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ANALYSIS OF UNION BUDGET 2020-21

The difficulty lies not so much in developing new ideas as in escaping from old ones

J M Keynes

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From the Desk of Mr. T N Arun Kumar, Interim CEO

There were evidently a lot of expectations from the Budget to revive the overall economy. This years' budget has a focus on the agriculture and allied sectors, infrastructure, job creation, skill development and financial sector. Many measures including tax incentives have been announced to deepen the corporate bond market as well. We can see some definite emphasis on the MSME sector as well as rural economy with specific measures being announced for affordable housing.

The government has in recent months announced various measures to give an impetus to the slowing economy such as corporate tax rate cut, which put pressure on the government finances. As a result, this year the budget has deviated from its fiscal roadmap. However, the government has emphasized the importance of the privatization and divestments to adhere to the fiscal glide path.

We have put forward this analysis from our economic research, industry insights and ratings team to present a comprehensive view. We do hope you find it useful.

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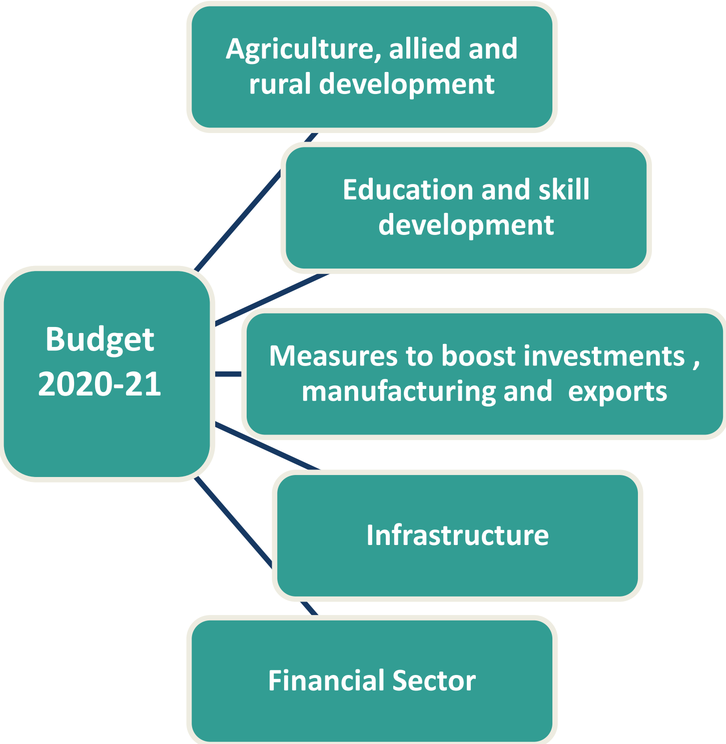
Focus areas of Budget



- 3 themes
- **Aspirational India**
  - Agriculture, Irrigation, and Rural Development
  - Wellness, Water, and Sanitation
  - Education and Skills
- **Economic Development**
- **Caring Society**

Fiscal Snapshot of Budget 2020-21

Rs lakh Crore	FY17	FY18	FY19	FY20 (RE)	FY21 (BE)
1. Revenue Receipts	13.7	14.4	15.5	18.5	20.2
1.1 Tax Revenue	11	12.4	13.2	15.0	16.4
1.2 Non tax revenue	2.7	1.9	2.4	3.5	3.9
2. Capital Receipts	6	7.1	7.6	8.5	10.2
2.1 Disinvestment	0.5	1.0	1.0	0.7	2.1
3. Total Receipts (1 + 2)	19.8	21.4	23.2	27.0	30.4
4. Revenue Expenditure	16.9	18.8	20.1	23.5	26.3
4.1 Interest payments	4.8	5.3	5.8	6.3	7.1
4.2 Subsidies	2.3	2.2	2.2	2.6	2.6
4.3 Defense Expenditure	2.5	2.8	2.9	3.2	3.2
5. Capital Expenditure	2.9	2.6	3.1	3.5	4.1
5.1 Capital Outlay	2.5	2.5	2.8	3.2	3.8
6. Total Expenditure (4 + 5)	19.8	21.4	23.2	27.0	30.4
7. Revenue Deficit (4 - 1)	3.2	4.4	4.5	5.0	6.1
8. Fiscal Deficit	5.4	5.9	6.5	7.7	8.0
9. FD/GDP (%)	3.5	3.5	3.4	3.8	3.5
10. Gross market borrowings	5.8	5.9	5.7	7.1	7.8
11. Debt/GDP (%)	46.7	50.1	48.4	50.3	50.1
12. GDP	153.6	171.0	190.1	204.4	224.9

Key Highlights

Fiscal scenario

- Deviation from fiscal consolidation path in FY20
  - GFD estimated at 3.8% v/s the target 3.3%
  - The shortfalls in revenues owing to cut in corporate tax rate cut and lower GST collections amid slowdown in economy
- FRBM trigger mechanism used for FY21 also
  - GFD likely to be 3.5% v/s the fiscal glide path target of 3%
- Funding of GFD to be met through market borrowings and disinvestment
- Outstanding debt as a percentage of GDP estimated to be 50.1% for FY21 v/s 50.3% in FY20

Taxation Measures

- **For individuals**
  - New income tax regime as a option to the old regime wherein more tax slabs have been introduced and foregoing deductions and exemptions
  - Deduction on interest on new affordable housing loan (Rs. 1.5 lakh) extended by 1 year

- **For corporates/ cooperative societies**
  - Concessional tax rate for cooperative societies proposed (from 30% to 22%)
  - Concessional tax rate of 15% to new domestic companies extended to electricity generation companies
  - Dividend distribution tax removed; dividend will now be taxed in the hands of individuals
  - Tax concession for sovereign wealth funds of foreign governments

Analysis of new personal income tax regime

	FM calculation		CARE's calculation	
	Old Regime	New Regime	Old Regime	New Regime
Gross income	15,00,000	15,00,000	20,00,000	20,00,000
Deduction*	0	0	5,00,000	0
Taxable income	15,00,000	15,00,000	15,00,000	20,00,000
Computed tax	2,62,500	1,87,500	2,62,500	3,37,500
Cess (@4%)	10,500	7,500	10,500	13,500
Total tax payable	2,73,000	1,95,000	2,73,000	3,51,000
Net Savings	78,000		-78,000	

*Includes deductions of Rs 1.5 lkhs (80C), Rs 2 lkhs (interest deduction on housing loans), Rs 0.5 lkhs (standard deduction), Rs 0.5 lkhs (NPS investment) and other deductions under 80 D, 80 E etc

- If we include the total deductions available to a income tax payer, one will not benefit in the new tax regime

Agriculture and Rural Economy

- Budgetary allocation for schemes in the agriculture sector has increased by 30% in FY21
  - To increase rural disposable income and consumption. It has continued with the income support scheme for farmers.
- All eligible beneficiaries of PM-KISAN will be covered under the Kisan Credit Card scheme
- 16 action points have been highlighted to develop the agriculture sector which focus on – horticulture, fisheries and animal husbandry
  - increase in agriculture credit, various measures for the improving marketing, warehousing, increasing credit availability and facilitating export
  - coverage of solar pumps under PM-KUSUM, Kisan Rail and Kisan Udaan to be launched
- All these measures aims to increase the income realization from agriculture and allied activities

Financial sector – Investor Protection and Participation

- Deposit Insurance Coverage to be increased to Rs 5 lakhs (currently Rs 1 lakhs)
- Limit for NBFCs to be eligible for debt recovery under SARFAESI to be reduced from an asset size of Rs 500 crs to Rs 100 crs
- Establishment of separate pension trust by the employees other than the Government
- Government securities to be opened fully for non -resident investors
- Debt Based Exchange Traded Fund expanded by a new Debt-ETF consisting primarily of Government Securities.
- A Partial Credit Guarantee scheme for the NBFCs – Govt. will guarantee these securities

Boost to Corporate Bond Markets

- FPI limit in corporate bonds increased to 15% from 9% of its outstanding stock. At present, FPI limit in corporate bonds is Rs 3.17 lkh cr.
- Scope of credit default swaps to expand
- Concessional withholding tax rate of 5% extended till June 2023 to foreign investors (FPIs/QFIs)
- Concessional withholding tax rate of 5% on interest payment on municipal bonds
- Reduction in withholding tax rate from 5% to 4% on interest paid on listed bonds

Start-ups

- **Measures proposed to benefit Start-ups:**
  - A digital platform to facilitate seamless application and capture of IPRs.
  - Knowledge Translation Clusters to be set up
  - Establishing technology Clusters, harbouring test beds and small scale manufacturing facilities
  - Creation of comprehensive database

- **Taxation**
- Ease in taxation norms for ESOPs
- 100% deduction increased for startup having turnover up to Rs 100 cr. and 10 years

MSMEs

- Proposed to introduce a scheme to provide subordinate debt by banks for MSMEs
- Period of restructuring of bank loans have been extended by 1 year till 31 March 2021
- App based invoice financing loan product to be launched which would alleviate the problem of delayed payments

Analysis of Receipts, Expenditure and Debt

Revenue Receipts

Rs lakh Crore	FY17	FY18	FY19	FY20 (RE)	FY21 (BE)
Tax Revenue	11	12.4	13.2	15.0	16.4
Corporation Tax	4.8	5.7	6.6	6.1	6.8
Taxes on Income	3.6	4.3	4.7	5.6	6.4
Union Excise Duties	3.8	2.6	2.3	2.5	2.7
GST		4.4	5.8	6.1	6.9
Non tax revenue	2.7	1.9	2.4	3.5	3.9

- Revenue Receipts : accounted for 66% of the total budget size for FY21
- At Rs 20.2 lkh cr. for FY21 (BE), a growth by 9.2% yoy, lower than 19.1% growth seen in FY20 (RE).
- For FY20, the revised revenue receipts (Rs 18.5 lkh cr.) are 6% lower than the budgeted (Rs 19.6 lkh cr.)
  - Tax revenue accounted for 81% of total revenue receipts and budgeted to grow by 8.8% in FY21 (BE). GST (29%), corporate tax (28%) and income taxes (26%) are main sources of taxes
  - In FY20 (RE), GST collections fell short by 6% than the budget. FY21 (BE) and expected to grow by 12.8% to Rs 6.9 lkh cr.
  - Corporation taxes contracted by 8% in FY20 (RE), but are budgeted to grow by 11.5% in FY21 (BE).
  - Income taxes are expected to grow by 14% in FY21 (BE) over the 18.3% growth in FY20 (RE).
  - Non tax revenue (19% of revenue receipts) budgeted to grow by 11.4% with communications having 13% share in non tax revenue (Rs 50,520 cr.)
  - In FY20 (RE), the dividends and profits increased by 76.2% due to highest quantum of transfer from the RBI. For FY21, the transfers from RBI are pegged at Rs. 89,649 cr.

Capital Receipts: Disinvestments

Rs lakh Crore	FY17	FY18	FY19	FY20 (RE)	FY21 (BE)
Disinvestment	0.4	1.0	0.95	0.65	2.1

- Out of the total budget estimate of Rs 2.1 lkh cr. , Rs 0.9 lkh cr is budgeted for stake sale in public sector banks and financial institutions (part of which will be on partial sale of LIC)
- Disinvestment for FY20 is revised lower by Rs 0.4 lkh cr., which means that the receipts from stake sale of either BPCL, Concor could be deferred to next year
- Receipts from disinvestment in FY21 looks challenging to achieve

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Capital Receipts: Borrowings

Rs lkh cr.	FY17	FY18	FY19	FY20 (RE)	FY21 (BE)
Gross Borrowing Programme	5.8	5.9	5.7	7.1	7.8
Repayments	1.7	1.4	1.5	2.4	2.4
Net Market Borrowing (excluding T-bills)	4.1	4.5	4.2	4.7	5.4

- Gross market borrowings is estimated to be 24.3% higher from a year ago
  - budgeted to further increase by 9.8% in FY21
- Repayments is estimated increase in FY20(RE) from a year ago by 59% and is further expected to grow by around 1.3%
- Including short term borrowings, the net borrowings for FY20 is Rs 4.99 lkh cr, 16% higher from a year ago
- Could pressure bond yields but would depend on banking system liquidity

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Revenue Expenditure

Rs lakh Cr	FY17	FY18	FY19	FY20 (RE)	FY21 (BE)
Interest payments	4.8	5.3	5.8	6.3	7.1
Subsidies	2.3	2.2	2.2	2.6	2.6
Pensions	1.3	1.5	1.6	1.8	2.1
Defense Expenditure	2.5	2.8	2.9	3.2	3.2

- Major proportion of govt. expenditure is going towards revenue expenditure (86% share in total expenditure) in FY21 (BE). It is budgeted to grow by 11.6% in FY21 (BE).
  - It mainly comprises of interest payments (27% of total revenue expenditure) followed by defense expenditure (12% share) and subsidies (10% share) in FY21 (BE).
  - Interest payments are budgeted to grow by 13.3% in FY21 (BE), higher than 7.3% growth in the previous year.
  - Expenditure towards defense is budgeted at Rs. 3.2 lkh cr. – a growth by 2.1% in FY21 (BE).
  - Pensions accounting for 8% of revenue expenditure are slated to grow by 14% FY21 (BE).
  - Subsidies are expected to decline by 0.5% in FY21 (BE) with focus on food subsidy (44%) share.

Expenditure: Subsidies

Rs lakh Cr	FY17	FY18	FY19	FY20 (RE)	FY21 (BE)
Subsidies	**2.35**	**2.24**	**2.23**	**2.64**	**2.62**
Major Subsidies	**2.04**	**1.91**	**1.97**	**2.27**	**2.28**
Food Subsidy	1.10	1.00	1.01	1.09	1.16
Fertilizer Subsidy	0.66	0.66	0.71	0.80	0.71
Petroleum Subsidy	0.28	0.24	0.25	0.39	0.41
Interest Subsidy	**0.18**	**0.22**	**0.20**	**0.26**	**0.28**
Other Subsidy	**0.13**	**0.11**	**0.06**	**0.10**	**0.06**

- Subsidies accounted for nearly 10% of the revenue expenditure in FY21 (BE).
- These were mainly towards food (44% share in total subsidies), fertilizer (27% share in total subsidies) and petroleum (16% share in total subsidies).
- Food subsidy in FY20 (RE) was 41% lower than the budget estimate for FY20. In FY21 (BE), these are expected to grow by 6.3% compared with 7.3% growth in FY20 (RE).
- Subsidy towards fertilizer are budgeted to decline by 10.9% in FY21 (BE).
- Petroleum subsidy is budgeted to grow by 6.1% in FY21 (BE) over the 55.3% growth witnessed in FY20 (RE).
- Interest subsidy accounted for 11% of total subsidies and expected to grow by 8.6% in FY21 (BE) over the 29.7% yoy growth in FY20 (RE).

Expenditure Towards Major Schemes

Schemes (Rs. Crs)	Purpose	FY17	FY18	FY19	FY20(RE)	FY21(BE)
Mahatma Gandhi National Rural Employment Guarantee	Employment Scheme	48214.95	55166.04	61815.09	71001.81	61500.00
Pradhan Mantri Kisan Samman Nidhi	Income Support –farmers	0	0	1241.13	54370.15	75000.00
National Health Mission	Universal access to health	22869.73	32000.19	31502.16	34290.20	34115.00
Pradhan Mantri Awas Yojna	Affordable Housing	20951.69	31163.6	25442.56	25328.26	27500.00
National Education Mission	Literacy/education	27616.36	29454.5	30829.89	37672.30	39160.50
Pradhan Mantri Gram Sadak Yojna	Road connectivity	17922.87	16862.12	15414.14	14070.07	19500.00
Swachh Bharat Mission	Clean cities & towns	12619.34	19427.02	15374.27	9638.22	12294.10
Integrated Child Development Services	For childern upto 6 yrs of age	15893.32	19233.7			
Direct Benefit Transfer (for LPG)	LPG subsidy	13000	13097.13	16477.80	29627.76	35605.00
Interest subvention-Farmers	Interest subsidy	13397.13	13045.72	11495.66	17863.43	21175.00
Urban Rejuvenation Mission (AMRUT & SMART City)	Civic infrastructure	9276.7	9462.57	12084.93	9842.00	13750.00
Pradhan Mantri Fasal Bhima Yojana	Crop Insurance	11051.55	9419.22	11937.02	15695.00	14000.00
National Programme of Mid Day Meals-Schools	Improve nutritional levels	9475.43	9092.3	9514.34	9912.21	11000.00
National Rural Drinking Water Mission	Clean water – rural areas	5980.02	7037.96	5484.15	10000.66	11500.00
Pradhan Mantri Ujjwala Yojana	LPG Connection to Poor Households	2500	2251.81	3200.00	3724.00	1118.00
Deen Dayal Upadhyaya Gram Jyoti Yojna	Continuous power to rural India	2965.87	5049.97	3799.80	4066.00	4500.00
National Livelihood Mission - Ajeevika	Increase household income	3486.4	4925.85	6281.56	9774.00	10005.04
Total Schemes (centrally sponsored and central sector schemes)		830766	873232	722532.99	866714.56	916984.83

The allocation towards the various schemes for 2020-21 has increased by 6% over the 20% increase of 2019-20

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Capital Outlay (Asset Creation)

Capital Outlay (Rs Lkh Crs)	FY17	FY18	FY19	FY20(RE)	FY21(BE)
Budgetary Support	2.48	2.45	2.79	3.22	3.80
Internal and Extra Budgetary Resources (IEBR) of public enterprises	3.38	6.11	6.08	7.11	6.73
Total Capital Outlay (budget and IEBR)	5.86	8.56	8.87	10.32	10.53

- Budgetary support for capital asset creation is increased by 18% for 2020-21
- Capital outlay for 2020-21 budgeted to be the highest
- Provides a roadmap for NIP

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Main Area of Capital Outlay (Asset Creation) in 2020-21

Ministry	Budgetary Support: (Rs Lkh Crs)	IEBR of Public Enterprises: (Rs Lkh Crs)	Total Capital Outlay: (Rs Lkh Crs)
Defence	1,13,734	620	1,14,354
Railways	70,000	90,792	1,60,792
Roads & Bridges	77,245	65,000	1,42,245
Agriculture and allied activities	2,377		2,377
Power	707	49,884	50,591
Communication	25,070	15,196	40,266
Space Research	7,775	-	7,775
Renewable Energy	52	13,727	13,779
Rural Development	-	10,000	10,000
Total Capital Outlay (Budgetary Support and IEBR)	**380322**	**6,72,663**	**10,52,985**

IEBR : Internal and External Budgetary Resources

- Major part of the capital outlay has been towards transport infrastructure
  - Railways and Roads account for nearly 30% of total capital outlay
  - Defence accounts for 30% of budgetary support for capital outlay
- Monetization of highway bundles
  - CAPEX expenditure to be funded through monetization (highway bundles), internal resources, bonds and ECBs

Sectoral Announcement and Analysis

Hospitality & Tourism Positive

<table>
<tr><th>Announcements</th><th>Impact on the Industry</th></tr>
<tr><td colspan="2">Key Schemes announced –
While there are no specific budget announcements pertaining to the Hotels industry, demand for the industry may still improve due to Tourism related announcements listed below:</td></tr>
<tr><td>• Allocation of Rs 3,150 crore to Ministry of Culture and Rs 2,500 crore for Tourism promotion</td><td rowspan="3">– Is expected to marginally benefit the Hotels industry as the increased tourism to these locations would augur well for room demand in those locations. Also, with focus on Museums under the Tourism segment in the budget, domestic travel is expected to witness improved traction leading to higher room demand</td></tr>
<tr><td>• Proposed to develop 5 archaeological sites into Iconic Tourism destinations with on site Museums to enhance visitor’s experience (both domestic & foreign travelers)
• Setting up of a Tribal Museum in Ranchi (Jharkhand)
• Setting up of Maritime Museum in Ahmedabad
• 100 more airports under the UDAAN Scheme by 2024</td></tr>
<tr><td>• Proposal to establish an Indian Institute of Heritage and Conservation under Ministry of Culture, providing knowledge in disciplines such as museology and archaeology in order to provide trained man-power</td></tr>
</table>

Automobiles & Auto Components Neutral

Announcements	Impact on the Industry
Key Schemes announced – While there are no specific budget announcements pertaining to the Automobile industry, announcements made for the Agriculture and Infrastructure may potentially drive demand:	
• Agriculture credit target for the year 2020-21 has been set at Rs 15 lakh crore. All eligible beneficiaries of PM-KISAN to be covered under the KCC scheme • Higher allocation to the Ministry of Agriculture • Accelerated development of the Highways to be undertaken (2,500 Km access control highways, 9,000 Km of economic corridors, 2,000 Km of coastal and land port roads and 2000 Km of strategic highways)	• The continuing infrastructure and agriculture push including accelerating highways construction is expected to be positive for commercial vehicles segment demand. Commitment to double farmers income by 2022, higher allocation to the Ministry of Agriculture (32% higher than the revised 2019-20 expenditure) is expected to marginally increase disposable income in the hands of rural populace thereby providing some push to the tractors as well as two and three wheeler segment demand

Automobiles & Auto Components Neutral

Custom duty on Auto & Auto component	From	To
Catalytic Convertor	10%	15%
Proposal to increase custom duty (w.e.f. April 1, 2020)	**From**	**To**
Completely Built Units (CBUs) of commercial vehicles (other than electric vehicles)	30%	40%
Completely Built Units (CBUs) of commercial electric vehicles	25%	40%
Semi Knocked Down (SKD) forms of electric passenger vehicles	15%	30%
Semi Knocked Down (SKD) forms of electric vehicles- Bus, Trucks and Two wheelers	15%	25%
Completely Knocked Down (CKD) forms of electric vehicles - Passenger vehicles, Three wheelers, Two wheelers, Bus and Trucks	10%	15%

- In order to incentivize domestic value addition and promote local manufacturing under governments' 'Make in India' campaign, proposals have been made to increase custom duty on CKD and SKD units of automobiles in order to provide level playing field to the domestic manufacturers

Textiles Positive

Announcements	Impact on the Industry
Key Schemes announced – While there are no specific budget announcements pertaining to the Automobile industry, announcements made for the Agriculture and Infrastructure may potentially drive demand:	
• Budgetary allocations of Rs 762 crore to A-TUFS scheme is higher than the Revised Budget estimates for 2019-20 (of Rs 494 crore) and also higher than the earlier allocation of Rs 700 crore for the Budget 2019-20	• The budget allocation for A-TUFS is 54% higher than the revised estimate for the previous year. Higher budget allocation for A-TUFS will be positive for the fresh capex
• Abolishment of anti-dumping duty on PTA	• Positive for the manmade yarn industry as the same will lead to easy availability of the raw material at competitive prices
• National Technical Textiles Mission is proposed with a four-year implementation period from 2020-21 to 2023-24 at an estimated outlay of Rs 1,480 crore	• Positive for the domestic players in the technical textile industry. Will lead to reduced dependence on imports

Textiles Positive

Announcements	Impact on the Industry
• Budget allocation towards textile infrastructure almost doubled to Rs 223 crore for 2020-21, compared to the revised estimate of Rs 112.6 crore for 2019-20	• Positive for the players in the textile industry

Consumer Durables Neutral

Announcements	Impact on the Industry
Key Schemes announced –	
• Scheme focused to promote manufacturing of mobile phones and electronic equipment	• The scheme is expected to promote 'Make in India' policy and push domestic manufacturing of electronics and mobile phones and make India the hub of electronics manufacturing

Custom duty on Consumer Durables	From	To
Household appliances – Table Fans, Ceiling Fans, Pedestal fans, Blowers, Portable, Food Grinders, Other grinders and Mixers, Other appliances, Shavers, Hair Clippers, Hair-removing appliances, Other grinders and Mixer, Storage heating radiators, Other electrical space heating apparatus, Hair Dryers, Other hair dressing apparatus, Hand Drying apparatus, Electric smoothing irons, Other ovens, cookers, cooking plates, boiling rings, grillers and roasters, Coffee and Tea Makers, Toasters, Electro-thermic fluid heaters, Electrical or electronic devices for repelling insects, Other electro-thermic appliances used for domestic purposes, Electric heating resistors	10%	20%

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Consumer Durables Neutral

Proposal to increase custom duty	From	To
Copper and articles thereof used in manufacturing of specified electronic items	Nil	10%
Specified Chargers and power adapters	10%	20%
PCBA of Cellular mobile phones	10%	20%
Fingerprint readers for use in Cellular mobile phones	Nil	15%
Vibrator/Ringer of Cellular mobile phones	Nil	10%

- In order to incentivize domestic value addition and promote local manufacturing under governments' 'Make in India' campaign, proposals have been made to increase custom duty on raw materials and parts of mobile phones and other electronics in order to provide level playing field to the domestic manufacturers

BFSI

Neutral

Announcements	Impact on the Industry
Banking	
• Agriculture credit availability target set at Rs 15 lakh crores (vs Rs 12 lakh crore YoY, higher by 25%)	The banking system has generally met the agriculture credit target given the PSL norms and government push for farm lending. As the increase in target is substantial implementation remains the key due to states announcing loan waivers in the past
• Deposit Insurance & Credit Guarantee Corp (DICGC) to increase deposit insurance from Rs 1 lakh to Rs 5 lakh	The increase is beneficial to the deposit holders and is generally in line with inflation as the limit was last increased in 1993. The number of protected accounts was 92% in FY19, while the proportion of insured deposits to total deposits would increase from the current 28.1%. Impact of the increase insurance costs would need to be examined.
• Divest government stake in IDBI Bank to private investors	There would be minimal impact on its status as LIC would continue to hold 51% stake in the bank, however private investors could drive operational efficiency.
• More than 5 lakh MSME benefited from debt restructuring last year. Government has asked RBI to consider extending window of debt structuring by one year to March 2021 for this purpose	The dispensation would provide an additional window to MSME for restructuring their debt and protect the current profitability of the banks by extending their provisioning requirements

BFSI Neutral

Announcements	Impact on the Industry
Banking	
• Subordinate debt for entrepreneurs of MSMEs will be provided and will be treated as quasi-equity. This would be guaranteed via CGTSME	Subordinate debt for MSMEs is a significant positive as close to three-fourth funding needs of an MSME are towards the working capital requirements.
• Governance reforms will be carried out in banks to make them more competitive	This measure will bring in transparency and build a healthy banking system.
• Amendments to BR Act proposed to enable access to capital, improving governance in co-op banks	Better regulation and governance in co-op banks given the recent scams in the segment.
Financial Services	
• Partial Credit Guarantee Scheme for NBFCs was announced in the last budget. For providing liquidity, a mechanism would be devised. Government support by guaranteeing securities	This step would boost liquidity for NBFCs. However, clarity would be required on the mechanism which is scheduled to be announced later. This shows continued GOI intent to support well run NBFCs.
• NBFC Eligibility for SARFAESI Act • AUM norms reduced to Rs 100 crore from Rs 500 crore • Loan size reduced to Rs 50 lakhs from Rs 1 crore	Would provide mid-sized NBFCs with a strong pool to enhance recovery from defaulting borrowers leading to improved asset quality. Further this could attract agile players leading to credit expansion.

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BFSI Neutral

Announcements	Impact on the Industry
Financial Services	
• Government to list LIC on the stock exchanges	It is likely to be the biggest IPO in the country and contribute significantly to the government's disinvestment target. We would need additional clarity on the pricing and the amount of stake that would be available for sale. Further such a sale is likely to require significant time scale to drive the stake sale.
• Limits for FPIs in Corporate Bonds to be increased from 9% to 15%	This is an additional step towards developing the bond market with provision for higher investment from global investors. However, actual impact needs to be seen as around 60% of the current limits have been utilised
• NABARD refinancing scheme will be strengthened and Women Self Help Groups can avail of MUDRA or NABARD assistance	Increase capital availability for operations and enhance formal banking channels for these groups. This will provide funding to NBFCs who are into agri-related lending.
• NBFCs to extend invoice financing to the MSMEs through TReDS	This would open up a new market for the NBFCs and provide MSMEs with faster cash availability thereby reducing borrowing and other operational costs

BFSI Neutral

Announcements	Impact on the Industry
Financial Services	
• Provide Rs 22,000 cr as equity support to Infrastructure Finance Companies such as IIFCL and a subsidiary of NIIF	These companies would be able to appropriately leverage this capital to strengthen long term infrastructure financing options
• A scheme of Rs.1,000 crore will be anchored by EXIM Bank and SIDBI (both of which will contribute Rs.50 cr each) for mid-sized companies in selected sectors to get handholding to expand overseas	This is additional assistance to promoter exports and help mid-sized companies avail credit.

Paper and Paper Products Neutral

Announcements	Impact on the Industry
Key Schemes announced –	
• Reduction of customs duty on the following paper categories	Print media is expected to benefit due to lower prices, however, domestic manufacturers of newsprint could be negatively impacted

Custom duty on Paper and Paper Products	From	To
Newsprint	10%	5%
Lightweight coated paper up to 70 gsm for magazines	10%	5%
Uncoated paper for newsprint	10%	5%

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Engineering and Capital Goods Positive

Announcements	Impact on the Industry
• Scheme for 20 lakh farmers to set up Solar pumps	Boost the demand for solar equipment and pumps
• Indian Railways to set up Kisan Rail under which Refrigerated rail coaches will be rolled out for farm products • 11,000 Km of track electrification	Setting up of Kisan rail and increasing track electrification, will positively impact the railways products and railways EPC companies.
• Scheme for Krishi Udaan for faster movement of farm produce.	Demand for aircrafts and associated infrastructure likely to increase
• Milk processing capacity to be doubled by 2025	Demand for machinery for milk processing is expected to increase
• Rs 3.6 lkh cr allocated for Jal Jeevan Mission, of which 11,500cr allocated for 2020-21.	Positive for Water infrastructure companies and pipes manufacturers
• New Scheme announced for electronics manufacturing	Push domestic electronics manufacturing but state level support crucial as several parts such as land acquisition are state subjects

Engineering and Capital Goods Positive

Announcements	Impact on the Industry
• `Replace conventional meters with prepaid smart energy meters over next 3 years	Increase demand for smart meters
• Fiber to home through BharatNet will link 100,000 Gram Panchayats in FY21 itself. An allocation of Rs 6,000 crore will be provided for BharatNet	Expected to increase the demand for cables.

Health cess on medical equipment import will benefit domestic medical equipment manufacturer as they will be more competitive.

Engineering and Capital Goods Positive

Category for Basic Customs Duty	From	To
Machinery		
Goods required for use in high voltage power transmission project	5%	7.5%
Rotary tillers/weeder	2.5%	7.5%
Good required for construction of road like paver finisher, machines for filling up cracks in roads, mobile bridge inspection units etc.	Nil	Applicable BCD
Motors like Single Phase AC motors, Stepper motors, Wiper Motors etc.	7.5%	10%
Electronic goods, parts thereof		
Copper and articles thereof used in manufacturing of specified electronic items	Nil	Applicable BCD
Specified Chargers and power adapters	Applicable BCD	20%
PCBA of Cellular mobile phones (with effect from 01.04.2020)	10%	20%
Fingerprint readers for use in Cellular mobile phones	Nil	15%
Vibrator/Ringer of Cellular mobile phones (with effect from 01.04.2020)	Nil	10%
Display Panel and Touch Assembly of Cellular mobile phones (with effect from 01.10.2020)	Nil	10%

Engineering and Capital Goods Positive

Category for Basic Customs Duty	From	To
Electronic goods, parts thereof		
Headphones and Earphones	Applicable BCD	15%
Following parts of Microphone for use in manufacture of Microphone namely, a) microphone cartridge, b) microphone holder, c) microphone grill and d) microphone body etc.	10%	Nil
Micro-fuse base, sub-miniature fuse base, Micro-fuse Cover and sub-miniature fuse cover for use in manufacture of micro fuse and sub-miniature fuse.	7.5%	Nil
Machinery		
Solar cells not assembled	20%	Nil
Solar cells assembled in modules or made up in panels	20%	Nil
Railway Carriage fans	7.5%	10%
Other fans with a self-contained electric motor not exceeding 125W	7.5%	20%
Air Circulator	7.5%	10%
Industrial fans blowers and similar blowers	7.5%	10%

Engineering and Capital Goods Positive

Category for Basic Customs Duty	From	To
Machinery		
Other industrial fans	7.5%	10%
Compressor of Refrigerator and Air conditioner	10%	12.5%
Pressure vessels	7.5%	10%
Commercial type combined refrigerator freezers, fitted with separate external doors	7.5%	15%
Commercial freezer of chest type, not exceeding 800lt capacity	7.5%	15%
Other chest type freezers	10%	15%
Electrical freezers of upright type, not exceeding 800 litre capacity	7.5%	15%
Other freezers of upright type, not exceeding 800 litre capacity	7.5%	15%
Refrigerating or freezing display counters, cabinets, showcases and the like	7.5%	15%
Heat pumps other than ac machines	7.5%	15%
Ice making machinery	7.5%	15%
Water cooler	10%	15%

Engineering and Capital Goods Positive

Category for Basic Customs Duty	From	To
Machinery		
Vending machine, other than automatic	10%	15%
Refrigerating equipment/devices used in leather industry	7.5%	15%
Refrigerated farm tanks, industrial ice cream freezer	7.5%	15%
Others [like freezers of capacity 800 litres and more etc.]	7.5%	15%
Welding and Plasma cutting machines	7.5%	10%
Other Electronic goods		
Static Converters	15%	20%
Dip bridge rectifier	10%	20%
Populated, loaded or stuffed printed circuit boards	10%	20%

Copper & Aluminium Positive

Announcements	Impact on the Industry
• The government aims to achieve additional electrification of 27,000 kms of railway tracks.	Increased coverage of electrification will lead to higher requirement of infrastructure in the form of transmission lines and towers. Depending upon the requirement, transmission lines are manufactured either from copper or aluminium, which is likely to support the demand for both the base metals.

CARE Ratings
Professional Risk Opinion

Steel Positive

Announcements	Impact on the Industry
• The government proposes to increase National Gas Grid from present 16,200 kilometers to 27,000 km	This proposal is expected to add several thousand kilometers of steel pipeline. Currently, around 7,000 km of pipeline is under construction. Demand for flat products is likely to see higher demand.
• The government proposes extension of tax holiday for affordable housing	Proposal likely to boost demand for long steel products
• The Government proposes to allocate Rs.1.7 lakh crore on transport infrastructure under National Infrastructure Pipeline of 103 lakh crore over the next five years	The above proposals are likely to auger well for the steel industry, as investment in infrastructure activity and real estate sector is likely to increase the demand for steel products, especially long steel. Furthermore, up gradation in the railway infrastructure is also likely to support the demand for both long as well as flat steel products.

Base Metals

Category for Basic Customs Duty	From	To
Table, kitchen or other household articles and parts thereof, of Iron & steel, Copper & Aluminium; pot scourer and scouring or polishing pads, gloves and the like, of Iron & Steel, Copper & Aluminum.	10%	20%
Padlocks and locks (key, combination or electrically operated) of base metal; clasps and frames with clasps, incorporating locks of base metals; keys for any of the foregoing articles, of base metals (other than lock of a kind used for automobiles.)	10%	20%
Copper and articles thereof used in manufacturing of specified electronic items	Nil	10%
Calcined Petroleum Coke	10%	7.5%
Zinc tubes, pipes and tube or pipe fittings	7.5%	10%
Tin plates, sheets and strip, of a thickness exceeding 0.2 mm; tin foil (whether or not printed or backed with paper, paperboard, plastics or similar backing materials), of a thickness (excluding any backing) not exceeding 0.2 mm; tin powders and flakes.	5%	10%
Lead bars, rods, profiles and wire	5%	10%

Base Metals

Announcements	Impact on the Industry
• Basics Customs Duty on Table kitchen and other household appliances of Iron & Steel, Copper & Aluminium has been increased • Basics Customs Duty on Padlocks and locks of base metal increased • Basics Customs Duty on tin, lead and zinc products have been raised	Imposition of higher Basics Customs Duty on household finished products manufactured from steel, copper and aluminium, is likely to curb cheaper imports of these finished products. This is likely to insulate the domestic manufacturers of these products, which in turn is likely to support the demand for base metals.
• Customs duty on Calcined Petroleum Coke lowered by 2.5%	Calcined coke is one of the important raw material used for manufacturing aluminium. Domestic availability of this product is low, hence lowering of the duty is likely to reduce the cost of production, thereby positively impacting primary aluminium producers.

CARE Ratings
Professional Risk Opinion

Oil and Gas Positive

Budget Proposals	Impact on the Industry
Key Schemes announcements	
The oil and gas industry has received Rs 0.41 lkh cr. as subsidies where Rs 0.37 lkh cr. is earmarked as the LPG subsidy and the remaining Rs 0.037 lkh cr is to be given as the kerosene subsidy.	The government has increased the fuel subsidy by 6.1%. Within the subsidy, the allocation towards the LPG subsidy has increased by 9.3% and it has decreased by 18.4% for Kerosene.
Proposal to extend the National Gas Grid from the existing 16,200 kms to 27,000 kms	Augurs well for the midstream segment as it can lead to more pipeline constructionover and above the City Gas Distribution pipelines. This also plays well with the government's plan to convert India into a gas based economy and resolve the last mile connectivity issue. The share of natural gas in India's energy basket is 6.2%, against 23.4% globally.
Reforms to be undertaken to facilitate transparent price discovery and ease of transactions.	These following proposal is in line with the government's plan to set up a gas trading hub in the country.
The capital outlay allocated towards the Oil and Gas sector is Rs 907 cr	Capital Outlay has increased by 57.2% which will be instrumental in extending and laying down the pipelines for increasing the length of the gas grid .

Cement Positive

Announcement	Announcement
Impact: While there are no specific budget announcements pertaining to the cement industry, demand for the commodity will pick up due to infrastructure, housing and rural development related announcements listed below	
National Infrastructure Pipeline encompassing 6500 projects with an allocation of Rs. 103 lakh crore across housing, irrigation, airports, railways etc	Development of 5 new smart cities
Accelerated development of highways which will include development of 2500 Km access control highways, 9000 Km of economic corridors, 2000 Km of coastal and land port roads and 2000 Km of strategic highways.	Proposals to further incentivize and boost affordable housing
100 more airports to be developed by 2024 to support UDAAN Scheme	Increased focus on inland water ways
Rs. 1.7 lakh crore allocated towards transport infrastructure in 2020-21.	Provision of Rs. 22,000 cr which has already been provided to support the NIP and will cater to equity support to Infra Finance Companies like IIFCL and a subsidiary of NIIF which can be leveraged as permissible to create financing pipeline of more than Rs. 1 lkh cr.

Roads and Highways Neutral

Budget Proposals	Impact on the Industry
Key Schemes announcements	
The capital outlay allocated towards the Roads and Highway sector is Rs 0.77 lkh cr.	The allocation is inadequate not in lines with the NIP where the centre is involved in providing 25% of the investment.
Development of 2,500 Km access control highways, 9,000 Km of economic corridors, 2,000 Km of coastal and land port roads and 2,000 Km of strategic highways.	Augurs well for the industry because it is augmenting the overall connectivity of the nation's roads and highways and it will rekindle private interest in road development.
Proposal to monetise at least 12 lots of highway bundles of over 6,000 Km before 2024.	Given the past records the timely fruitification of this proposal holds the key for the sector.
Proposal to grant 100% tax exemption (interest, dividend and capital gains income) to Sovereign Wealth Fund of foreign governments investing in the priority sectors made in infrastructure and other notified sectors before 31st March, 2024 with a minimum lock-in period of 3 years.	Is expected to attract the interest of Sovereign wealth funds towards investment in roads sector and is likely to aid NHAI in its asset monetisation plans.

Real Estate Neutral

Announcement	Impact on the Industry
Key schemes announced	
Proposal to offer additional tax benefit pertaining to interest paid on affordable housing loans to the extent of Rs. 1.5 lakhs which will be extended by a year to March 31, 2021. Even tax holiday on profits earned by the affordable housing developers to be extended by a year to March 31, 2021.	The said extensions announced are likely to impact the demand and supply for affordable houses positively. While the proposals are expected to provide boost to home sales in the affordable segment, the demand for other residential segments in real estate would however continue to remain sluggish with no major incentives being offered. Further, no budgetary allocation will be negative for reduction in the quantum of stalled projects and piling inventories.
Increment in the downside variation allowed between the consideration value and circle rate for computation of capital gains, business profit and other sources from 5% to 10%.	The proposal pertaining to enhancement in variation between transaction value and circle rate to 10% will provide marginal relief in case of genuine real estate transactions especially secondary market transactions however will not impact the dealings significantly particularly in the Tier-I cities.
Proposal to develop 5 new smart cities in collaboration with States in PPP mode.	Augurs well for real estate and construction activities in these cities. However, implementation timelines remains the key challenge.

Logistics and Warehousing Positive

Announcement	
Key Budget announcements	
Geo tagging of warehouses	Warehousing building incentive to farmers through village storage scheme for which Viability Gap Funding (VGF) would be provided for setting up advanced warehouses and extension of mudra loans to Self Help Groups to enable storage at farmer level and reduce loss.
Impetus to cold storage through Kisan Rail on Public Private Partnership (PPP) basis to reduce loss of perishable goods and also launch of Kisan Udaan under Ministry of Civil Aviation on national and international route to cater to remote areas and North East.	National logistics policy to be released soon (draft logistic policy was rolled out February 2019)
Capital outlay towards the food storage and warehousing has increased by 1.1% to Rs 1,022 cr.	

Impact

Efficient implementation of above schemes would enable cost reduction in warehousing space, particularly cold storage segment which is facing shortfall of about 50% of the country's requirement as well as reduced loss of perishable goods which is as high as about 40% of the agricultural produce. The policy measures are a positive move towards the Government focus on reduction of logistic cost as a % of GDP to 9% by 2022 from present 14%

IT & ITeS

Positive

Budget proposals	Impact on the industry
New budget outlay for Information Technology and Space Technology has increased from Rs. 18,979 crore (RE Budget FY20) to Rs. 20,379 crore (BE FY21)	
Key schemes announced	
Enable private sector to build more Data Centre parks across India	This will enable domestic firms to skillfully incorporate data in every step of their value chains
Increased emphasis on implementation of emerging technologies such as analytics, machine learning, robotics, bio-informatics and artificial intelligence in delivery of services	Announced proposals to give a boost to private investments in the technology sector and benefit players operating in the IT services and Software space
Allocated budget of Rs.6,000 crore for Bharatnet Programme which will link 100,000 gram Panchayats this year through Fibre to the Home (FTTH) connections	
Provide an outlay of Rs.8,000 crore over a period of five years for the National Mission on Quantum Technologies and Applications	Quantum technology is opening up new frontiers in computing, communications, cyber security with wide-spread applications. It is expected that lots of commercial applications would emerge from theoretical constructs which are developing in this area, and the same is likely to benefit Information Technology Sector

FMCG Positive

Budget proposals	Impact on the industry
Key schemes announced	
The allocations to agriculture and allied activities have increased from Rs. 1.2 lakh crore (RE FY20) to Rs. 1.5 lakh crore (BE FY21). Various measures announced for improving marketing, warehousing, increasing credit availability	Such measures aim to increase the income realization from agriculture and allied activities, giving a boost to disposable income
Income tax slab revision - reduction tax rates for lower income levels	Revision in tax rates to give a boost to low erincome individuals, especially rural segment. Expected to spur consumption for consumer goods
Increased investments in warehousing by proposing a Village Storage scheme	Village Storage scheme is proposed to be run by the Self Help Groups, which shall provide farmers a good holding capacity and reduce their logistics cost

FMCG Positive

Custom Duty on FMCG	From	To
Food processing – walnuts, shelled	30%	100%

Withdrawal of custom duty

- Goods upto an aggregate of 10,000 metric tonnes of total imports of Milk and Cream, in powder, granules or other solid form in a financial year
- Butter Ghee, Butter Oil
- Maize upto an aggregate of 5 lakh metric tonnes of total imports of such goods in a financial year
- Edible oils
- Refined vegetable oils of edible grade, in loose or bulk form (other than palm oil)
- Vegetable oils of edible grade, in loose or bulk form
- Crude sunflower seed or safflower oil upto an aggregate of 1,50,000 metric tonnes of total imports of such goods in a financial year
- Crude sunflower seed or safflower oil
- Refined rape, colza or mustard oil upto an aggregate of 1,50,000 metric tonnes of total imports of such goods in a financial year

Gems and Jewelry Negative

Custom Duty on Gems and Jewelry	From	To
Gold used in the manufacture of semiconductor devices or light emitting diodes	-	12.5%
Rubies, emeralds, sapphires – unset and imported uncut	-	0.5%
Rough coloured gemstones	-	0.5%
Rough semi-precious stones	-	0.5%
Pre-forms of precious and semi-precious stones	-	0.5%
Rough synthetic gemstones	-	0.5%
Rough cubic zirconia	-	0.5%
Polished cubic zirconia	5%	7.5%

Gems and Jewelry Negative

Custom Duty on Gems and Jewelry	From	To
Platinum or Palladium used in manufacture of- a) All goods, including Noble Metal Compounds and Noble Metal Solutions b) Catalysts with precious metal or precious metal compounds as the active substance	12.5%	11.85%
Spent Catalyst/Ash containing precious metal like gold from which such precious metal is retrieved subject to specified conditions.	12.5%	11.85%

Budget proposals	Impact on the industry
Key schemes announced	
Increase in customs duty on precious stones and metals	Introduction of custom duty on variety of gemstones and other gems and jewelry will inflate prices of those materials. However, the Indian consumer’s demand is largely inelastic to changes in duty structure and hence we do not expect a large impact on the revenue of companies in the sector

Education

Positive

Budget proposals	Impact on the industry
Budget expenditure for Education has increased from 94,854 crore (RE Budget FY20) to Rs. 99,312 crore (BE FY21)	
Key schemes announced	
Steps would be taken to enable sourcing External Commercial Borrowings and Foreign Direct Investment in order to deliver higher quality education	The same is expected to expand resource base for entities involved in providing education services thereby providing more financial flexibility to them
Around 150 higher educational institutions will start apprenticeship embedded degree/diploma courses by March 2021	Impact not known as there is no clarity whether these institutions belong to Govt. sector or private sector
Proposal to start a programme whereby Urban Local Bodies across the country would provide internship opportunities to fresh engineers for a period upto one year	The same would increase interest of students towards engineering stream which in turn would support the demand for engineering courses offered by the institutes
Providing full-fledged online education programme through institutes which are ranked within top 100 in the National Institutional Ranking Framework	The same is expected to enhance student base of the top 100 institutes which are largely imparting offline education services thereby providing additional source of income to them

Education

Positive

Budget proposals	Impact on the industry
Key schemes announced	
Introduction of Ind-SAT exam under 'Study in India' programme to be held in Asian and African countries which would be used for benchmarking foreign students who receive scholarships for studying in Indian higher education centres	The same is expected to increase enrolments for higher education institutes who are also giving admissions to foreign students as more clarity would be there on eligibility of students for scholarship
Proposal to attach a medical college to an existing district hospital in PPP mode with viability gap funding to be provided to the State by Central Govt.	The same would create opportunity for private sector entities who wish to foray in medical education with low investment
Special bridge courses to be designed by the Ministries of Health, Skill Development together with professional bodies to improve skill sets of those seeking employment abroad which can be achieved through special training packages	The same is expected to create additional sources of income for the education institutes which would be offering these special courses to students
Increase in allocation for Higher Education Financing Agency from Rs.2,100 crore for 2019-20 to Rs.2200 crore for 2020-21	Increase in allocation would result in more funds available for capex for premier educational institutions that offer higher education courses

Education

Positive

Budget proposals	Impact on the industry
Key schemes announced	
No change in the allocation towards interest subsidy and contribution for guarantee funds which remains at the same level of Rs.1,900 crore for 2020-21	As there is no change in the allocation, the same does not provide any incremental benefit to the institutions offering technical/professional education courses in terms of higher admissions as the said scheme is mainly aimed at increasing the affordability of these courses for students
Marginal increase in budget to Rs.3002 crore for Ministry of Skill Development and Entrepreneurship	As there is marginal increase in the allocation, the same does not provide major incremental benefit to the institutes running vocational courses.

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Healthcare Positive

Budget proposals	Impact on the industry
Budget expenditure for Healthcare has increased from 63,830 crore (RE Budget FY20) to Rs. 67,484 crore (BE FY21). The new budget allocation is inclusive of Rs. 6,400 crore for PM Jan Arogya Yojana (PMJAY)	
Key schemes announced	
Propose to empanel more hospitals under PM Jan Arogya Yojana from the current 20,000. Proposed to set up Viability Gap funding window for setting up hospitals in the PPP mode. In the first phase, those Districts will be covered, where presently there are no Ayushman empaneled hospitals.	This will enlarge focus of multi specialty hospitals, which are currently primarily predominated in metros and other large cities. The implementation of the said proposal especially under PPP model will definitely encourage many hospitals to sprung in Tier-2 and Tier-3 cities. Increase in number of hospitals would benefit the formulation manufacturers in supplying the necessary drugs under Ayushman Bharat scheme.

Healthcare Positive

Custom Duty on Healthcare	Impact on the industry
Health Cess at the rate of 5% is proposed to be imposed on the import of medical devices. This Health Cess shall be a duty of Customs.	This initiative is expected to encourage domestic medical devices manufacturers to effectively compete with the imported products and thus grow in terms of scale of operations.

Sugar

Neutral

Budget Announcements	Impact on the Industry
Key Schemes announced -	
Import of raw material to be exempt	This will be negative for the Sugar sector as the sector is already grappling with high inventory and domestic production is more than the supply.
Import duty on beet sugar raised	Impact on sugar sector will be neutral as consumption of beet in India is low.

Telecom Positive

Announcement	Impact
Key Budget Announcements	
Fibre to home connections under BharatNet will be provided to 1 lakh gram panchayats this year. Rs. 6,000 cr has been provided for the same.	The announced will lead to increased demand for telecom equipment and Optical Fibre Cables.

Fertilizers Negative

Budget proposals	Impact on the industry
Key schemes announced	
Government has proposed to encourage use of all kinds of fertilizers, including the traditional organic and other innovative fertilizers	This shall encourage reducing incentives available for purchase of chemical fertilizes and encourage more usage of organic manure to improve the soil health.
Fertilizer subsidy reduced from RS. 79,998 crore (RE FY20) to Rs. 71,309 (BE FY21)	Does not augur well for manufacturers as it will spur working capital requirements
Custom duty withdrawal of phosphoric acid for the manufacture of fertilizers	Augurs well for SSP and DAP manufacturers

Aviation Positive

Budget Proposals	Impact towards the Industry
Key Budget Announcements	
Krishi Udaan to be launched by the Ministry of Civil Aviation on international and national routes.	This will immensely help improve value realisation especially in North-East and tribal districts. Further improve the capacity utilization of airports in tier-III cities.
100 more airports to be developed by 2024 to support UDAAN Scheme	It would attract significant private investment in the airports segment leading. It is also expected that the air fleet number shall go up from the present 600 to 1,200 during this time. However, achieving the same by 2024 remains to be seen. But, CARE expects significant momentum in terms of above mentioned investment and employment generation by the said timeline.

Railways Positive

Budget Proposals	
Key Budget Announcements : Government has proposed Rs. 100 lakh crore investment in infrastructure in next 5 years with Rs.1.7 lakh crore for transportation sector for the year FY20-21 (vis-à-vis Rs.1.59 lakh crore as per revised estimate for FY20). The transportation pool includes expenditure on railways of Rs.72,216 crore for FY21, upwards by 6% on a y-o-y bass. Major policy announcements comprise -	
Setting up large solar power capacity alongside rail track on land owned by Indian Railways to optimise electrification cost	Rolling out additional Tejas trains
Aim to achieve railway electrification of 27000 km track	Speedy implementation of Mumbai Ahmedabad high speed
Public Private Participation for re-development of four Stations and operation of 150 passenger trains	Bengaluru suburban transport to be completed at Rs.18,600 crore with 20% equity by Government and facilitation of external assistance of 60%
Impact towards the Industry	
Stable Budget for Railways with similar capital expenditure allocation and opening up of private investment for railway infrastructure creation. Government of India, in August 2014, had opened up few activities (comprising suburban corridor, high speed train project, railway electrification, passenger terminals etc) of Indian Railway for FDI and the budget re-emphasizes Government focus on same.	

Renewable Energy Positive

Budget proposals	Impact on the Industry
Key schemes announced –	
• Kusum scheme for setting up solar pumps has been extended up to 20 lac farmers and assistance to set up solar plants in barren land of farmers • Large solar power capacity installation along railway tracks • Tax rate of 15% for new power generation companies • Proposal to replace conventional energy meters by prepaid smart meters in next 3 years • Budget allocation of Rs. 22,000 crores for power sector and renewable energy • Freedom to electricity consumer to choose electricity supplier and rate as per their requirements.	• Kusum scheme and large scale power capacity addition along railway tracks will push solar energy capacity additions. It would help government move towards achieving its renewable energy installation targets, generating extra resources for railways and also aims at creating additional revenue stream for the farmers. • The tax rate should not help renewable companies as currently also MAT rate is 15% and majority of renewable companies comes under MAT. • Conversion of conventional meters to smart meters would help in improving the billing and collection efficiency of the distribution companies (discom) and is one of ambitious distribution sector reform. The move would also positively impact the cashflows of the discoms. Further giving consumer freedom to choose suppliers and rate would usher more competition in the power distribution sector

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Thank You