

THE UNION BUDGET 2020-2021

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Introduction:

The union budget keeps the account of the government's revenue and expenditure for a financial year (i.e.1st of April to 31st of march). According to Article 112 of Indian Constitution, it's a comprehensive budget that presents the Government's estimation of revenue sources and estimated expenses for the year. It is presented during the month of February before the beginning of the fiscal year. Union Budget is classified into capital budget and revenue budget.

Capital Budget: Capital Budget comprises of capital payments and receipts. These receipts are loans raised by the government from public, borrowings by government from RBI and foreign governments. Capital payments consist of expenditure on acquisition of assets like development and maintenance of equipment, buildings, machinery, health facilities, education and etc.

Revenue Budget: Revenue Budget comprises of revenue receipts of government and the revenue expenditure. These receipts are further classified into tax and non-tax revenues. Tax revenues are the revenues collected from corporation tax, wealth tax, income tax, land revenue and etc. Non-tax revenue is revert income earned by the government from sources other than taxes.

History of Union Budget: The first Union Budget of India was introduced when the country was under British rule, presented on 7th April 1860 by James Wilson (Finance Minister of India). The first Union Budget Of Independent India was presented on 26th November 1947, by the first Finance Minister Sir R.K Shanmugham Chetty. Following the resignation of Sir Shanmugham, John Mathai presented the 1949-50 and 1950-51 Budgets. He hold's the record of being the one to present First United India budget.

Union Budget 2020-2021: The Union Budget was presented by Finance Minister, Nirmala Sitharaman on 1st February 2020 and this is her second budget. The idea of the Budget are "Aspirational India, Economic development and Caring Society".

Expenditure of the Budget: The government proposed to spend Rs 30,42,230 crore in 2020-21, which is 12.7% higher than revised estimate of 2019-2020.

Agriculture, Irrigation, and Rural Development: Finance Minister said that government is committed to the goal of doubling the farmer's incomes by 2022. The government announced 16 action points :

- They stated that State Governments who undertake implementation of following model laws issued by the Central government to be encouraged.
 1. Model Agricultural Land Leasing Act, 2016
 2. Model Agricultural Produce and Live Marketing (Promotion and Facilitation Act, 2017
 3. Model Agricultural Procedure and Live stock Contract Farming and Services (Promotion and Facilitation)Act, 2018
- Government has proposed comprehensive measures for hundred water stressed districts.
- They proposed to expand PM-KUSUM where 20 lakh farmers to be provided for setting up stand-alone solar pumps. And further 15 lakh farmers to be helped to solarise their grid-connected pump sets. This scheme also proposed to enable solar power generation capacity on barren lands and sell it to the grid.
- Village storage Scheme to be run by SHGs to provide good holding capacity and logistics cost for the farmers. NABARD will undertake an exercise to map and geo-tag cold storages, agri-warehouses, and etc. FCI (Food Corporation Of India) and CWC (Central Warehousing Corporation) to under take warehouse buildings.
- Krishi Uddan to be launched by Civil Aviation on both national and international routes.
- Kisan Rail to be setup by Indian Railways through PPP. Express and Freight trains to have refrigerated coaches.
- Horticulture sector with current produce of 311million MT exceeds production of food grains. So for better marketing they proposed One product One district scheme.
- Organic products market to be strengthened through Jaivik Kheti Portal and Zero- Budget Natural Farming to be included. And integrated Farming Systems in rain-fed areas to be expanded.

- Blue Economy proposed for development and management of marine fishery resources. They also proposed 200 lakh tonnes of fish production by 2022-23.
- Financing on Negotiable Warehousing Receipts to be integrated with e-NAM.

Tax facilitation measures:

- ‘Vivad Se Vishwas’ scheme, with a deadline of 30th June, 2020, to reduce litigation's in direct taxes. Instant PAN to be allotted online through Aadhaar. Waiver of interest and penalty only disputed taxes to be paid till 31st March 2020.

Infrastructure:

- 100 more airports to be developed by 2024 to support UDAN scheme. 1.7 lakh crore rupees to be provided for transport infrastructure by next financial year. Delhi-Mumbai expressway and other projects to be completed by 2023. Fibre to Home connections under Bharat Net will be provided to 1 lakh gram panchayats in 2020.

Centre on Railways:

- Centre to provide 20% of equity and facilitate external assistance up to 60% of the project cost. High speed trains to be actively pursued b/w Mumbai and Ahmedabad. Centre proposed to develop 148 km long Bengaluru Suburban transport project at Rs 18600cr.

Education Sector:

- The Finance Minister announced 99,300 crore for education sector in 2020-21. Medical college to be attached to a district hospital in PPP mode and viability gap funding to be set for such medical colleges. Apprenticeship embedded courses to be started by 151 higher educational institutions. “Study in India” programme and Ind-SAT is proposed to be held in Asian and African countries. Degree level full-fledged online education to be offered by top 100 in NIRF.

Proposal of G-20 Presidency:

- India will host G-20 Presidency in 2022, the year of 75th Independence of India and 100crores has been allotted. India would be able to drive the global economic and development agenda.

Financial Sector:

- The Deposit Insurance Credit Guarantee Corporation to raise the deposit insurance from Rs1 lakh to Rs 5lakh per depositor, co-operative banks would be strengthened by amending Banking Regulation Act. Government has also announced the merge of 10 PSBs into 4 and has infused a capital of 350000crores. Pension Fund Regulatory Development Authority of India Act to be amended to enable establishment of a pension trust by employees other than Government and separation of NPS trust for government employees from PFRDA. Export promotion of MSMEs for selected sectors like pharmaceuticals and etc. Coming to the financial market, FPI limit in corporate bond increased to 15%. Exchange Traded Fund (ETF) expanded by Debt-ETF consisting of Government Securities, to give access to pension funds and long-term investors.

Fiscal management:

- It is decided to transfer to GST Compensation Fund balances due out of collection of years 2016-2017 and 2017-2018 in two installments. Expenditure of Financial Year 2019-2020 are at a level of 26.99 lakh Crore and revised estimates at 19.32 lakh crore. They estimated nominal growth of GDP for 2020-2021 at 10% and receipts are estimated at 22.46 lakh crore and expenditure at 30.42 lakh crore. Fiscal deficit of 3.8% in RE 2019-20 and 3.5% for BE 2020-21. The government has also a deviation of 0.5% fiscal deficit, consistent with Section 4(3) of FRBM act both for RE 2019-2020 and BE 2020-2021. A new personal income tax regime has been proposed and it's optional. About 70% of existing exemptions and deductions to be removed.

Economic development:

- National Technical Textiles Mission (2020-2021 to 2023-2024) is to position India as a global leader in Technical Textiles. Investment Clearance Cell has been proposed to provide “end-end” facilitation and support.

Health ,Water and sanitation:

- PMJAY viability Gap Funding window proposed for setting up hospitals in PPP mode. TB Harega Desh Jeetega campaign to eliminate TB by 2025. Centre allocated Rs 11,500 crore for the year 2020-2021 under Jal Jeevan Mission. And finally it allocated Rs 12,300 crore for Swachh Bharat Abhiyan.

Caring Society:

- Centre allocated Rs 28600crore proposed for women specific programs and also proposed to study about the age of girls entering motherhood. It also proposed to develop five archaeological sites these are
 - 1.Rakhigarhi (Haryana)
 2. Hastinapur (U.P)
 - 3.Shivsagar (Assam)
 - 4.Dholavira (Gujarat)
 - 5.Adichanallur (Tamil Nadu)

Sports Budget :

- The government allocated Rs 2826.92 crore to the sports budget and the government gave a hike of Rs 291.42 crore to its flagship Khelo India programme .
- National Welfare Fund for sports persons will continue to get same Rs.2 crore and Laxmi Bai National Institute Of Physical Education gets 55crores.

Income tax: Government has given an option to individuals of lower tax slab but the taxpayer can't get exemptions.

Upto Rs 5 lakh :No tax

Rs 5-7.5 lakh : 10%

Rs 7.5-10 lakh : 15%

Rs 10-12.5 lakh : 20%

Rs 12.5-15 lakh: 25%

Rs 15 lakh and above : 30%

Goods Service Tax (GST):

- Simplified return with features like SMS based filling for nil return and improved input tax credit flow to be implemented from 1st April 2020. Dynamic QR-code capturing GST parameters proposed for consumer invoices. Aadhaar based verification of taxpayers being introduced to weed out non-existent units.

Conclusion: According to me Union Budget 2020-2021 has covered all the sectors and mainly focused on agriculture, education, infrastructure and income tax. Finally budget provided more opportunities to youth and relied on “Aspirational India, Economic development and Caring Society”.

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