

Aadhaar can be interchanged with PAN to file I-T returns | ₹70,000 cr. to be infused into public sector banks | Those earning ₹2 cr. & ₹5 cr. will pay 3% and 7% surcharge | With low external debt now, govt. to start borrowing abroad

STEP BY STEP

Nirmala's maiden Budget is all about incremental measures

Extra deduction of ₹1.5 lakh on loans for affordable houses

SPECIAL CORRESPONDENT
NEW DELHI

Finance Minister Nirmala Sitharaman, in her maiden Budget on Friday, sought to tackle several pain points in the economy through incremental steps rather than opting for the spectacular announcement route.

One of the biggest announcements she made was of a ₹70,000 crore capital infusion in public sector banks to be used as growth capital, now that the legacy issues plaguing the sector have been addressed.

She also announced a slew of measures to ease the liquidity and regulatory problems affecting the Non-Banking Financial Company (NBFC) sector, a key pain point in India's economy at the moment.

The Budget incorporated a number of positive tax reforms, such as lowering the corporate tax rate for companies with an annual turnover of less than ₹400 crore and increasing the surcharge to be paid by high net-worth individuals earning more than ₹2 crore a year. It also finally provided relief for startups from the undue pain of

INSIDE
Budget proposes higher income tax on rich: PAGE 2
Government eases angel tax norms: PAGE 3
RBI can supersede NBFC board: PAGE 5
PPP route for railway modernisation: PAGE 8
Air India sell-off back on the agenda: PAGE 9

the 'angel tax'.
In a move that spooked bond markets, Ms. Sitharaman announced that the government would be increasing its external borrowing programme since India's external debt to the GDP was below 5% and among the lowest globally.

Liquidity arrangements
"Non-Banking Financial Companies are playing an extremely important role in sustaining consumption demand as well as capital formation in small and medium industrial segment," Ms. Sitharaman said. "NBFCs that are fundamentally sound should continue to get funding from banks and mutual funds without being unduly risk-averse."

Keeping this in mind, Ms. Sitharaman announced that the government would provide a one-time partial credit guarantee to public sector banks for their first loss of up to 10% when they purchased the pooled assets of financially sound NBFCs.

She noted that the Reserve Bank of India has only limited regulatory authority over NBFCs, adding that steps will now be taken to strengthen the RBI in this regard. Housing finance companies will henceforth be regulated by the RBI.

Apart from this, the Budget featured smaller steps that would help the NBFC sector, such as doing away with the Debenture Redemption Reserve for public issues. Another provision in the Finance Bill says that if the RBI is satisfied that in the public interest or to prevent the affairs of an NBFC being conducted in a manner detrimental to the interest of depositors or creditors, it can supersede the board for up to five years.

A BIG STEP ▶ PAGE 10
BUCKS FOR THE BANKS
▶ EDITORIAL



- Taxation**
 - GST on electric vehicles cut to 5%. Additional income tax deduction of ₹1.5 lakh on interest on loans taken to buy electric vehicles
 - Customs duty on gold and other precious metals increased from 10% to 12.5%. Hiked for PVCs and autoparts. Duty imposed on newsprint
 - Excise duty on fuel hiked by ₹1
 - TDS of 2% imposed on cash withdrawals exceeding ₹1 crore in a year from bank accounts to discourage business payments in cash
 - Threshold for applicability of lower corporate tax rate of 25% increased from ₹250 crore to ₹400 crore
- Social sector**
 - Pension benefit extended to 3 crore retail traders
 - 60% of the amount received by subscribers of National Pension System on closure of account to be exempt from income tax
 - Expansion of women SHG interest subvention programme to all districts
 - ₹1 lakh loan under MUDRA scheme for one woman in every SHG
 - 8 crore more free LPG connections to be given under Ujjwala Yojana
 - Labour laws to be rationalised into four labour codes
- Industry**
 - Minimum public shareholding in listed companies to be increased from 25% to 35%
 - 100% FDI to be permitted for insurance intermediaries
 - Local sourcing norms to be eased for FDI in single brand retail
- Infrastructure**
 - To expand Swachh Bharat Mission to undertake solid waste management in all villages
 - ₹70,000 crore fresh re-capitalisation for PSBs
 - RBI to be the regulatory authority for the housing finance sector

ILLUSTRATION: DEEPAK HARICHANDAN

IN BRIEF



SC refuses to reopen Haren Pandya case
NEW DELHI
The Supreme Court on Friday declined to order further investigation of the murder of former Gujarat Home Minister Haren Pandya in 2003. It said a petition based on newspaper reports, the statement by witness Azam Khan and "conjectures" arrived in a book could not be the basis for a further probe.
NATION ▶ PAGE 16

SC seeks responses from Centre, UIDAI
NEW DELHI
The Supreme Court ordered the Centre and the Unique Identification Authority of India to respond to a petition against the new Aadhaar Ordinance and Regulations, saying they will create a "surveillance State".
NATION ▶ PAGE 16

2 Gujarat Cong. MLAs resign from Assembly
AHMEDABAD
Congress MLAs Alpesh Thakor and Dhaval Singh Zala resigned from the Gujarat Assembly on Friday, after voting in the by-election for two Rajya Sabha seats. They voted against the Congress candidates.
NATION ▶ PAGE 16

India takes on Sri Lanka in final league match
LEEDS
India will meet Sri Lanka in its final league stage game at Headingley on Saturday. While Virat Kohli's men have qualified for the semifinals, Dimuth Karunaratne's side is out of the reckoning.
SPORT ▶ PAGE 18

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Political messaging guides Budget's welfare focus

Hike in funds for women, SCs/STs points to govt's priorities

NISTULA HEBBAR
NEW DELHI

The first Budget of the second Modi government appeared to be of a continuum of the last with an emphasis on social welfare. This includes a bank overdraft facility of ₹5,000 for women members of Self-Help Groups (SHG) and an identification with the poor, while the rich (those with incomes between ₹2 crore and 5 crore and ₹5 crore and above) have been hit with a hike in surcharge.

Government sources said the surcharge would fetch around ₹12,000 crore and would offset the loss of ₹4,000 crore from the slashing of corporate tax. The political optics of taxing the rich is quite potent, and the

government appears mindful of that.

The hike in the allocations for women (10%), the Scheduled Castes (30%) and the Scheduled Tribes (25%) is also an important pointer to the government's priorities, one that is again full of political signalling.

Infrastructure push
There was a lot of stress on infrastructure development, including tax relief for affordable housing, with a proposed tax holiday for developers of affordable housing and an additional deduction of up to ₹1.5 lakh for interest on home loans borrowed up to March 31, 2020.

Announcements of targets for the construction of 1.95 crore houses under the

Pradhan Mantri Awas Yojana (PMAY) and an allocation of ₹80,250 crore for the up-grade of rural roads under the Pradhan Mantri Gram Sadak Yojana were also made.

Much of the allocations for farmers was done in February's interim Budget, including the Pradhan Mantri Kisan Samman Nidhi. The announcements for the farm sector this time were more on structural issues related to farmers, but nothing with the razzmatazz of February's announcements.

The one announcement that hit a false note in this narrative was the hike of ₹2 per litre on petrol via not just hiking of prices by ₹1 but also a Road and Infrastructure Cess.

Vaiko gets one-year jail term for sedition

Conviction will not disqualify him from filing papers for Rajya Sabha poll

SPECIAL CORRESPONDENT
CHENNAI

In a rare conviction for sedition, Marumalarchi Dravida Munnetra Kazhagam (MDMK) general secretary Vaiko was sentenced to a prison term of one year by a special court for elected representatives here on Friday for a speech he had made in July 2009.

Mr. Vaiko is set to file his nomination papers for a Rajya Sabha seat from Tamil Nadu. The conviction will not disqualify him from the electoral contest, as he has been sentenced only to a one-year term. Only a sentence of two years and above will attract disqualification provisions under the Representation of the People Act. Sedition, or Section 124A of the IPC, is not one of the offences that entail disqualification, regardless of the



Defiant stance: MDMK leader Vaiko told the media in Chennai on Friday that he welcomed the verdict. ■ B. VELANKANNI RAJ

length of the prison term. Mr. Vaiko made the speech in question on July 15, 2009, at a function to launch the Tamil version of his book *I Accuse*, a compilation of letters he had written to the Prime Minister about the alleged "betrayal" by the Centre in "aiding" Sri Lanka in committing "genocide" against thousands of Tamils

during the last years of the war against the LTTE. He was severely critical of the regimes of the day at the Centre and in the State. In his speech he asked Tamil youth to support the formation of 'Tamil Eelam'. J. Shanthi, special court judge said at the conclusion of the trial that the charge of sedition had been proved.

Not holding a brief from the past

Minister replaces leather briefcase with a cloth bag to carry Budget papers

SANDEEP PHUKAN
NEW DELHI

Presenting her maiden Budget, Union Finance Minister Nirmala Sitharaman on Friday broke away from tradition when she replaced the conventional leather briefcase with a bright red cloth bag to carry the Budget papers to the Parliament House.

There were other significant departures as well. The Finance Minister skipped reading the allocations to different Ministries, or the macro economic numbers like projected revenues or expenditure.

At the end of her speech that extended beyond two hours and 15 minutes, Ms. Sitharaman did inform the Lok Sabha that all the numbers had been mentioned in the annexure of the Budget document.

Speaker Om Birla praised Ms. Sitharaman for presenting the Budget as the country's first full-time woman Finance Minister. Prime Minister Narendra Modi was among the first MPs to walk up to the Fi-



Nirmala Sitharaman arriving to present the Budget on Friday. ■ SANDEEP SAXENA

nance Minister to congratulate her after she finished. Several other Ministers, including Rajnath Singh, Ravi Shankar Prasad, Piyush Goyal and Smriti Irani, were seen congratulating her and sharing some light moments after her marathon speech.

Interestingly, while reading out the Budget, the Finance Minister didn't pause even to have a glass of water.

Family in attendance
And while she was reading out her speech - replete with Tamil, Urdu, Hindi and Sanskrit verses - her daughter and her maternal uncle and aunt watched the proceedings from the Speaker's Gallery on the upper deck.

When Ms. Sitharaman

walked into the Lok Sabha five minutes before the proceedings started at 11 a.m., she acknowledged their presence with a smiling nod.

Indira Gandhi was the first woman to present a Budget in 1970, when she was the Prime Minister. Her Finance Minister Morarji Desai had resigned from the Cabinet, prompting her to retain the Finance portfolio for a year.

Ms. Sitharaman's proposals were welcomed with frequent thumping of desks by the treasury benches. Mr. Modi too joining the members. Several MPs, including Home Minister Amit Shah, were seen taking notes at regular intervals.

SILENCE ON GRANTS RAISES EYEBROWS ▶ PAGE 10

get document. Speaker Om Birla praised Ms. Sitharaman for presenting the Budget as the country's first full-time woman Finance Minister. Prime Minister Narendra Modi was among the first MPs to walk up to the Fi-

When Ms. Sitharaman

HC grants 30 days of ordinary leave to Rajiv case convict Nalini

She appears in court and makes a fervent plea for parole

MOHAMED IMRANULLAH S.
CHENNAI

The Madras High Court on Friday granted 30 days of ordinary leave to S. Nalini, 52, a life convict in the former Prime Minister Rajiv Gandhi's assassination case. The order was passed after she argued her case in person and made a fervent plea to the judges in a choked voice that she may be allowed to step out of prison for some days to make arrangements for the marriage of her daughter, who is residing in London.

Nalini had many years ago come out on short paroles of a day each to attend her brother Bhagyanathan's wedding and her father's last rites. Justices M.M. Sundresh



Nalini being brought to the Madras High Court for the hearing on Friday. ■ R. RAGU

assassination case. "If, in the view of the government, the petitioner can be allowed to lead a normal life and she would not be a hindrance to the society, the request for leave can never be objected to," they said.

The judges also directed the State government to bear the expenses of providing escort to her during the period of leave since she expressed difficulty in paying the charges.

"There is no material to hold that she is a woman of means. Admittedly, she and her husband are in incarceration for decades. Asking the petitioner to pay the cost would in a way take away the very order passed by us when it is impossible of compliance," they said.