



TATA CAPITAL WEALTH

Modi 2.0 Union Budget 2019-20

Key Budget Highlights



Vision to become \$5 trillion economy driven by 'virtuous cycle' of investment

India becomes sixth largest economy



Enhanced interest deduction for affordable housing loan



Bharatmala phase 2 to be launched

Jal Marg Vikas project and Sagarmala initiatives

Push to E-Vehicles

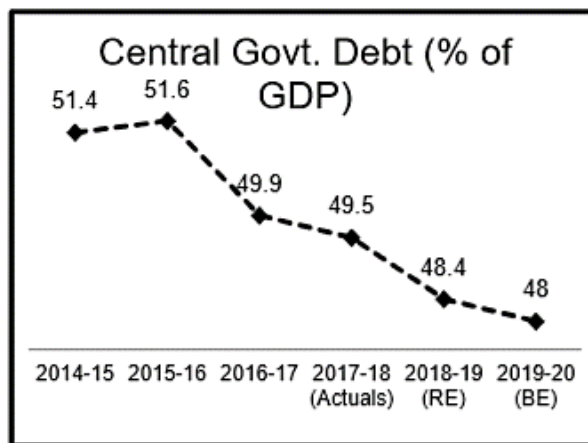
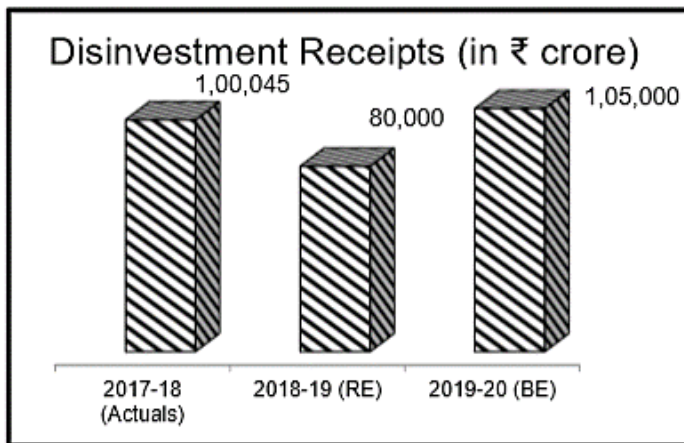
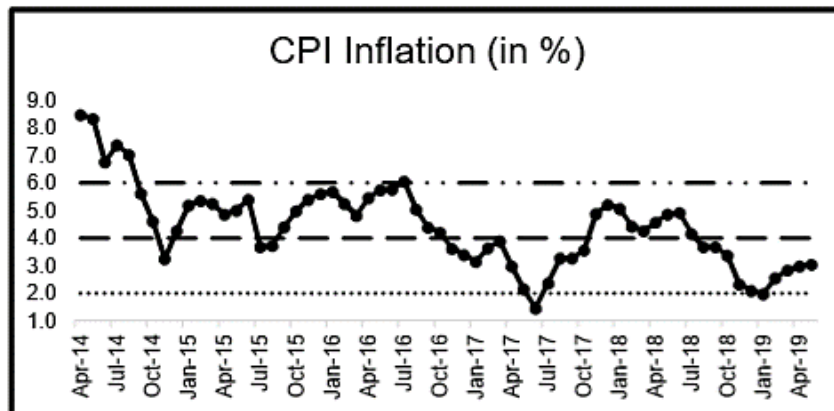
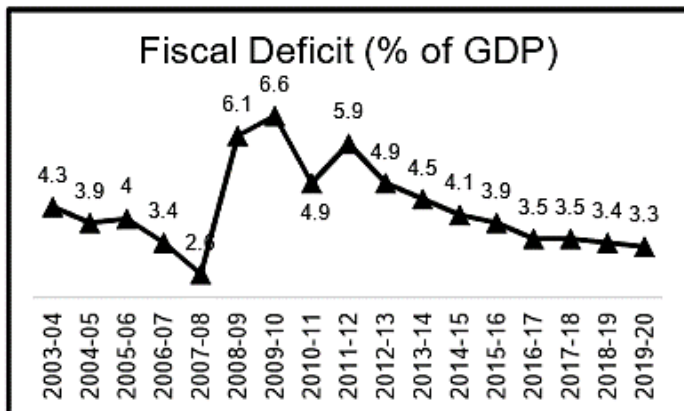


FDI in Aviation, Media and Insurance sectors



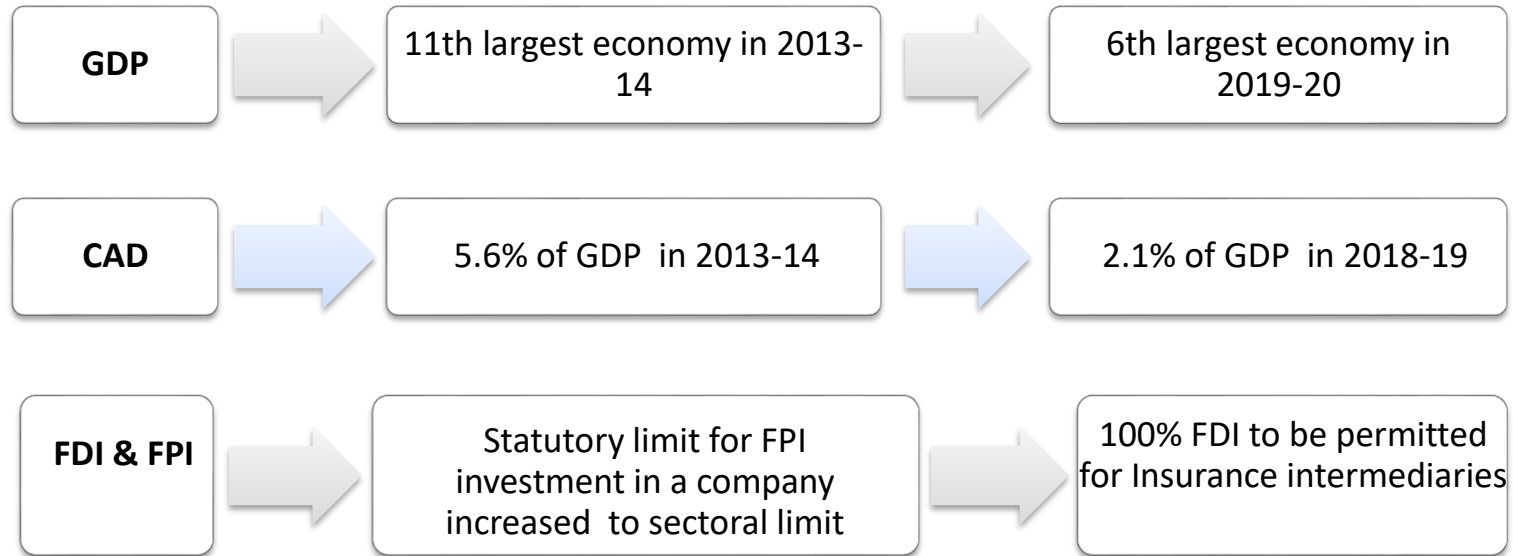
Aadhaar and PAN to be interchangeable

Cut in corporate tax for companies



Also, India's sovereign external debt to GDP ratio amongst the lowest globally at less than **5%**.

Growth & Macro-economic Stability : Vision \$5 trillion economy



Empowering MSMEs and social enterprises

Interest subvention scheme for MSMEs: Rs. 350 crore allocated for 2019-20

Payment platform for bill filing for MSMEs to be created: to address delays

Social stock exchange for listing social enterprises and voluntary organisations

Startups promotion

E-verification for establishing investor identity and source of funds to resolve tax issues relating to fund raising

Exclusive TV channel for startups

Changes in customs duties to promote Make in India

Push to E-vehicles

FAME Scheme Phase-2 commenced

Customs duty exemption on certain e-vehicle parts

Income tax deduction of interest on loans for e-vehicle purchase

Road

- Rs 80,250 crore dedicated to building 125,00 km of roads in the next 5 years
- Bharatmala phase 2 to be launched
- State road networks will be developed

Shipping and Inland waterways

- Jal Marg Vikas project and Sagarmala initiatives: improving logistics, reducing transportation cost and increasing competitiveness.

Air and Rail

- World's third largest domestic aviation market
- UDAAN: Number of Operational Airports crossed 100
- PPP in railways infra development
- 657 km Metro rail network already operational. National Common Mobility Card launched



- **Tax Benefit:** Proposal to increase tax deduction benefits on home loans from Rs.2 lakh to Rs.3.50 lakh for buying affordable house for up to Rs. 45 lakh. Tax payer falling in 30% bracket could save Rs.45,000 per year on taxes.
- **Pradhan Mantri Awas Yojana – Gramin**
 - ✓ **Sanctioned:** 81 lakh houses with an investment of about 4.83 lakh crores
 - ✓ **Construction started:** 47 lakh houses
 - ✓ **Completed:** 26 lakh houses
 - ✓ **Delivered:** 24 lakh houses
- **Promotion of rental housing:** Model tenancy law to be finalised.

- ❑ Giving a boost to the aim of "**Housing for All**", additional tax deduction of Rs. 1.5 lakh over the existing limit of Rs. 2 lakh has been proposed interest paid on home loan taken up to March 31, 2020 for buying affordable house for up to Rs. 45 lakh. This will provide a total benefit of Rs. 7 lakh over a loan period of 15 years.
- ❑ **TDS of 2%** on cash withdrawal exceeding Rs. 1 crore in a year from a bank account to promote less cash economy.
- ❑ In order to give a **boost to sale of electric vehicles**, FM proposed additional exemption of Rs. 1.5 lakh on interest paid on auto loan taken for purchase of electric vehicles.
- ❑ FM **increased income tax surcharge for HNIs** earnings more than Rs. 2 crore a year. Those earning between Rs. 2-5 crore will have to shell out 3% more and earning above Rs. 5 crore will have to shell out 7% more.
- ❑ Benefit of **section 80C for investments made in Central Public Sector Enterprise (CPSE)** exchange-traded fund (ETF).
- ❑ To make filing of Income Tax Returns (ITR) easy, FM announced that **pre-filled ITRs** would be made available by integrating information collected from Banks, Stock exchanges, mutual funds etc.
- ❑ FM proposed to **restrict Security Transaction Tax** to the difference between settlement and strike price in case of exercise of options.
- ❑ FM proposed to extend the **buy back tax at 20% to listed companies**.
- ❑ **PAN and Aadhaar made interchangeable**, allowing those who do not have PAN to file return.
- ❑ **Cut in corporate tax for companies** with annual turnover of up to Rs. 400 crore to 25% from 30% earlier.

- ❑ **The first Budget of Modi 2.0 mainly focuses on development of agriculture and infrastructure, housing for all, ease of doing business and incentives for start-ups.**
- ❑ **FM lowered the fiscal deficit target to 3.3%** for the current fiscal from the earlier estimate of 3.4% of the GDP; this shows the government is trying to reduce the fiscal deficit.
- ❑ **Enhanced interest deduction up to Rs. 3.5 lakh** for purchase of an affordable house. This will benefit the middle-class first time home owners and will also provide a boost to the housing sector.
- ❑ **Big boost given to infrastructure development** in order to build national road corridors and railways.
- ❑ **The public holding is proposed to increase in equity from 25% to 35%** which shall increase retail participation in equities.
- ❑ To enhance **liquidity access for NBFC sector**, the government will provide one-time 6-month partial guarantee of Rs. 1 lakh crore to state-run banks for purchasing consolidated high-rated pooled assets of financially-sound NBFCs. FM also said that NBFCs fundamentally sound will continue to get funding from mutual funds and banks; this might alleviate the ongoing crisis in NBFC.
- ❑ Budget proposed to **provide public sector banks with Rs. 70,000 crore of capital** to boost credit. This might help the banks to lend more.
- ❑ **Measures to boost sectors such as Media and Aviation; government is planning to increase the FDI limit. Also, allowing 100% FDI in insurance intermediaries** may bring technology and innovations in the financial distribution space.

Overall, The first budget of NDA 2.0 is in-line with its long term thought process and putting in place structural building blocks to accelerate economic growth.

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