

# STUDENTS' ECONOMIC FORUM

A monthly publication from South Indian Bank

*To kindle interest in economic affairs...  
To empower the student community...*

 [www.southindianbank.com](http://www.southindianbank.com)  
Student's corner  
 [ho2099@sib.co.in](mailto:ho2099@sib.co.in)



**FEBRUARY 2020**

Theme 339

## UNION BUDGET 2020

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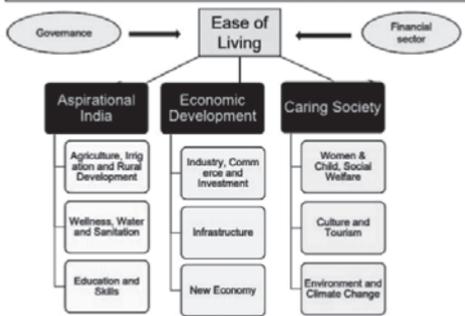
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**Theme No: 339: Union Budget 2020**

*“When learning is purposeful, creativity blossoms. When creativity blossoms, thinking emanates. When thinking emanates, knowledge is fully lit. When knowledge is lit, economy flourishes.”*  
- DR. A.P.J. ABDUL KALAM

The “SIB Students’ Economic forum” is designed to kindle interest in the minds of younger generation. We highlight one theme in every monthly publication. Topic of discussion for this month is “**Union Budget 2020-2021**”.

**Prominent Themes of the Budget**



**Governance**

Governance guided by “Sabka Saath, Sabka Vikas, Sabka Vishwas” with focus on:

- Preventive Healthcare: Provision of sanitation and water.
- Healthcare: Ayushman Bharat.
- Clean energy: Ujjwala and Solar Power.
- Financial Inclusion, Credit Support and Pension.
- Affordable Housing.
- Digital penetration.



**Financial Sector**

- Deposit Insurance Coverage to increase from Rs. 1 lakh to Rs. 5 lakh per depositor.
- Eligibility limit for NBFCs for debt recovery under SARFAESI Act proposed to be reduced to asset size of Rs. 100 crore or loan size of Rs. 50 lakh.
- Separation of NPS Trust for government employees from PFRDAI.
- Proposal to sell balance holding of government in IDBI Bank.
- Specified categories of government securities would be opened for Non Resident investments.
- FPI Limit for Corporate Bonds to be increased to 15 per cent.
- New Debt ETF proposed mainly for Government Securities.

**Tax Proposals**

- The Government has proposed a new income tax regime under which individuals foregoing exemptions and deductions would be taxed at reduced tax rates. Taxpayers

have been provided with an option if they wished to pay taxes according to the new regime or continue paying taxes according to the existing regime.

Income tax slabs	New tax rate	Earlier tax rate
0-₹2.5 lakh	Exempt	Exempt
₹2.5 lakh- ₹5 lakh	Exempt	5%
₹5 lakh- ₹7.5 lakh	10%	20%
₹7.5 lakh- ₹10 lakh	15%	20%
₹10 lakh- ₹12.5 lakh	20%	30%
₹12.5 lakh- ₹15 lakh	25%	30%
₹15 lakh and above	30% (No change)	30%

- Concessional corporate tax rate of 15 per cent to new domestic companies in manufacturing and power sector.
- Tax concession for sovereign wealth fund of foreign governments and other foreign investments.
- Tax benefits to Start-ups are enhanced by way of deduction of 100 per cent of their profits by increasing turnover limit and period of eligibility.
- Concessional tax rate for cooperatives proposed. Cooperative societies are currently taxed at a rate of 30% with surcharge and cess. As a major concession, and in order to bring parity between the cooperative societies and Corporates, the Finance Minister has proposed to provide an option to cooperative societies to be taxed at 22% plus 10% surcharge and 4% cess with no exemptions/deductions. She has also proposed to exempt these societies from Alternative Minimum Tax (AMT), just like companies under the new tax regime are exempted from the Minimum Alternate Tax (MAT).
- In order to reduce the compliance burden on small retailers, traders, shopkeepers who comprise the MSME sector, the turnover threshold for audit increased from the existing Rs. 1 crore to Rs. 5 crore.
- Extension of time limits pertaining to the tax benefits for affordable housing.
- 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 the scheme after 31st March, 2020 will have to pay some additional amount. The scheme will remain open till 30th June 2020.
- Issuance of Unique Registration Number to all charity institutions for easy tax compliance.
- Health cess to be imposed on imports of medical equipment given that these are made significantly in India.
- Dividend Distribution Tax removed and classical system of dividend taxation adopted.
- Simplified GST return shall be implemented from 1st April 2020. Refund process to be fully automated.

## EASE OF LIVING

### I. ASPIRATIONAL INDIA

#### Agriculture, Irrigation and Rural Development

- The government aims to double farmers’ income by 2022.
- PM KUSUM to cover 20 lakh farmers for stand-alone solar pumps and further 15 lakh for grid connected pumps.
- “Kisan Rail” and “Krishi Udaan” for seamless transport of perishable farm goods.

- Coverage of artificial insemination to be increased from the present 30% to 70%.
- Fish Production target of 200 lakh tonnes by 2022-23.
- Raise fishery exports to Rs 1 lakh crore by 2024-25
- Doubling of milk processing capacity by 2025.
- Agricultural credit target of Rs. 15 lakh crore for 2020-21.
- Viability gap funding for creation of efficient warehouses on PPP mode.
- SHGs run Village storage scheme to be launched.
- Integration of e-NWR with e-NAM.

### **Wellness, Water and Sanitation**

- Rs. 69000 Cr is being provided for Health care including Rs 6400 Cr for PM Jan Arogya Yojana
- Viability gap funding proposed for setting up hospitals in the PPP mode.
- FIT India movement launched to fight Non Communicable Diseases (NCDs).
- “TB Harega Desh Jeetega” campaign launched to end TB by 2025.
- Expansion of Jan Aushadhi Kendra Scheme to all districts by 2024.
- Focus on liquid and grey water management along with waste management.



### **Education and Skills**

- About 150 higher educational institutions will start apprenticeship embedded courses.
- Internship opportunities for fresh engineers under urban local bodies.
- Special bridge courses to improve skill sets of those seeking employment abroad.
- Ind-SAT to be conducted in Africa and Asia under study in India programme.
- Allocation of Rs 99,300 crore for the educational sector in 2020-21.
- Allocation of Rs 3,000 crore for skill development.

## **II. ECONOMIC DEVELOPMENT**

### **Industry, Commerce and Investment**

- Rs. 27300 crore would be allocated for development and promotion of Industry and Commerce for the year 2020-21.
- It is proposed to develop five new smart cities in collaboration with States in PPP mode.
- Scheme to encourage manufacturing of mobile phones, electronic equipment and semi conductor packaging.
- A National Technical Textiles Mission would be set up with a four year implementation period at an estimated outlay of Rs 1480 Cr.
- NIRVIK Scheme for higher export credit disbursement launched.
- Setting up of an Investment Clearance Cell to provide end to end facilitation.
- A scheme to provide subordinate debt for entrepreneurs of MSMEs.
- Scheme anchored by EXIM Bank and SIDBI to handhold MSMEs in exports markets.

### **Infrastructure**

- National Logistics Policy to be launched soon.
- Roads: Accelerated development of Highways.

- Railways: Redevelopment projects of 4 stations.
- 150 passenger trains through PPP mode.
- More Tejas type trains for tourist destinations.
- Port: Corporatizing at least one major port.
- Air: 100 more airports to be developed by 2024 under UDAAN.
- Power: Efforts to replace conventional energy meters by prepaid smart meters.
- Gas Grid: Expand National Gas Grid to 27,000 km.
- National infrastructure Pipeline projects of Rs. 103 lakh crore.
- An international bullion exchange to be set up at GIFT City.

### **New Economy**

- Knowledge Translation Clusters for emerging technology sectors.
- Scaling up of Technology Clusters, harbouring test beds and small scale manufacturing facilities to be established.
- National Mission on Quantum Technologies and applications with an outlay of Rs.8000 crore proposed.

## **III. CARING SOCIETY**

### **Women & Child, Social Welfare**

- Rs. 35600 Cr proposed for nutrition related programmes for the financial year 2020-21.
- A task force to be appointed to recommend lowering MMR and improving nutrition.
- Rs 28,600 crore proposed for programs that are specific to women.
- Rs 85000 crore would be allocated towards the welfare of Scheduled Castes and Other Backward classes for 2020-21.
- For furthering development and welfare of Scheduled Tribes, Rs 53,700 crore is proposed for 2020-21.
- Enhanced allocation of Rs 9,500 crore for senior citizens and Divyang for 2020-21.

### **Culture and Tourism**

- Proposal to establish Indian Institute of Heritage and conservation with the status of a deemed University.
- 5 archaeological sites to be developed as iconic sites with on-site Museums - Rakhigarhi (Haryana), Hastinapur (Uttar Pradesh) Shivsagar (Assam), Dholavira (Gujarat) and Adichanallur (Tamil Nadu).
- A museum on Numismatics and Trade to be established in the historic Old Mint building Kolkata.
- Tribal museum in Ranchi.
- Maritime museum to be set up at Lothal - the Harrapan age maritime site near Ahmedabad.

### **Environment and Climate Change**

- Encouragement to states implementing plans for cleaner air in cities with 1 million population and above.

Source: [indiabudget.gov.in](http://indiabudget.gov.in)

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