

UNION BUDGET 2020

THE UNION BUDGET, presented by finance minister Nirmala Sitharaman came at a time when the economy is projected to grow at an 11-year low of 5%. Loss of consumer demand, falling sales, struggling industries and falling credit growth have been staring in our faces. In light of these developments, the Union Budget 2020 was being seen, a bit unrealistically, as a magic wand that will make all these problems vanish. However, it is safe to say, that the Budget presented on Saturday, is a prudent Budget that attempted to address a host of issues. For one, it puts more money in the hands of people, with a reduction in personal income tax rates for the middle class.

Agriculture

The government announced a 16-point programme aimed at modernising the farming sector and improving farmers' income. This included steps like using barren farmland for harnessing solar energy, viability gap funding for setting up warehouses for stocking agricultural produce, Kisan Rail and Krishi Udaan schemes to improve value realisation in the farming sector, promoting horticulture, among others. The allocation for agriculture and

Addresses multiple challenges

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allied activities' went up by a substantial 28.1%, from ₹1.21 lakh crore in 2019-20 to ₹1.55 lakh crore in 2020-21.

Industrial sector

For the industrial sector, the proposal of setting up an Investment Clearance Cell will help in pre-investment advisory, information related to land banks and facilitation of clearances at central and state level through a portal. The Budget proposed a scheme for boosting electronics sector. A National Technical Textiles

Mission for promoting technical textiles production and export was also announced. NIRVIK (Niryaat Rin Vikas Yojana) scheme for insurance of exporters was announced.

Infrastructure

The Budget made increased provisions for industrial and infrastructure development. The allocation for transport infrastructure saw an increase of over ₹10,000 crore to ₹1.7 lakh crore. The allocation for IT and telecom has been substantially



enhanced from Rs 16,000 crore to over Rs 59,000 crore. The electricity sector will get a boost by extension of the 15% corporate tax option to the sector. Perhaps the strongest move was the abolition of DDT.

Tax reforms

The announcement of a Taxpayer's Charter and the review of business laws for decriminalisation, on the lines of the Companies Law, are positive. On the manufacturing front, the government's approach of focusing on developing specific sectors with potential is welcome. We hope to see more of this approach in the coming times, as also recommended by the Economic Survey. The Budget lays emphasis on current and future technologies, so that we don't miss the new technology revolution.

Fiscal deficit

Given the high fiscal deficit of 3.8% of the GDP in FY20 and 3.5% of the GDP budgeted for 2020-21, the minister had a tight rope to walk, while carrying the burden of expectations of over a billion people.

In the end, she (the finance minister) did well.