavaram Irrigation Project was raised as per the existing funding arrangement for this project. Further financing is being met from budget.

