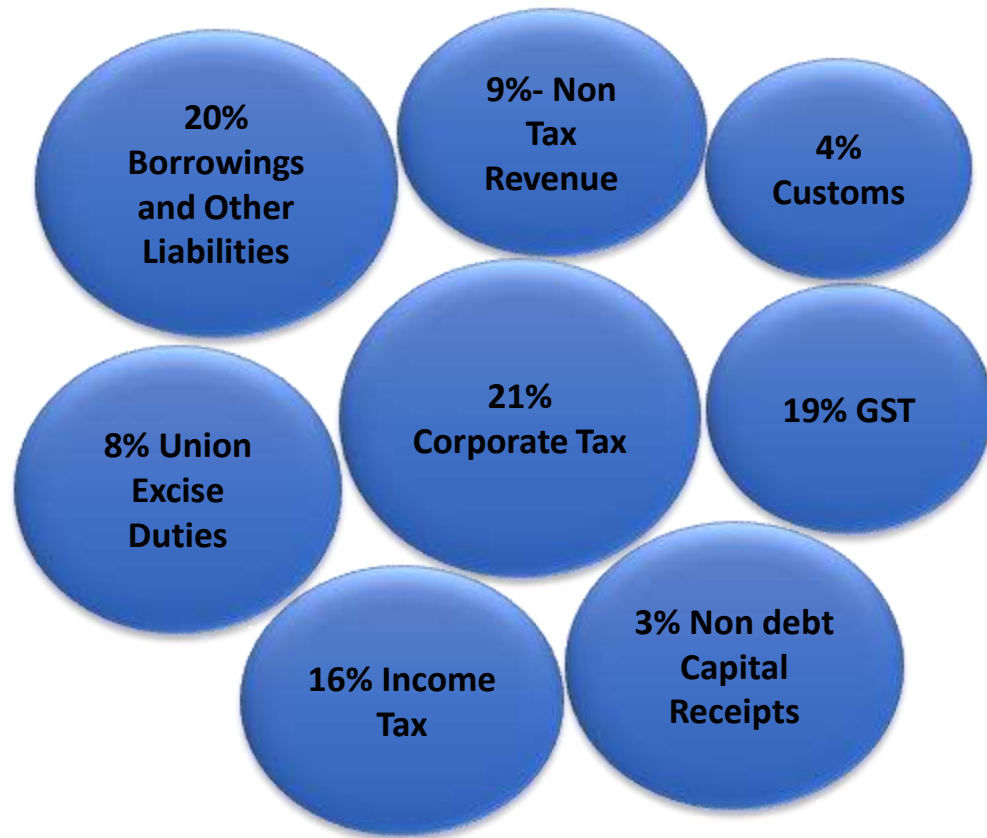


UNION BUDGET 2019-20

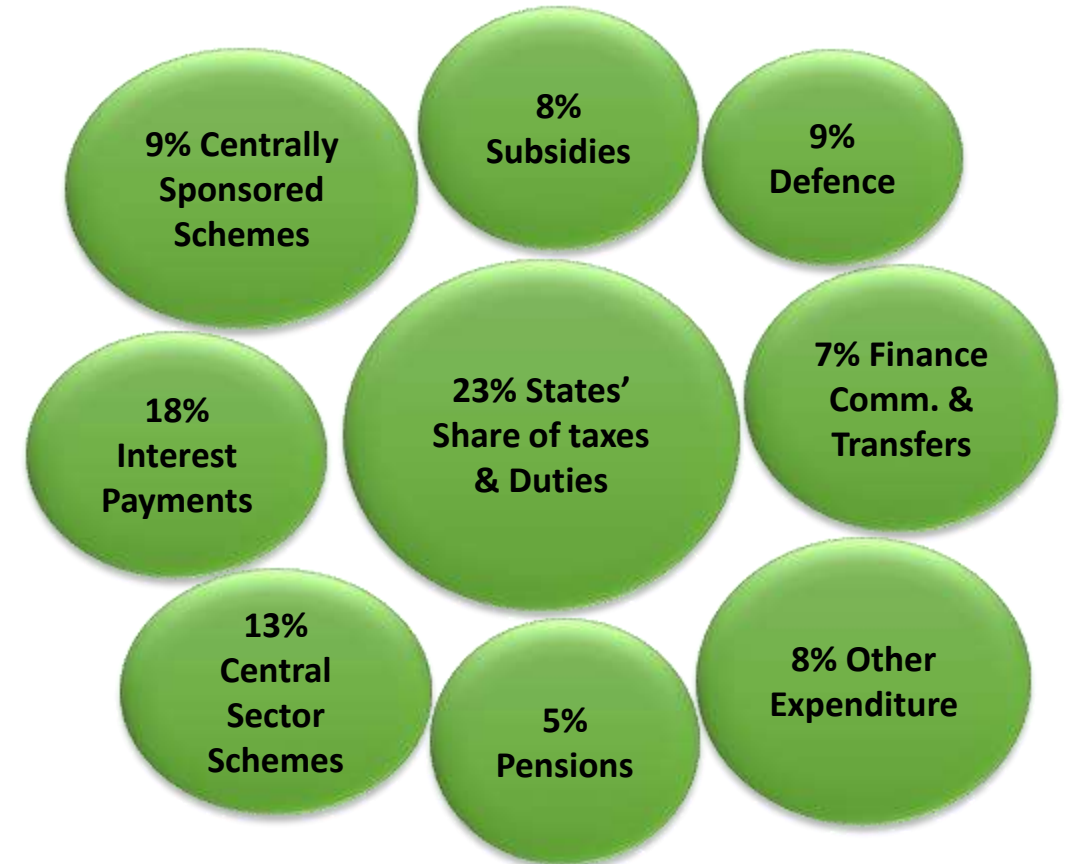


Private Client Group

RUPEE COMES FROM



RUPEE GOES FROM



Particulars	FY 18 A	FY19 BE	FY19 RE	FY20 Interim BE	FY20 BE	(FY20BE Vs FY19RE) Growth (%)	(FY20BE Vs FY20 IBE) Growth (%)
1. Revenue Receipts	1435233	1725738	1729682	1977693	1962761	13%	-1%
2. Tax Revenue (Net to Centre)	1242488	1480649	1484406	1705046	1649582	11%	-3%
3. Non Tax Revenue	192745	245089	245276	272647	313179	28%	15%
4. Capital Receipts	706740	716475	727553	806507	823588	13%	2%
5. Recovery of Loans	15633	12199	13155	12508	14828	13%	19%
6. Other Receipts	100045	80000	80000	90000	105000	31%	17%
7. Borrowings and Other Liabilities	591062	624276	634398	703999	703760	11%	0%
8. Total Receipts (1+4)	2141973	2442213	2457235	2784200	2786349	13%	0%
9. Total Expenditure (10+13)	2141973	2442213	2457235	2784200	2786349	13%	0%
10. On Revenue Account	1878833	2141772	2140612	2447907	2447780	14%	0%
11. Interest Payments	528952	575795	587570	665061	660471	12%	-1%
12. Grants in Aid for creation of capital assests	191034	195345	200300	200740	207333	4%	3%
13. On Capital Account	263140	300441	316623	336293	338569	7%	1%
14. Revenue Deficit (10-1)	443600	416034	410930	470214	485019	18%	3%
15. Effective Revenue Deficit (14-12)	252566	220689	210630	269474	277686	32%	3%
16. Fiscal Deficit [9-(1+5+6)]	591062	624276	634398	703999	703760	11%	0%
17. Primary Deficit (16-11)	62110	48481	46828	38938	43289	-8%	11%

Budget assumes lower tax collections for FY20 compared to IBE.

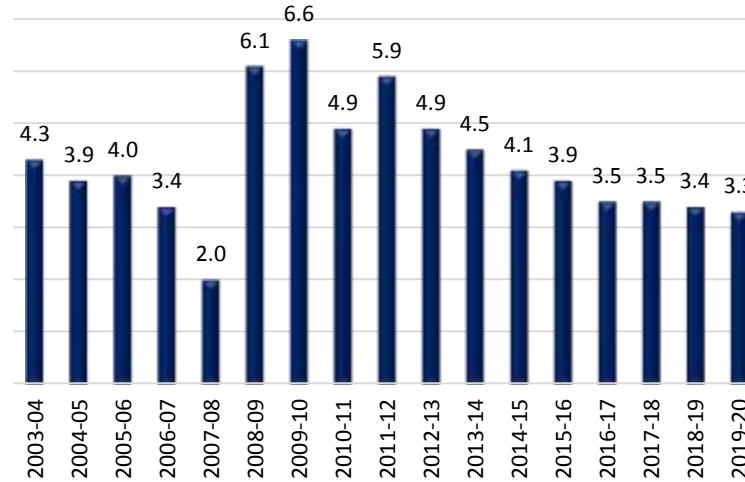
shortfall on the tax collections side is expected to be met by an increase in disinvestments.

Nominal GDP growth expected at 12%, which implies 8% real growth.

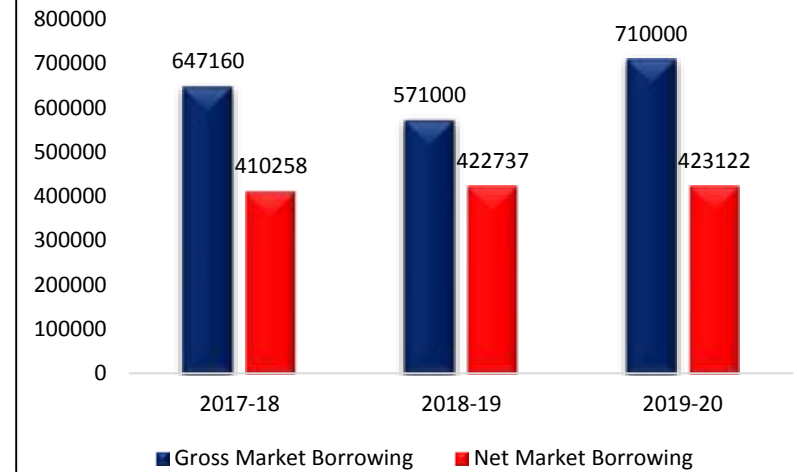
Fiscal Deficit quite an optimistic target.

- ☐ Fiscal Deficit Target Cut to 3.3%
- ☐ Net Borrowing Contained
- ☐ Sovereign External Debt to GDP less than 5%, lowest among the world

Fiscal Deficit % GDP

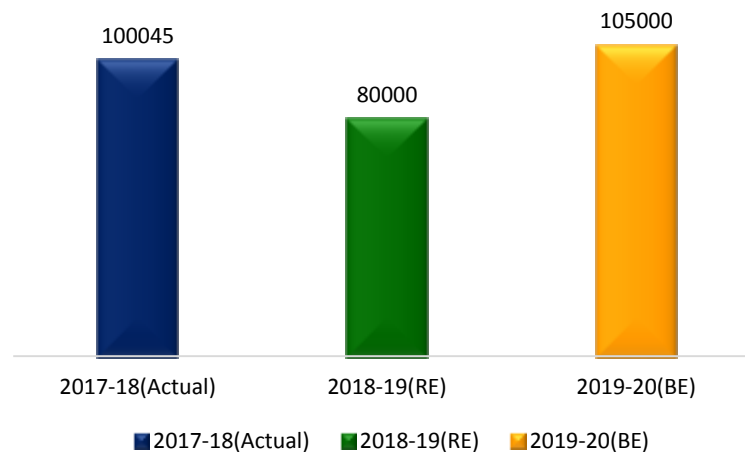


Borrowing Plans Rs. Cr.

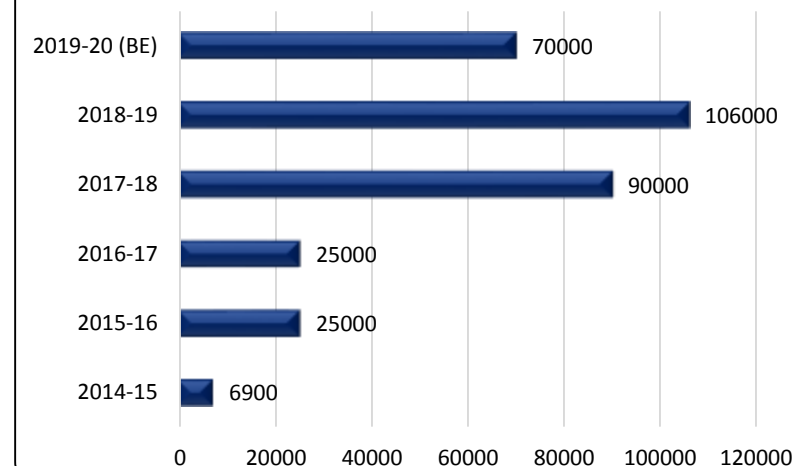


- ☐ Aggressive Divestment Target
- ☐ Bank Recapitalizing Better than Expected
- ☐ CPSE ETF to boom - we expect new inflows around RS. 3000 Cr

Govt. Divestment Plan (Rs. Cr.)



Fund Infusion in PSU Bank Rs. Cr.



INDIVIDUAL TAX

Income	Tax Rate	Surcharge	Education cess	Gross Tax
Rs.50 lac to Rs.1 Cr	30%	10%	4%	34.32%
Rs.1 Cr to Rs.2 Cr	30%	15%	4%	35.88%
Rs. 2 Cr to Rs.5 Cr	30%	25%	4%	39.00%
Above Rs. 5 Cr	30%	37%	4%	42.74%

Rs. 1.5 lac Additional Interest Deduction on Home Loan Interest On First House Property with value up to Rs.45 lac

CORPORATE TAX

Income Type of Co.	Less Than Rs. 10 Cr		Rs. 10 Cr to Rs. 100 Cr		Above Rs. 100 Cr	
	Surcharge	Effective Tax Rate*	Surcharge	Effective Tax Rate*	Surcharge	Effective Tax Rate*
Indian Co. Turnover/ Gross Receipts < Rs.400 Cr in FY 17-18	NIL	26%	7%	27.82%	12%	29.12%
Other Domestic Co.	NIL	30%	7%	33.38%	12%	34.94
Foreign Co.	NIL	41.60%	2%	42.43%	5%	43.68%

**Including 4% Health and Education cess and surcharge if applicable*



EQUITY MARKET

- To offer an investment option in ETFs on the lines of Equity Linked Savings Scheme (ELSS)
- Concessional Rate on Capital gains by sale of CPSE ETF
- Strategic sale of PSUs and continue to consolidate PSUs in the non-financial space
- Steps to allow all NBFCs to directly participate on the TReDS platform
- Housing Finance Sector will come under RBI's regulation from NHB
- FDI limits to be relaxed in Aviation, Insurance intermediaries and Media sectors
- STT restricted only to the difference between settlement and strike price in case of exercise of options
- Exemptions on capital gain to Category-III Alternative Investment Funds (AIFs)



DEBT MARKET

- Foreign Currency Bond Issuance as External Borrowings
- AA- rated bonds accepted as collaterals by stock exchanges
- User-friendliness of trading platforms for corporate bonds
- Government to supplement efforts by RBI to get retail investors to invest in government treasury bills and securities, with further institutional development using stock exchanges
- FPIs to be permitted to subscribe to listed debt securities issued by REITs and InvITs
- The Credit Guarantee Enhancement Corporation will be set up in 2019-20 to deepen the bond market



FINANCIAL SERVICES

- Rs.70,000 Cr recapitalization has been allocated to Public Sector Banks as a growth fund.
- Investments made by FPIs to be allowed in listed debt securities issued by REITs and InvITs.
- Government to provide one time six months' partial credit guarantee to public sector banks for first loss of up to 10% arising on purchase of high-rated pooled assets of financially sound NBFCs
- 100% FDI to be permitted for insurance intermediaries.
- Regulator of Housing finance Companies has been changed to RBI from National Housing Bank.



REAL ESTATE

- Government has announced Rs. 1.5 lac Additional Interest Deduction on Home Loan Interest loan in addition to Rs.2 lacs, loan sanctioned in FY20 with House Property value up to Rs.45 lac.
- Under the Pradhan Mantri Aavas Yojana scheme, Government has completed 1.54 Cr of houses and announce to build further 1.95 Cr of house in phase –II.



PLASTIC PIPES

- In order to provide domestic industry a level playing field, basic custom duty has been increased on PVC.
- The Government under the mission “Jal Jeevan Mission” will look at the management of water resources and water supply to ensure Har Gar Jhal (piped water supply) to all rural households by 2024.



CONSUMER DURABLES

- As govt. inclined to focus on “house for all”, these will bring demand for consumer durables.
- Custom duty hike (20% vs. 10% earlier) on indoor unit (IDU) and outdoor unit (ODU) on Room AC.



AVIATION

- The government laid out its vision to develop India as a hub for aircraft financing and leasing activities and for providing an enabling ecosystem for growth of Maintenance, Repair and Overhaul (MRO) industry in India.



AUTOMOTIVE

- In order to promote electric vehicles and make it affordable for the end consumers, suggestion has been made to GST council to reduce GST rate from 12% to 5 %.
- Basic custom duty will be increased on certain auto parts to promote Make in India initiative. These will be positive for the auto ancillaries companies who makes such parts in India as companies would be inclined to purchase parts from domestic companies rather than importing such parts. On the other hand, to further incentivise e-mobility, custom duty is exempted on certain parts of electric vehicles
- Deduction up to Rs. 1.5 lakh introduced for interest paid on loan taken to purchase an electric vehicle.
- Phase-II of FAME Scheme, following approval of the Cabinet with an outlay of 10,000 crore for a period of 3 years, has commenced from 1st April, 2019.



DEFENCE

- Basic customs duty has been exempted for import of defence equipment that are not being manufactured in India.



INFRA & RAILWAYS

- Government plans to invest Rs 100 lakh Cr in Infrastructure over next Five years.
- To increase out go on railway infrastructure (Rs. 50 lakh Cr) investment from 2019 to 2030 and also focus will be on public private partnership in various aspects.
- The total allocation (including IEBR) to Ministry of Road Transport and Highways is pegged at Rs 1.5tn vs. Rs 1.3tn an increase of 12.6%
- FPIs will be permitted to subscribe to listed debt securities issued by ReITs and InvITs.
- For FY20, the total capital and development expenditure (including IEBR) of Railways has been pegged at Rs 1.6tn vs Rs 1.4tn and increase of 14.3% YoY
- MRTS and Metro projects outlay have been increased to Rs 185 bn, which is 18.3% higher YoY



JEWELLERY

- With increase of customs duty on gold and precious metals to 12.5% from 10%, the current account deficit will be impacted positively. The negative impact will be on Jewellery companies.



OIL & GAS

- Special additional duty and road cess on petrol and diesel to be increased by Re.1 each per litre on petrol and diesel.
- This will lead to incremental income of ~Rs 10,000cr for Diesel and ~Rs 4000 cr for Petrol.
- **Existing and revised effective duty are mentioned below**

Commodity	Existing Rate (per litre)	Revised Rate (per litre)
Unbranded Petrol	17.98	19.98
Branded Petrol	19.16	21.16
Unbranded Diesel	13.83	15.83
Branded Diesel	16.19	18.19



TECHNOLOGY

- To speed up the implementation of Bharat Net
- “Digital Saksharta” for digital literacy boost



TILES

- Custom duty on wall tiles increased from 10% to 15%
- Custom duty on marble slabs increased from 20% to 40%



CHEMICALS

- Increase in custom duty palm stearian and certain oils containing fatty acids from Nil to 7.50%
- Increase in custom duty in Butyl Rubber/Chloro-butyl/Bromo-butyl rubber from 5% to 10%

VISION FOR THE DECADE

1. Physical and social infrastructure
2. Digital India
3. Pollution Free India
4. Make in India
5. Water Management and Clean Rivers
6. Blue Economy
7. Space Programme
8. Self Sufficient Export of Food Grains
9. Healthy Society
10. Team India with “Jan Bhagidari”

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