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THE ECONOMIC TIMES

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Budget 2019-20 WHAT IT MEANS FOR...

CONSUMERS
- **Petrol and diesel** costlier by ₹2 per litre on higher duties
- **Gold and silver** dearer as customs duty rises to 12.5% from 10%
- **Buying electric vehicles** on loan to fetch up to ₹2.5 lakh tax benefit

INVESTORS
- **Share supply to** rise sharply with higher public holding rule
- **New tax to** discourage share buybacks by companies
- **Investments in CPSE** ETFs get attractive with 80C benefit

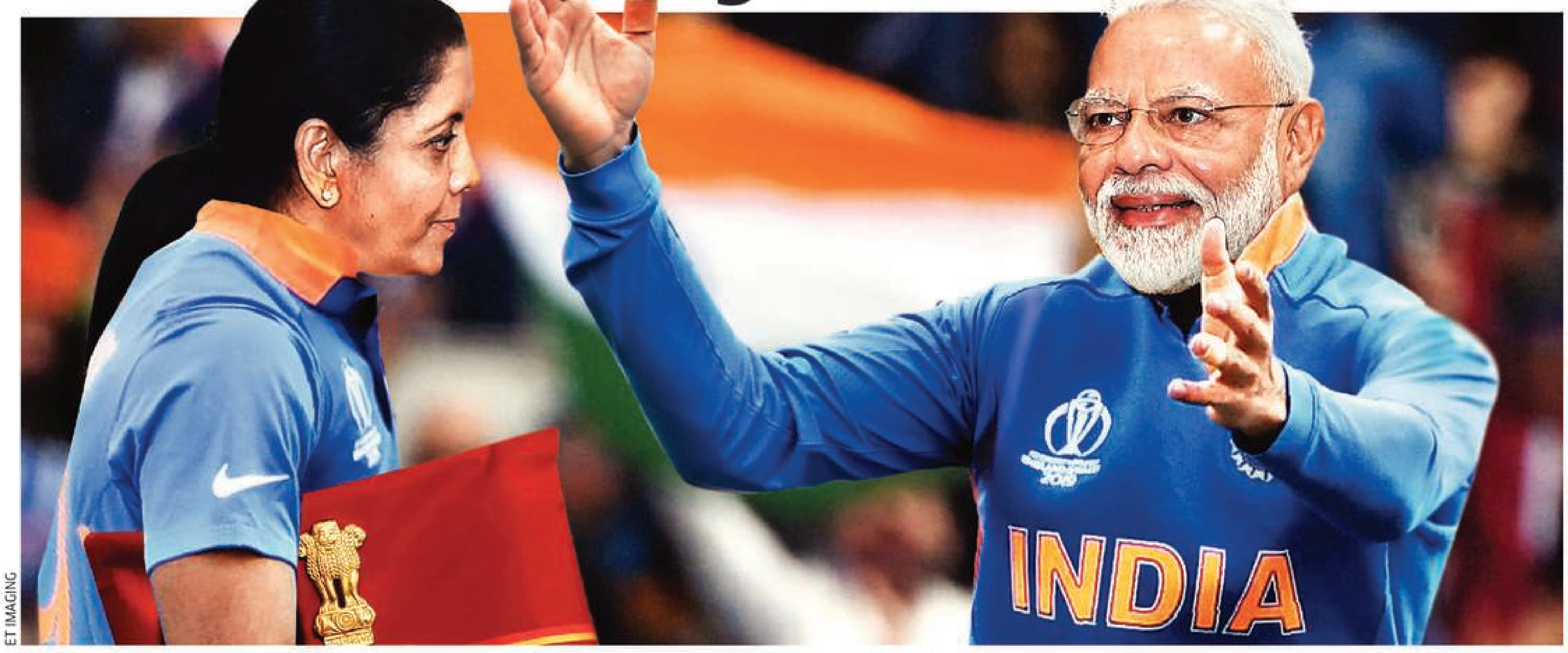
TAXPAYERS
- **Higher surcharge on** super rich; 39% tax for ₹2-5 cr, 42.7% for over ₹5 cr
- **₹1.5 lakh extra** interest rebate on loans for affordable housing
- **Cos with turnover** up to ₹400 cr to pay 25% tax; 99.3% cos covered

ECONOMY
- **Big push for** Make in India by increasing string of import duties
- **FDI and FPI** relaxation send strong signal to investors
- **Infra boost via** pvt investment and more financing options

STARTUPS
- **Angel tax relief** for startups that submit all declarations
- **Wider category of** VCs, PEs and others eligible for tax benefits
- **Boost for digital** payments as charges abolished for buyers

■ Govt sticks to fiscal consolidation ■ Near-43% tax on rich; promoters can't hold over 65% in listed cos ■ ₹1.3L Cr funds for NBFCs; PSBs get ₹70K Cr from govt ■ Govt to borrow abroad; interest rates may fall

Budget Takes Economy To Semifinal



ET IMAGING

Sitharaman Bets on Easier Credit Not Fiscal Boost for Faster Growth

SWAMINATHAN S ANKLESARIA AIYAR

DECODES THE BUDGET

Finance minister Nirmala Sitharaman's first budget was unexciting and incremental, rather than radical, providing no fiscal boost to accelerate GDP growth to the 8% target for Modi government 2.0. It was protectionist and inward-looking, seeking to reduce import dependence rather than increasing exports. No wonder the Nifty crashed 135.60 points.

The interim budget already had dramatic features like the PM-KISAN scheme, which provided ₹6,000 annually to small and marginal farmers. It had also waived income tax for individuals earning up to ₹5 lakh per annum. So this budget was more a supplementary than a full budget. However, with the help of ₹90,000 crore of excess capital to be transferred from the Reserve Bank of India, plus higher cesses on petrol and diesel, the fiscal deficit came down marginally to 3.3% of GDP.

The Comptroller and Auditor General (CAG) had revealed last year that the official deficit figure was a fiction, cloaking off-budget borrowing. It remains to be seen whether the fiction will continue this year.

Sitharaman pledged bank recapitalisation of ₹70,000 crore, which should revive lending in a big way. This can boost growth through booming credit rather than loose fiscal policy. The FM says the recapitalisation may be spread over three years, not in one big bang.

The Economic Survey on Thursday said that 'dwarfs' — companies with less than 100 employees even after 10 years of existence — should lose their benefits to new startups. But Sitharaman seeks to help MSMEs in every way, including loans of up to ₹1 crore within 59 minutes through a dedicated online portal, and faster clearance of government dues to suppliers. Remember, Snow White loved the seven dwarfs.

A paradigm shift is the decision to move part of government borrowings to foreign markets. No details are available on the sums for this year or next five years. This could check interest rates in India, so bond markets soared on Friday.

Excess liquidity in foreign markets has created negative bond rates in countries such as Germany, so there will never be a better time to borrow abroad cheaply, despite currency risks, to finance domestic investments. But capital spending in the budget goes up only 6%, half the nominal GDP growth rate, so this cannot be called an investment-led strategy.

The budget assumes 12% nominal GDP growth, presumably 8% real growth and 4% inflation. But the Economic Survey had projected real GDP growth of only 7%. How has the rate gone up by 1% in one day? If one reduces nominal growth to 11%, many budgetary ratios will go haywire.

Former FM Arun Jaitley had promised that India would become competitive vis-à-vis Asian peers in direct tax rates. That has not happened. The promised cut in corporate tax rates to 25% will apply only to companies with a turnover of up to ₹400 crore, stranding the large companies that are the biggest exporters.

Disinvestment Target Ambitious ▸▸ 19

@ANANDMAHINDRA

I was hoping @nsitharaman ji would 'hit some boundaries'. She chose instead to take steady singles and keep the run-rate moving

Fiscal Glide Path is Sacred, Insists Finance Minister

Fiscal discipline is a priority for the government, said FM Sitharaman. "I am here to ensure complete compliance with the law. FRBM (Fiscal Responsibility and Budget Management Act) is a law, so I will obey it and the glide path is sacred," she told **ET Now**. ▸▸ 13

SPECIAL TO ET

Devendra Fadnavis | Sunil Bharti Mittal | Uday Kotak

DISINVESTMENT 2.0

Big Shift: Govt Ready to Cut Stake to Below 51%

More central public sector enterprises (CPSEs) will be offered for strategic participation to the private sector. The government is ready to reduce its stake in PSUs to below 51% in companies where other state-controlled institutions such as LIC also hold stakes.

FULL REPORT ▸▸ 12

TIGHTENING THE NOOSE

NRIs to Come Under Black Money Law

Non-resident Indians will be brought under the black money Act. Undisclosed properties and accounts created by NRIs when they were 'residents' will come under scrutiny. Individuals and companies that declared cash hoards after the note ban will get a second chance to come clean.

FULL REPORT ▸▸ 7

NO CLOSED DOORS

Boost for Foreign Investment

Budget raises limit for foreign portfolio investments and promises to simplify KYC rules. Also, the government plans to start borrowing overseas. The FDI limit is proposed to be raised for aviation and insurance intermediaries while sourcing rules will be simplified for single-brand retail.

FULL REPORTS ▸▸ PAGES 4 & 12

PROMOTER STAKES TO BE CUT TO 65%

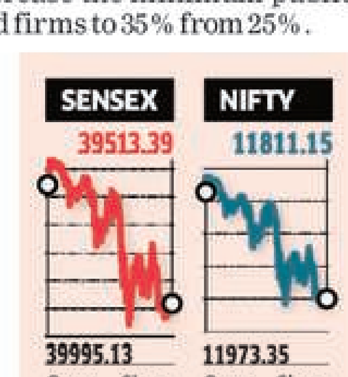
₹4L Cr Share Sale Coming to D St

Move to deepen markets; stocks react negatively; MNCs may delist local arms

Team ET

Mumbai: Indian promoters will have to sell shares worth nearly ₹4 lakh crore after the government proposed to increase the minimum public shareholding in listed firms to 35% from 25%.

The proposal caught the markets offguard and led to a sharp selloff. The Sensex and Nifty fell 1% each as investors realised the promoters of companies such as Tata Consultancy Services, HDFC Life and Avenue Supermarts would soon have to cut holdings. The local arms of MNCs would also be affected as the parents would prefer to delist them than reduce holdings. The FM did not, however, disclose the timeline for the plan.



Move will Benefit Minority Investors ▸▸ 19

CENTRE TO STAND PART GUARANTEE ON LOANS BOUGHT BY PSBs

Govt and Reserve Bank Throw a ₹1.34L Cr Lifeline to NBFCs

Nonbanking financial companies (NBFCs) get a ₹1 lakh crore lifeline with the government promising to bear the first loss of up to 10% of the high-rated pooled assets purchased by state-run banks from them for six months. The RBI announced measures that would allow banks to leverage this government support to provide nearly ₹1.34 lakh crore to back NBFC asset purchases. ▸▸ 8

Top Order Hit with a Bouncer, Again

Super-rich will have to pay up to 42.7% tax; ₹2-5 cr, ₹5 cr+ brackets affected

Team ET

New Delhi: The small number (by declared income) of very rich got somewhat poorer after the budget.

Continuing a post-reforms practice introduced in 2013 by Congress finance minister P Chidambaram of levying extra tax on the wealthy and for the fourth time since the Bharatiya Janata Party formed a government in 2014, Nirmala Sitharaman increased the 15% personal tax surcharge on top-end income brackets – for incomes between ₹2 crore and ₹5 crore, the new surcharge is 25%, and for incomes above ₹5 crore, the new surcharge is 37%.

This will push up the maximum marginal rate to 39% for those earning between ₹2 crore and ₹5 crore, and for those with annual income over ₹5 crore, the new maximum marginal rate is 42.74%. Maximum marginal rate is the highest rate of tax at any income level. This means for those with incomes between ₹2 crore and ₹5 crore, 39% will be the highest applicable tax rate, and for those with incomes above ₹5 crore, it will be 42.74% — the highest tax rate since 1992.

The extra tax outgo in absolute terms isn't small. Someone earning ₹3 crore a year (or ₹25 lakh per month) will pay roughly ₹76,375 more in tax per month. A taxpayer with an income of ₹6 crore a year (or ₹50 lakh a month) will have to shell out ₹3.4 lakh extra every month.

Those affected, however, make for a small percentage of 1.3 billion Indians. As per income tax data, of 46.6 million returns filed in 2016-17, only 74,983 individuals (or 0.16%) reported gross incomes between ₹1 crore and ₹5 crore. A good number of these will be taxpayers earning below ₹2 crore. So they aren't affected by the budget's new rates.

Comparable to Other Nations ▸▸ 19

Robin Hood Tax

Income Slab	Existing Surcharge	After Budget	Max Marginal Tax Rate
₹50 L to ₹1 cr	10%	10%	34.20%
₹1 cr to ₹2 cr	15%	15%	35.88%
₹2 cr to ₹5 cr	15%	25%	39%
Above ₹5 cr	15%	37%	42.74%

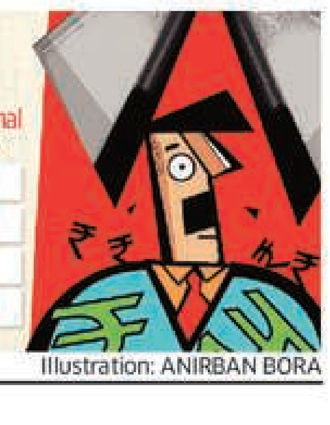


Illustration: ANIRBAN BORA

BUSINESS WAHI JO DE ROI Sahi

FINANCIAL FREEDOM

GAURAV MARYA
Chairman, Franchise India
Business Advisor, Entrepreneur & Author

ACCHE DIN ARE BACK!

THIS BUDGET FRANCHISING WILL DRIVE INDIA'S ENTREPRENEURIAL ENGINE

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Ritazza	UK's Premier Coffee House	16 Countries • 111 Units Over the World	+91 7291994369
Rasna Buzz	India's First Mocktail Bar	40+ Outlets	+91 7290054492
Coffee Point	India's Pioneer in Coffee Vending Business, Since 1996	370 Outlets & Growing	+91 7838678327
Wrap It Up	UK's Fastest growing QSR Chain	Operating Since 2006 Globally	+91 97176 83838
Millie's	UK's Leading Chain of Cookies, Coffees & Cupcakes Stores	90 Stores in UK • Running In 10 Cities	+91 9953300804
M.A.D	India's Favourite Pet Store Chain	10 Running Stores	+91 7982068080
U Clean	India's Largest Chain Of Laundry Studio's	140+ Stores	+91 8800493728
Twist of Tadka	Lifestyle Indian & Global Diner	By famous celebrity Chef Harpal Singh Sokhi	+91 7087150776
Fatburger	America's Iconic Burger Chain	Present in 25+ countries • 200+ units	+91 9717683838

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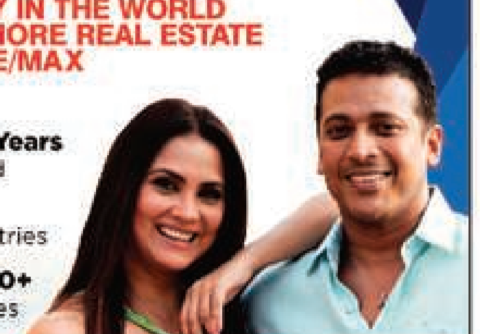

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Café, Bakery & QSR

One of the fastest-growing segments in Indian food services, with several domestic and international brands making their forays, the chain café market is estimated to have 100+ chain brands, with 5000-5500 outlets spread across various cities in India. The size of this market is estimated at INR 3,780 crore (USD 725 million)

Kake-Da-Hotel	A Heritage Restaurant Brand of India	40 + Outlets Since 1931	+91 7087150776
The Crêpe Café	America's Favourite All Day Dining Cafe	Presence in 12 Countries	+91 7291994369
The Chocolate Room	Exclusive Chain Of Chocolate Café	Present In 12 Countries • Successfully Running 300+ Cafés	+91 7290054492
Karim's	North India's Most Famous Mughlai Food Restaurant	Established In 1913	+91 7087150776
Wok To Walk	Europe's No.1 Wok Kitchen Chain	100+ Restaurants Worldwide • Global brand with 15+ Yrs Exp.	+91 9873146402
Délifrance	France's Leading Café Bistro	Over 320 shop in the world	+91 97176 83838
Döner & Gyros	Dubai Based Restaurant Chain	70 + Running Outlets around the Globe	+91 9212631460

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Retail & Other

The Indian retail market is expected to demonstrate a promising year-on-year growth of 6% to reach USD 865 billion, by 2023, from the current USD 490 billion. The share of apparel in India's retail market is 8%, corresponding to a value of USD 40 billion.

Patanjali Paridhan	Swadeshi Fashion Brand by yoga Guru Swami Ramdev	3500+ SKU'S 25+ Running Outlets	+91 9313675087
Wonderchef	Leading Brand of Kitchenware	300 product SKU'S Brand by Sanjeev Kapoor	+91 7000512872
CredR	India's Fastest Growing used Two Wheeler Brand	30+ Operational Showrooms	+91 8800493728
Body Building India	India's Leading Supplement Store	50+ Store Running Successfully	+91 8800493728
Chai Chun	India's First organized tea boutique chain	11 Stores Running Successfully • 165+ Varieties of Tea	+91 8373914594
9Round	World's Fastest Growing Fitness Franchise Network	780+ Locations • 17+ Countries	+91 8800493728
Placio	India's Premium Co-living Brand	Unmatched Experience	+91 8448390547

TAGG, Handiwala, Chaiaaram, Geet, Pappa Roti, Chinese Club, SGF, Fire n Grill, Aghraharam, Dhadoom, Cha Bar, La Chef, Janajal, Frozen Junction, Career Power, Love, Trevbert, Red Chief, RBC, Pecco Becco, Biryani Blues, Kool Kidz, Giani's, Panisa, Niss, Snehshtali, Wok To Walk, Tomato's, Addonn, Maharani of Delhi, Cambridge Colours, MapleBear, G D Goenka Group, JEI Learning Centers, Internet Marketing School, Google Partner, Trishul, MCB, Nainital Momos, Mirch Masala, Wayne Wright, marshalls, Dr. Puneet Chawla's Live Vaastu, Hair Masters, Funnel Hill, Cafe Udupi Ruchi, Apar India

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Tax Breaks on EVs. Fuel, Gold Dearer

The Road Ahead Tax deduction of ₹1.5 lakh allowed on interest paid for loans taken to purchase electric vehicles, govt asks GST Council to reduce tax from 12% to 5%; Local sourcing norms eased for FDI in the single-brand retail sector

IN FOCUS

Electric vehicles are set to become much more affordable, with the government planning to cut tax on such vehicles and extend income-tax rebates to people taking loans to buy battery-powered bikes, scooters, cars and three-wheelers.

Finance minister Nirmala Sitharaman in her budget speech has proposed I-T deduction of up to ₹1.5 lakh for interest paid on loans for buying EVs.

According to an ETIG analysis, on a loan of ₹10 lakh for an EV with a five-year tenure, the buyer will be paying an interest of ₹1.2 lakh a year at prevailing rates. This will lead to income-tax savings of up to ₹36,000 in the first year for an individual. The government has also urged the GST Council to reduce the tax rate on EVs to 5% from 12%, Sitharaman said.

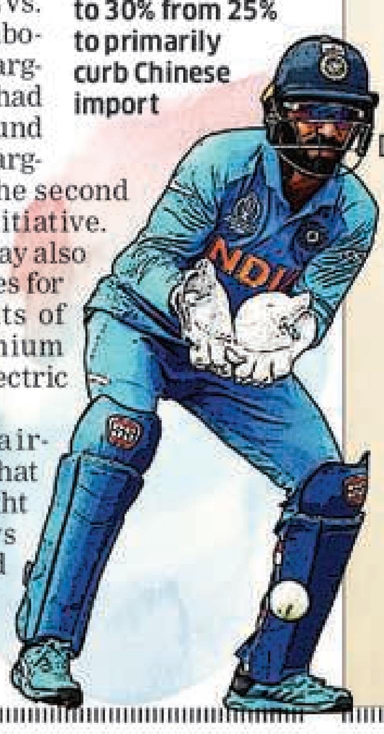
"Private buyers who were earlier not considered for a subsidy through Phase 2 of Faster Adoption and Manufacturing of Electric Vehicles (FAME-II) will now have a reason to seriously consider an EV, given the tax exemption of up to ₹1.5 lakh," said Shailesh Chandra, president (electric mobility business and corporate strategy) at Tata Motors.

Tarun Mehta, cofounder at EV maker Ather Energy, said I-T rebate is a major boost for end-consumers to purchase EVs. "It addresses the concern of the upfront cost of purchasing."

Supporting infrastructure, such as charging stations, is another key for the success of EVs. While the budget did not elaborate on plans for setting up charging stations, the government had in March 2019 earmarked around ₹1,000 crore for setting up charging infrastructure under the second phase of the FAME India Initiative. The finance minister on Friday also announced incentive schemes for mega manufacturing plants of solar photovoltaic cells, lithium storage batteries, and solar electric charging infrastructure.

TVS Motor Company chairman Venu Srinivasan said that the budget is a step in the right direction. "We have always maintained that EVs should be incentivised and not mandated through a ban on certain technologies." **Team ET**

DUTIES RAISED
Centre raised customs duty on built-up units of buses and trucks to 30% from 25% to primarily curb Chinese import



BUDGET AT A GLANCE

PRINT IN INDIA

With 5% duty, imported books to become dearer

To encourage the domestic publishing and printing industry, 5% customs duty is being imposed on imported books. This is expected to lead to a hike in prices of imported books. Apart from books, basic customs duty is being increased on items such as cashew kernels, vinyl flooring, tiles, metal fittings, mountings for furniture, auto parts, certain kinds of synthetic rubbers, marble slabs and fibre cables.

ELECTRONIC ITEMS

Some ACs, television parts to cost more

Electronic items like cathode ray tubes, CDs, DVDs, CRT monitors and TVs and plasma display panels to cost more with hike in import duty. Prices of some of the smaller split AC brands will go up by 8-9% with the government re-emphasising in the budget that the basic custom duty on imported ACs will go up from 10% to 20%. CCTV cameras, IP cameras, digital and network video recorders etc will also attract more levy.

Sachin Tendulkar was carried on the shoulders of team mates after India won the 2011 World Cup

TO FILL COFFERS

Increase in fuel prices to pinch consumer

Petrol and diesel prices to rise ₹2 a litre after a duty hike by the government that chose to shore up revenue from oil with no election in sight for months and little fears of crude oil flaring anytime soon. The government can gain ₹26,000 crore in revenue in a year from this hike. Domestic prices of petrol and diesel have risen merely ₹1.67 and ₹1.86 a litre, respectively, since January 1.

RELIEF FOR SMOKERS

Marginal impact on cigarette, cos may not hike prices

Cigarette makers are unlikely to hike prices due to imposition of the excise duty since the net impact is extremely marginal. The budget imposed excise duty of ₹5 per thousand cigarette sticks up to 75 mm in length, while for the premium king-size cigarette it is ₹10 per thousand sticks. As per the excise duty imposed, the impact on a pack of ten cigarettes will be around ₹0.05 paise and on a pack of 20 king-size cigarettes will be about ₹0.10 paise.

THE CONTEXT

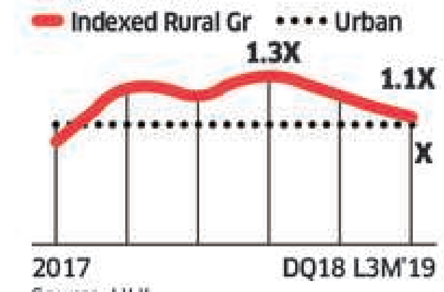
Weak Consumer Sentiment

CONSUMER SPENDING HAS SLOWED
Private Consumption Expenditure, Growth In FY19 (%)

Q1	7.3
Q2	9.8
Q3	8.1
Q4	7.2

CAR SALES ARE AT RECORD LOWS
Passenger Car Sales, y-o-y Growth (%)

FMCG MARKET ALSO DOWN
Index Of Rural Growth Vs Urban Growth



Source: HUL

RURAL INCOMES DENTED BECAUSE OF...
1] Low wage growth | 2] Soft food inflation | 3] Construction sector slowdown
4] Election-related slowdown

URBAN CONSUMER CAUTIOUS AS WELL
Average Salary Increases (%)

2014-15	10.4
2015-16	10.2
2016-17	9.3
2017-18	9.5
2018-19	9.7

Source: AON

I do not think the budget is growth oriented. The stock market has also come down considerably

ADI GODREJ
Chairman, Godrej Group

Local Sourcing Norms for Single-Brand Retail Eased

Move to benefit high-tech cos like Apple, Rolex who plan to open own outlets

New Delhi: High-tech companies such as Apple and Rolex may finally open their own retail stores in India as the government looks to ease local sourcing rules for foreign investment in single brand retail.

"Local sourcing norms will be eased for FDI in the single brand retail sector," finance minister Nirmala Sitharaman said in her budget speech without divulging details. The actual changes in norms are expected to be spelled out by the government later.

"I hope they remove the 30% sourcing requirements completely," said Paresh Parekh, partner for consumer products and retail at EY India.

That would be music to the ears of Apple Inc, whose plans to open its own outlets in the country have been hanging fire for three years. "Apple should be celebrating this," said Rushabh Doshi, research manager at Singapore-based research firm Canalys. "If anything, this makes it easier for them to ramp up their timelines for an India store."

Earlier this year, the Department for Promotion of Investment and Internal Trade (DPIIT) had proposed extending the timeline to comply with mandatory 30% local sourcing for single brand retailers to 10 years from five years now. Such a move is expected to help retailers such as Ikea and H&M of Sweden, Japan's Uniqlo and the UK-based Dyson.

Welcoming the move to relax local sourcing norms, Ikea India CEO Peter Betzel said, "While we await the exact fine print to assess impact on us, we believe any positive move will encourage FDI and grow the industry even more in India."

Prabhu Ram, head of intelligence group at Cybermedia Research, said the move "will spur the growth of the Indian economy" by helping attract "large players in the single-brand retail sector, including the likes of Apple".
Team ET

Gold, Silver to Get Costlier as Import Duty Raised

Increase in import duty on precious metals could encourage smuggling of gold and reduce exports

Kolkata: Gold and silver are set to become dearer following the increase in import duty on precious metals to 12.5% from 10% announced in the budget on Friday. Consumers will now have to pay 15.5% total tax on gold, including 3% GST. Finance minister Nirmala Sitharaman also announced an increase in duty on silver dore (having silver content not exceeding 95%) to 11.85% from 9.35%.

Industry executives said the increase in the levy could encourage smuggling of gold into India and reduce exports of gems and jewellery.

"The hike in import duty on gold will be a double whammy for a segment which is critical for creating much-needed jobs," said Ahammed MP, chairman, Malabar Gold & Diamonds. "It will lead to a substantial increase in input costs of the industry, sending retail prices up and hitting sales. On the other hand, it will provide a stimulus for illegal shipment of gold into the country, further hurting taxpaying companies."

According to industry estimates, 100-120 tonnes of gold enters the country illegally every year, while India consumes 800-850 tonnes of gold annually.

"High import duty not only discourages organised retail but also puts customers at risk of being cheated as they may buy gold from unorganised jewellers and traders that is not hallmarked," said Vaibhav Saraf, director, Aisshpra Gems & Jewels.

Somasundaram PR, managing director, India, World Gold Council, said the increase in import duty on gold was "counterproductive" to the objectives outlined in the previous budget and encapsulated in NITI Aayog's recommendations for transforming the gold market.

The increase in import duty on gold and silver, without a decrease in the import duty on processed diamonds and gemstones, will keep foreign tourists from buying jewellery from India and lead to a shift in processing of larger diamonds to competing countries like China and Vietnam, said Pramod Agarwal, chairman, Gem & Jewellery Export Promotion Council.

Following the budget proposal, the most active August gold futures on MCX platform traded more than 2% higher at ₹34,968 per 10 grams, after scaling an intraday high of ₹35,100.
Team ET

IMPACT ON GOLD
100-120 tonnes of gold enter India illegally every year, while the country consumes 800-850 tonnes of gold annually

"We hope states will adopt 'minimum government maximum governance' stand towards alcohol business"

ANAND KRIPALU
MD & CEO, Diageo India

VISION MODI 2.0

With new rules and regulations for FPI investments being put in place, the government is ensuring hassle-free investment in Indian markets but without compromising the integrity of cross-border flows

$64.38b

India's foreign direct investment inflows in 2018-19. This was 6% more than the previous year's inflows

"The message to support sound NBFCs sends strong signals to the banking and mutual funds industry"

RASHESH SHAH
Chairman & CEO, Edelweiss Group

FPIs may Book a Ticket to GIFT City

The bouquet of tax incentives could be just the trigger that puts the International Financial Services Centre on the global map and draws foreign investors. And NRIs get another reason to invest in their home country

IN FOCUS

Team ET

The finance minister has given a further boost to the International Financial Services Centre (IFSC) by proposing to exempt capital gains tax on equities traded on stock exchanges in the enclave, and to double the tax holiday for businesses operating out of there.

The budget that Nirmala Sitharaman presented on Friday also proposed to widen the types of securities traded on IFSC stock exchanges that would be eligible for exemptions on capital gains tax.

So far, capital gains exemption was limited to derivatives and certain notified debt, said V Balasubramaniam, the managing director of India International Exchange IFSC. "It has now been proposed to extend the exemption to all securities including equities, exchange-traded funds, alternative investment funds and mutual funds. This will provide complete clarity to foreign investors that no capital gains tax will be applicable on any product traded on IFSC stock exchanges," he said.

The government has proposed a 10-year tax holiday on 100% of the profit for business units in the IFSC. At present, full tax deduction is allowed for five years and 50% for another five. The units can claim the tax holiday for any 10 consecutive years out of 15 years from the start of the business, the budget proposed.

"By doubling the tax holiday, it will attract more participants to come to IFSC," Balasubramaniam said.

These and other measures like the proposal to create a Unified IFSC Regulatory Authority will help the IFSC alone to provide $1 trillion to the Indian economy in the next few years, he said.

India's first IFSC has been set up at Gujarat International Finance Tec-City (GIFT-City) in Gandhinagar, Gujarat, to rival international financial centres in Dubai and Singapore.

"In order to promote the development of world class financial infrastructure in India, some tax concessions have already been provided in respect of businesses carried on from an IFSC. To further promote such developments and bring the IFSC at par with similar IFSCs in other countries, following additional tax benefits are proposed," Sitharaman said.

The budget has proposed to also expand the benefit of tax exemption given to dividends paid by IFSC units. They can now pay dividend free of tax out of their profit accumulated after April 1, 2017. At present, the tax is not levied if the dividend is paid out of their current income.

To facilitate the setting up of mutual funds in IFSC, the government has proposed that there would be no additional tax on the distribution of any amount after September 1, 2019 by specified mutual funds out of their income derived from transactions made on an IFSC stock exchange.

Balasubramaniam of India International Exchange said the proposal to exempt alternative investment funds (AIFs) from capital gains would attract such entities to move from other DTAA (Double Tax Avoidance Agreement) jurisdictions to the IFSC in Gujarat.

Welcome Change

FM PROPOSES to widen the types of securities traded on IFSC stock exchanges that would be eligible for exemptions on capital gains tax.

A 10-YEAR tax holiday on 100% of the profit for business units in the IFSC

EXEMPTS DIVIDEND distribution tax

FACILITATES SETTING up of mutual funds in IFSC, by proposing that there would be no additional tax on distribution of any amount

THE CONTEXT

Waiting For Earnings Revival

PROFIT GROWTH YET TO RECOVER

Net Profit Of BSE 500, % Growth

2014-15	-4.41
2015-16	-2.59
2016-17	23.16
2017-18	-1.48
2018-19	1.46

MARKET IS SEEN OVERVALUED

Nifty Dividend Yield (%)

MARCH 31	
2015	1.28
2016	1.49
2017	1.25
2018	1.29
2019	1.13

Nifty PE Ratio

MARCH 31	
2015	22.7
2016	20.89
2017	23.82
2018	24.66
2019	28.36

VALUATION CONCERNS HAVE DAMPENED FLOWS

Net Investment (₹ Cr)

	FII	MFs
2014-15	1,11,244	40,757
2015-16	-9,352	66,138
2016-17	59,880	53,454
2017-18	20,980	1,41,261
2018-19	7,861	91,867

Compiled by: ETIG Database

Tax on Buybacks Levels Playing Field for Cos, Investors

Mumbai: The central government has proposed to introduce 20% tax on buybacks by listed companies. Until now, such provisions were applicable only to unlisted companies. The measure has been introduced by the government to curb the misuse of the buyback route by listed entities to avoid taxes.

In the past few years, corporates have been using buybacks to return money to shareholders instead of dividends since dividends attracted distribution tax. With the introduction of the buyback tax, this tax arbitrage will end, said experts.

Until now, investors tendering shares in a buyback were subject to capital gains tax. The tax applicable was in the range of 10-15% for both domestic and foreign investors, provided the buyback happens through stock exchanges. Going forward, investors will not have to pay any capital gains tax on the shares tendered in a buyback. Instead, the company will deduct the 20% distribution tax from the total buyback corpus and pay the balance amount to investors. The development could impact the premium that companies offer during buybacks, said experts.

"Buybacks will become relatively expensive for listed companies after the introduction of the buyback tax," said Amit Singhania, partner, Shardul Amarchand Mangaldas. "It will also take away the flexibility of investors to set off the losses using capital gains accrued by tendering shares in a buyback."

Buybacks typically happen at a premium to market price so that shareholders have some incentive to tender their shares. Due to higher tax outgo, companies could reduce either the buyback size or the price.

Currently, tax on buybacks comes under capital gains, which can be used by investors to offset capital losses they make in other investments and save taxes. Such a provision will no longer be available.

The move will bring parity in buyback taxes payable by various classes of investors, said experts. For instance, domestic investors are subject to 10% tax while offshore investors are subject to 15% tax in buybacks through a stock exchange platform. Now, all investors will be subject to a single tax slab of 20%.

The government had introduced tax on dividends in 2007 and increased the levy in 2016 when it introduced additional dividend tax (ADT), which was applicable on investors who received dividends over ₹10 lakh. This prompted several companies to reduce their dividend payouts and instead go for share repurchases. The total buybacks increased from ₹1,834 crore in FY16 to ₹55,587 crore in FY19, Prime Database showed.

Increasing Buybacks in Listed Companies

Amount (₹ Cr)

FY19	55,587
FY18	53,307
FY17	34,468
FY16	1,834
FY15	605

SOURCE: Prime Database

Jonty Rhodes during 1992 World Cup

Option Buyers Get STT Relief, Trading a Lift

ON SELL SIDE

For option selling, the existing STT rate is 0.017% on option premium; so the proposed changes won't affect them

In a major relief to options buyers, the budget has proposed that securities transaction tax (STT) be calculated on the difference between the strike price and settlement price instead of the value of a contract.

Analysts believe this is beneficial for options buyers, although it might affect 'In the Money' option sellers. But overall, the move would boost volumes and participation in the options segment.

As of now, STT is charged on the entire value for "In the Money" strikes on the buying side, at 0.125%. For instance, a Nifty option with a strike price of ₹11,800 expires In the Money at a spot price of ₹11,900. It would have cost around ₹1,116 per lot (11900 x 75 x 0.125%). But with the changes, the same would attract an STT of just ₹9.375 per lot (11900-11800)*75*0.125%).

Team ET

NRIs Can Now Invest Via the FPI Route

Govt raises FPI holding limits, eases KYC norms to attract more foreign funds

Mumbai: The budget has proposed several measures to boost overseas fund flows. Merger of the non-resident Indian (NRI) and foreign portfolio investor (FPI) routes of investment, increasing statutory FPI investment limits, and simplification of documentation processes are among the key budget steps.

These measures would provide a more conducive regulatory environment to FPIs, especially NRIs, experts said.

"Foreign investors have rightly been recognised as a key source of capital for the Indian economy and an attempt to provide harmonised and hassle-free investment experience has been made," said Suresh Swamy, partner, PWC India.

Currently, NRIs invest in Indian stock markets through portfolio investment schemes (PIS), which are governed by the Reserve Bank of India (RBI). The scheme comes with several restrictions and NRIs aren't often keen on using the route. Assets under custody of investors using the NRI route are only around ₹3,000 crore, Sebi data showed.

FPIs CAN PLAY

FPIs are set to get deeper access into the Indian markets as the government has also proposed to increase their investment limit to the sectoral limit

A committee on FPIs had discussed this issue. However, RBI had then opposed the plan since several NRIs held non-equity assets, such as fixed deposits, through PIS accounts.

"NRI investments currently are subject to tax deduction at source (TDS). If NRIs are allowed to come through the FPI route, there will be no TDS applicable," said Rajesh Gandhi, partner, Deloitte India. "Offshore funds will be able to sell their India investment products to NRIs without any major restrictions."

FPIs are set to get deeper access into the Indian markets as the government has also proposed to increase FPI limits in listed companies. Currently, there is a cap of 24% on FPI investments in a company. This cap can be increased up to the sectoral limit by the company through a board resolution.

Under the new rules, the FPI limit in a company would be automatically set to the maximum permissible limit for the sector. However, if the company wants lower FPI participation, it can pass a special resolution capping the limit.

For instance, insurance companies have an FPI sectoral cap of 49%. Until now, FPIs could automatically invest up to 25% in insurers and could buy up to 49% if the company passed a board resolution. Going forward, FPIs will be able to buy up to 49% automatically. The budget has also proposed to simplify KYC norms for FPIs.

Team ET

Some Assurance, Some Direction, and Lots of Hope

BY INVITE

SANJEEV PRASAD
ED AND CO-HEAD, KOTAK INSTITUTIONAL EQUITIES

The budget will largely satisfy the market's expectations on the government's commitment to economic reforms and partly assuage the market's concerns about fiscal management. A section of the market will probably feel disappointed by the lack of any meaningful fiscal stimulus, but India's weak fiscal position, with FY20BE fiscal deficit at 3.3% of GDP and consolidated fiscal deficit of around 6%, does not provide much scope for a broad fiscal stimulus. As such, the government's large borrowing in the form of bonds and small savings has partly nullified the RBI's accommodative monetary policy stance and resulted in a partial transmission of rate cuts by the RBI.

The government expectedly focused on its major social welfare programmes. It increased the expenditure on rural spending under various welfare schemes to ₹4.3 lakh crore for FY20, a 22% increase over FY19. In our view, better financial inclusion, health, housing, and sanitation have large long-term economic benefits, given the large positive impact on overall productivity.

The government reiterated its commitment to economic reforms and the role of private sector investment in improving India's long-term growth potential. However, the budget did not carry any specific measures to reverse the current slowdown or increase investments. The government will announce specific policies for various infrastructure sectors later. We expect investment-related sectors such as capital goods, construction and infrastructure to benefit in the medium term, although the extent and timing of benefits will depend on the government's ability to implement certain investment-related reforms.

The budget largely focused on fiscal consolidation and provided limited fiscal stimulus to a few sectors. The government had limited scope to reduce taxes given India's high fiscal deficit and continued slippage in GST collections. The government did whatever little it could. In particular, we welcome the government's enlarged budget for affordable housing under the PMAY scheme and the additional ₹1.5 lakh deduction on interest paid on self-occupied houses costing up to ₹45 lakh, which is a positive for the real estate sector and the economy as it may kick-start housing investment, which has declined sharply over the past few years. It has also extended lower corporate tax rate of 25% to companies with a turnover of up to ₹400 crore from ₹250 crore earlier.

HOLDING ISSUES

The proposal to increase minimum public shareholding to 35% from 25%, will result in large overhang for several stocks

The budget should satisfy the market's expectations about reforms even if it did not have specific announcements. However, the proposal to increase minimum public shareholding to 35% from 25%, if accepted by SEBI, will result in a large overhang for several stocks with more than 65% promoter holding. Also, the divestment target of ₹1.05 lakh crore and the proposal to consider shareholding of government entities as government holding will enable the government to sell more shares as long as the overall government holding is still 51%. This may result in a large overhang for PSU stocks in general, but enable the government to meet its divestment and fiscal revenue targets. Lastly, the 20% income tax on buyback of shares will nullify the earlier advantage of buybacks versus dividends as a way to return cash to shareholders.

Credible Intentions and Matching Action to Pave Way for New India

BY INVITE

RAJNISH KUMAR
CHAIRMAN, STATE BANK OF INDIA

The budget can be credited with carrying forward the 10-point vision for the decade, and focuses on India becoming a $5 trillion economy over the next five years. The government has laid out a clear road map by leveraging the low external debt to GDP (at 4% or so). The FDI rules have been eased allowing 100% FDI in insurance intermediaries, bringing cheer to the sector.

Infrastructure investment is likely to continue to push the economy and jobs. The announcement on infrastructure investment of ₹100 lakh crore spread over five years sounds good and this needs to be augmented from overseas borrowings. The increase in expenditure or support to agriculture is also likely to sustain the pace of growth.

Under roads sector, the government plans to launch phase 2 of the Bharatmala scheme. State road networks will be developed in second phase of the Bharatmala project and navigational capacity of the Ganga will be enhanced via multi-modal terminals at Sahibganj and Haldia and a navigational lock at Farakka by 2019-20.

Importantly, the focus on railways continues in this budget. The outlay on Metro projects has increased from ₹14,265 crore (BE 18-19) to ₹17,714 crore (BE 19-20). Other infrastructure initiatives such as One Nation, One Grid for power sector, gas grids and water grids are well thought out in consonance with today's challenges.

The government has acknowledged the crucial role of NBFCs in sustaining consumption demand. To enable public issuances of debt by NBFCs, the requirement to maintain a Debenture Redemption Reserve, as required by RBI, has been done away with. However, the mandatory special reserve as required by RBI has to be maintained.

RBI HOLD ON HFCs

Housing finance companies would henceforth be regulated by the RBI which, we feel, would ensure better regulation and level playing field

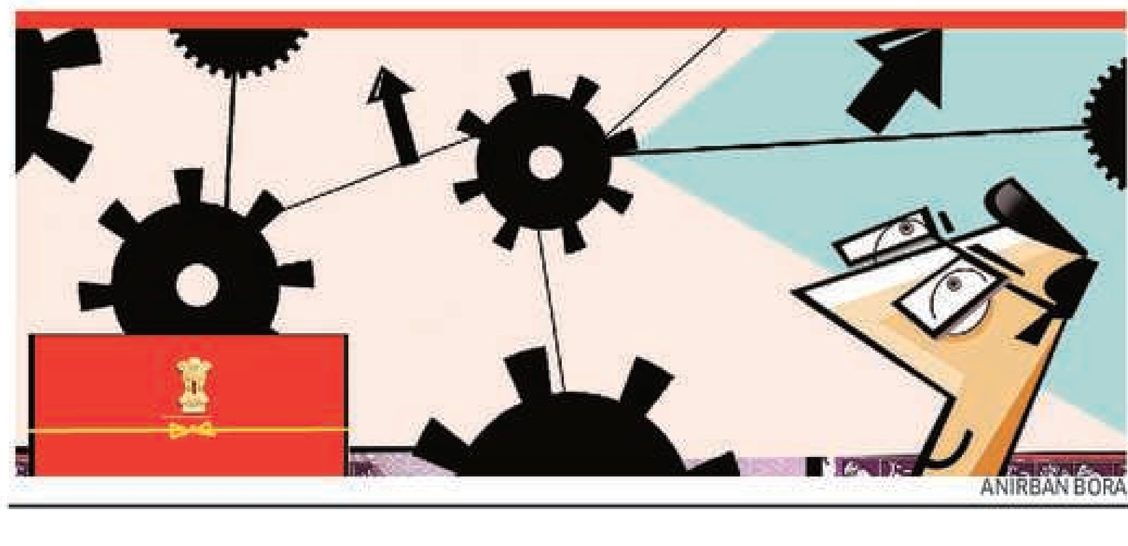
Housing finance companies (part of NBFCs) would henceforth be regulated by the RBI which, we feel, would ensure better regulation and level playing field. Post budget, the RBI has announced Additional Liquidity Facility to banks for purchase of assets from and/or on-lending to NBFCs/HFCs thus, facilitating credit flow to better rated NBFCs.

The government proposes streamlining multiple labour codes into a set of four labour codes with the aim of reducing the number of labour disputes. This would help in ease of doing business.

A major budgetary push is to incentivise adoption of e-vehicles, which allows not only upfront incentive from the ₹10,000 crore outlay under FAME Scheme (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles) but also income tax deduction on interest on loans for purchase of e-vehicles. Customs duty on certain parts is also being exempted. Further, the budget proposes to reduce GST on electric vehicles from 12% to 5%. The benefits over the loan period to the consumer is likely to be around ₹2.50 lakh.

The budget has provided several incentives to affordable housing. Additional deduction up to ₹1.5 lakh for interest paid on loans sanctioned till March 2020 and constructing 1.95 crore houses under PMAY will provide a big boost to the affordable housing sector and boost employment. FPIs will also be permitted to subscribe to listed debt securities issued by ReITs.

The budget has also taken several steps for the MSME sector. Overall, we believe the budget has credible simple intentions to take India to a new horizon.



ANIRBAN BORA

"The expectations were that of a bold reformist budget, but it turned out to be an incremental budget at best"

SATISH REDDY
Chairman, Dr Reddy's Labs

VISION MODI 2.0

Tax proposals in the budget aim to stimulate growth, incentivise affordable housing, and encourage startups. The idea is to simplify tax administration and bring greater transparency

₹8,99,657cr
Tax revenues not realised at the end of FY18

@MILINDDEORA
I welcome the government's decision to launch a pilot scheme to reduce tax terrorism & corruption in the income-tax department. I hope this scheme succeeds & improves ease of doing business in India #Budget2019

Big Players Don't Make the Cut

Miles to Go Corporate tax rate cut for mid-size domestic companies and more tariff protection for domestic firms will boost the Make in India story, but the biggest companies will have to wait longer for a lighter burden

IN FOCUS

The tax relief for companies is confined to small and mid-tier businesses, with the minister choosing to lower the corporate tax rate to 25% from 30% for enterprises with a turnover of up to ₹400 crore.

"This is a forward and backward budget. Personal taxes going as high as up to 50% takes us back to bad old socialist days, but an increase in the turnover threshold for lower corporate tax rate is welcome," said Nishith Desai, founder of Nishith Desai Associates.

Shefali Goradia, partner, Deloitte India, concurred but said that for large companies, India will remain less competitive as the total effective tax rate, including the dividend distribution tax, is as high as 48.31%. "In comparison, China has a 25% rate, with a 10 to 20% rate for small scale enterprises, while US offers 21% rate. Singapore is even lower at 17%."

The government defended move, saying this will cover 99.3% of companies. "From a numerical perspective, this is significant--the cut is targeted towards medium enterprises," said Ganesh Raj, national tax policy leader, EY. "The philosophy seems to be common in personal income tax and corporate tax. Bigger companies will need to contribute more just as the rich have to pay more tax."

The sweetener for large firms is the tax incentive – an investment-linked deduction for large manufacturing companies that invest in electronics and other advances technology areas. Here the government has not gone by the size of the company.

A CASE FOR MORE CUTS
A steep cut would make industry more competitive, leave more cash for investment and avoid driving business people elsewhere

But an across-the-board steep cut along with removing tax-planning opportunities would have been more equitable vis a vis small and medium-sized companies, experts said. That would make industry more competitive, leave more cash in the hands of corporates for investment and expansion and avoid driving business people elsewhere.

"A reduction in corporate tax rate for smaller companies would help the government's resource-mobilisation measures," said Kaushik Mukerjee, partner, PricewaterhouseCoopers India. "But extending the cut to large corporates would have further helped FDI inflow in advanced technology areas."

There is room for an across-the-board cut, with the government adopting the Organisation for Economic Co-operation and Development's rules to end base erosion and profit shifting to boost revenue, said experts. Collections from corporate tax have improved considerably in FY19 due to widening of tax deducted at source, anti-tax evasion measures and an increase in the effective tax-payers base, providing leeway for such a cut. The goods and services tax (GST), which will stabilise in the medium term, will widen the tax base for corporate tax, as more companies come into the indirect tax net.—**Team ET**

A Matter of Trust

Income tax sleuths will have powers to scrutinise, probe and even cancel registration of a trust or an institution that fails to comply with laws that are material to achieving their objectives. This may pose challenges to NGOs in education and health sectors and lead to more litigation.

BUDGET AT A GLANCE

EXPORTS BOOSTER

Taxbreak on Capital Spending in Mega Plants

A tax-break on capital spending in mega manufacturing plants is meant to raise the share of manufacturing as a proportion of GDP and help boost exports. The incentive will be an investment-linked deduction in sunrise and advanced technology areas. Investors will be enthused only when enabling infrastructure like 24/7 power supply is in place for the tax break to work and spur investment.

CUSTOMS POWER

Crackdown to Curb Misuse of Concessions

A crackdown against bogus entities that indulge in unfair practices to get export concessions will curb misuse. Also, misuse of duty free-scrips and drawback facility involving more than ₹50 lakh will be a cognizable and non-bailable offence. Customs officers will have powers to arrest a person who commits an offence outside India or Indian Customs waters, to make certain offences as cognizable and nonbailable and provisionally attach bank accounts.

Jasprit Bumrah celebrates bowling out Sabbir Rahman of Bangladesh during a group stage match of the ICC Cricket WC 2019

PRO-RESOLUTION

Sweetener for Buyers of Cos at Bankruptcy Court

Good news for prospective buyers of companies that the government has taken to the bankruptcy court. These companies will not be denied carry forward of business loss when there is a change in shareholding as well as the board of directors. In the normal course, a company loses the benefit of carry forward losses when more than 50% of the shareholders change. Distressed companies will also get a breather on minimum alternate tax. It will help turnaround of companies.

GST REFORMS

More Teeth to Anti-profiteering Authority

Changes in the Central Goods and Services Tax to ease compliance for traders. This includes empowering the National Anti-profiteering Authority to impose penalty equivalent to 10% of the profiteered amount. This will compel industry to pass on tax cuts to consumers who will gain from lower retail prices. A National Appellate Authority for Advance Ruling will help resolve disputes at an early stage.

DISTRESS SALE SOPS

Deemed Gift Tax Waiver for Distress Asset Buyers

An exemption from deemed gift tax will be given to buyers of some categories of distressed companies that will be notified by the government. The levy treats investment in companies at a price below its fair market value as a deemed gift and taxes the difference at 30% in the hands of the buyer.

RECAST-FRIENDLY

'Demerger' Definition Simplified

The definition of 'demerger' has been simplified to allow the resulting company to record the value of the property and liabilities at a value different from the book value in compliance with the Indian Accounting Standards. This will make restructuring easier and do away with tax uncertainty.

Change in Duties to Boost Make in India

The budget has proposed a significant rejig in basic customs duties to encourage manufacturing in the country. This involves raising customs duties on a number of products, withdrawing exemption from some and lowering rates for others to encourage value addition.

The aim is to emerge as an attractive investment destination for companies looking to diversify manufacturing operations from China. The move also intends to give some protection to domestic producers.

"Make in India is a cherished goal," finance minister Nirmala Sitharaman said.

Experts say these measures will boost Make in India and enhance ease of doing business.

"Indirect tax proposals are based on promoting the key themes around Make in India, environmental concern, technology-led tax administration and ease of doing business," said Pratik Jain, national leader, indirect taxes, PwC.

INDIA CALLING
The aim is to emerge as an attractive investment destination for companies looking to diversify manufacturing operations from China

Duty increases have been proposed on a host of items ranging from stainless steel to CCTV cameras to outdoor units of split air-conditioners. Sitharaman also announced a waiver of customs duty for nuclear power and parts required for building eight indigenous atomic energy plants as the country eyes a bigger space in the sector. Exemption has been provided for the defence sector, but it's limited to goods not manufactured in India.

"The removal of basic customs duty on capital goods for manufacturing of parts and components will reduce capital cost by 7% and improve competitiveness," said Pankaj Mohindroo, chairman, India Cellular & Electronics Association.

Mohindroo said many such steps will lead towards making India the most competitive nation in the mobile phone manufacturing ecosystem and will eventually reduce costs for consumers.

"Budget proposals seek to boost Make in India, with benefits provided to manufacturing sector by way of reducing duties on certain inputs and raw materials and creating a level playing field by increasing duties on certain goods," said Prashant Deshpande, partner, Deloitte India.

The budget has also reduced customs duty on parts used to manufacture electric vehicles.—**Team ET**

Surcharge on Entire Tax Liability to Make the Wealthy Shell Out More

BY INVITE
DINESH KANABAR
FOUNDER AND CEO, DHRUVA ADVISORS

When the curtains were finally raised, we did not have the return of wealth tax or the introduction of inheritance tax... yet, the mood was sombre because the effective income tax rate on individuals earning ₹5 crore or more was enhanced to 42.77%. While several countries, including Scandinavia, Australia, South Africa and China, have even higher rates, they also have social security systems, which we don't, and that makes the rate seem high.

Another interesting aspect is the way in which the tax has been levied. The government could have levied a 42% tax on income above ₹5 crore. Instead, it proposed a higher levy of surcharge. As a result, once the income of a taxpayer goes above ₹5 crore, the surcharge applies on the entire tax liability rather than on income in excess of the threshold. A taxpayer with income of ₹6 crore would end up paying tax of ₹2.44 crore instead of ₹1.9 crore had a new slab been introduced.

There are other noteworthy changes that are very welcome, including provisions concerning International Financial Services Centres. The IFSC regime in India is yet to take off in the absence of the enabling tax regime. The finance bill proposes that units in IFSCs will be exempt for a 10-year period, dividend declared by them would not attract dividend distribution tax and their interest payments would not be subject to withholding tax. MAT at reduced rates would continue to apply. These changes should enable the IFSC regime to take off.

Continuing with the thrust on promoting a cashless economy, several changes have been proposed. They include a TDS at 2% on cash withdrawals in excess of ₹1 crore in aggregate from a bank or post office. However, since this is a withholding tax, the recipient can claim credit for it in regular tax assessments.

The other important announcemis regarding the issue of angel tax. Where startup investors can prove their income sources and this is verified electronically, valuations will not be challenged and there would be no adverse tax consequences, either in the hands of the investors or the start-up. The changes are expected to be retrospective.

We have an administrative reform in e-assessments, which is already on the statute. Assessments will be made electronic in such a manner that the assessment range would not be disclosed to a taxpayer and the tax officer carrying out the assessment could be located anywhere, without any physical interaction between them. We need to await the actual scheme and its implementation to ascertain whether this results in mitigation of high-pitched assessments.

Finally, the finance minister announced that taxpayers will be provided with pre-filled tax returns encompassing their income from known sources and taxes withheld. This will test the backbone of the information technology system and a question that would arise is about the consequences should the income returned by an assessee vary with that mentioned in the pre-filled tax returns.

IMPACT ON IFSC
Budget tax incentives will help international Financial Services Centres regime to take off in India

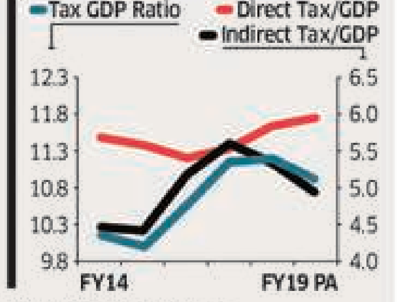
Lasith Malinga took four wickets in four balls in the 2007 World Cup

Straight Drive

To Double the Tax to GDP Ratio:

- **Make existing** taxes work more efficiently
- **Mine goods and** services tax data to expand tax base
- **Pursue audit** trails to help raise direct tax collections
- **Have a stable tax** policy to draw in more investment

TAX TO GDP RATIO (%)



Source: Union Budget Documents & CGA
PA: Provisional Actuals

Amnesty Scheme to Resolve Legacy Tax Issues

The government has unveiled an amnesty scheme to resolve excise and service tax disputes pertaining to the period before the introduction of the goods and services tax to clear the backlog of cases and improve the ease of doing business. Even two years after the indirect tax regime was replaced by GST, the litigation doesn't seem to die down and there is a huge pendency, tax experts said.

"The announcement relates to the legacy dispute resolution scheme, which intends to reduce the pending service tax and excise litigation of the pre-GST regime. It is expected that the scheme will support businesses where there are various ambiguous issues pending before the tribunals," said Abhishek A Rastogi, a partner at Khaitan & Co.

All parties can settle the disputes, save those who face conviction and those who have moved the Settlement Commission. Relief under the scheme varies from 40% to 70% of the tax dues for cases other than voluntary disclosure cases, depending on the amount of tax dues involved.

"More than ₹3.75 lakh crore is blocked in litigations in service tax and excise. There is a need to unload this baggage and allow business to move on," finance minister Nirmala Sitharaman said.—**Team ET**

"There is continuity and this budget is consolidation oriented to strengthen the NBFCs and banks"
VENU SRINIVASAN
Chairman, TVS Group

VISION MODI 2.0

Paying taxes should be a cakewalk, but if you are rich, you have to 'contribute' more towards the country's development

₹11.37 lakh crore
direct tax revenue in FY19, up 78% from ₹6.38 lakh cr in FY14

"Budget sets out a clear path for accelerating private investment driven economic growth"
RAJIV KUMAR
Vice Chairman, NITI Aayog

More Taxes, More Rules, Some Sops

Filling Coffers The budget increases the tax surcharge on the super rich and makes filing tax returns compulsory if you deposit more than ₹1 crore in a current bank account, use electricity worth ₹1 lakh or spend ₹2 lakh on foreign travel in a year

IN FOCUS

Homebuyers will be able to avail an additional ₹1.5 lakh deduction on home loan interest for properties worth up to ₹45 lakh. This is over and above the existing deduction of up to ₹2 lakh. Effectively, buyers of affordable housing can claim deduction of up to ₹3.5 lakh. This extra deduction can only be claimed on loans sanctioned during the current financial year. Also, the individual must not own any residential property on the date of sanction of the loan.

"Considering a majority of homebuyers are from the lower and mid-income segments, this tax benefit will boost demand," said Ramesh Nair, CEO & Country Head, JLL India. According to the FM, this deduction will translate into a benefit of around ₹7 lakh for homebuyers over a loan tenure of 15 years. A 15-year home loan of up to ₹35 lakh at an interest of 8.7% translates into an interest outgo of ₹2.99 lakh in the first year. At 9% interest on a 15 year home loan, the interest payment in the first year works out to ₹3.12 lakh. Effectively, most new homebuyers who have taken a loan this year will not be able to claim the entire deduction of ₹3.5 lakh. Further, this interest outgo will progressively reduce over the years. By the ninth year, the interest component would drop below ₹2 lakh. Borrowers will not materially benefit from the additional deduction in later years.

"Even in the first year where the interest burden is the highest, you do not hit the revised ₹3.5 lakh limit and the limit continues to shrink as the loan tenure progresses," said Adhil Shetty, CEO, BankBazaar. As it is impossible to avail the full benefit, Shetty feels this benefit should have been extended to properties of higher values where the borrowing may be much higher.

Homi Mistry, Partner, Deloitte India, felt that since getting a property for less than ₹45 lakh in metros is almost impossible, the provision would mostly benefit lower income borrowers in tier 2 and tier 3 cities. Even then, the total deduction of up to ₹3.5 lakh will translate into tax savings of around ₹70,000 in the first year for someone in the 20% tax bracket. The total savings over a 15-year tenure would add up to more than ₹ 5.5 lakh.—**Team ET**

HOW HOMEBUYER BENEFITS FROM EXTRA 1.5 LAKH DEDUCTION

Year	Interest outgo (₹)	Tax saving (₹)
1	2,99,841	59,968
2	2,89,094	57,819
3	2,77,073	55,415
4	2,64,590	52,918
5	2,50,651	50,130
6	2,35,448	47,090
7	2,18,870	43,774
8	2,00,790	40,158
9	1,81,072	36,214
10	1,59,570	31,914
11	1,36,120	27,224
12	1,10,546	22,109
13	82,657	16,531
14	52,242	10,448
15	19,074	3,815

Assuming 15 year home loan of ₹35 lakh at 8.7% interest and 20% tax bracket

BUDGET AT A GLANCE

Clive Lloyd vs Australia, 1975 World Cup final

PROPERTY
TDS on deals
In addition to base price, other charges like club membership fee, car parking fee, etc will also be considered while calculating TDS now

PAN & AADHAAR
Interchangeable
Tax filers are now allowed to quote either PAN or Aadhaar number while filing tax returns

RETURNS
Compulsory filing reintroduced
Provision for compulsory filing of returns introduced again. You have to do it if you have deposited ₹1 one crore or more in bank accounts, incurred expenditure of more than ₹2 lakh on foreign travel, have electricity bills above ₹1 lakh, etc

DEDUCTION
Deduction of TDS by individuals or HUF
Individuals or HUFs have to deduct TDS at 5% if the annual payment made to contractor or professional exceeds ₹50 lakh

GIFTING
To foreign residents
Gifting rule rationalised by bringing tax parity between gifts made to residents and non-residents

CPSE
CPSE ETF to get ELSS benefits
The government wants to bring CPSE ETFs under the ambit of equity linked saving schemes (ELSS). This will make investments in CPSE ETFs eligible for tax deduction under Section 80C

ASSESSMENT
No personal interaction
Faceless assessment will be launched to bring down personal interaction between department and taxpayer. Cases for scrutiny shall be allocated by a Central Cell, without disclosing details

New NRIs in Focus as Govt Goes After Black Money

Black Money Act to be amended to include non residents

Mumbai: Black money continues to be a bee in the government's bonnet. It will change the law to go after Indians who have settled abroad to get the NRI tag and escape tax on hidden income. And, in a quasi-amnesty scheme, individuals and companies who had declared cash hoards after Demonetisation, will get a second chance to come clean.

NRIs will be under glare for their undisclosed properties and bank accounts created during the years when they were 'residents'.

The harsh Black Money Act – which can go back as early as 1961 and till now covered only 'residents'—will be amended to include 'non residents.' The amendment will take effect retrospectively from 1 July 2015 when the law came into existence.

Under the law, a person with hidden income or assets has to fork out 30% tax, 90% penalty, and even face prosecution.

"Suppose, a person has been residing in Dubai since 2004. If the government stumbles upon his undeclared Swiss bank accounts opened in 1999, what will matter is whether or not he was a resident in 1999. If indeed he was a resident then, he will face the music even if he's currently an NRI. This widens the scope of the Act," said senior chartered accountant Dilip Lakhani. "The government can proceed to attach his foreign assets," he said.

However, according to Mitil Choksi, senior partner at Chokshi & Chokshi LLP, a person may still escape if, after becoming an NRI, he receives the asset as gift from an NRI friend who had originally acquired it.

Under the 'Income Declaration Scheme, 2016', launched post DeMo, assessees were spared of prosecution as long as they were willing to surrender about 45% of the cash. The government will now "notify the class of people" who didn't pay tax, interest and penalty then, but will now get a chance to pay up. "Such amnesty schemess should be extended to everyone eligible as many declarants could not pay tax, surcharge, penalty within due date," said Amit Maheshwari, partner at Ashok Maheshwary & Associates.

CURB ROUNDTRIPPING

Tax and enforcement agency officials had a lurking suspicion that individuals were transfering funds as 'gifts' to NRI friends under RBI's Liberalised Remittance Scheme (LRS) to reroute the money into India. The government will now tax NRIs receiving such gifts from residents who are not their relatives. The amount will be considered as of NRI's `deemed income' which can be taxed in India. A resident can remit upto $250,000 a year under LRS. —**Team ET**

"The FM is backing large NBFCs. We need to see more specific steps taken over the next 12 months"

SANJIV BAJAJ
MD, Bajaj Finserv

VISION MODI 2.0

The govt says PSBs have to follow a new rule book. Questionable practices are out and so is 'phone banking'. It's time to usher in 'clean banking'

₹4 Lakh Cr

Recovery made by creditors after IBC came into force

@ZARINDARUWALA

The budget lays down a vision for the next five years. It also signals the government's commitment towards fiscal consolidation

Giving Credit Where It's Due

NPA-hit banks and crisis-ridden NBFCs get special attention with substantial liquidity support; government to borrow in foreign currency in overseas markets, experts say this may lead to greater scrutiny of fiscal numbers

IN FOCUS

Team ET

The budget threw non-banking finance companies (NBFC) a ₹1 lakh crore lifeline with a promise to stand part guarantee on loans purchased by state-run banks for six months.

Banks can borrow from the RBI by pledging their excess government bond holdings to fund the purchase of NBFC assets. The RBI has advanced a new mandatory government bond holding rule for banks to buy such assets, which could potentially release ₹1.3 lakh crore.

The government guaranteed to bear the first loss of up to 10% of the assets, but that may fall short of what the industry has been demanding in terms of support.

"Whether banks will be able to use the limit in six months for securitisation is to be seen," said Umesh Revankar, MD and CEO, Shriram Transport Finance. "Direct refinancing window would have been a better option. We have to see how banks formulate their credit policy. It will mostly go to housing finance companies."

NBFCs have been demanding a special liquidity window ever since credit markets tightened after Infrastructure Leasing & Financial Services imploded last September. With both mutual funds and banks pulling back on lending due to fear of defaults, NBFCs' funding cost soared and liquidity dried up.

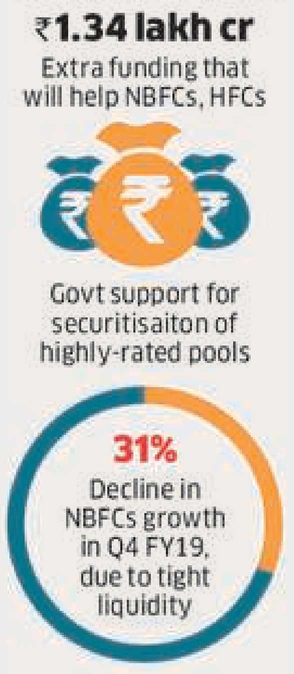
"NBFCs are playing an extremely important role in sustaining consumption demand as well as capital formation in small and medium industrial segment," said finance minister Nirmala Sitharaman. "NBFCs that are fundamentally sound should continue to get funding from banks and mutual funds without being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

The government has also created a level playing-field for NBFCs. Just like banks, they need not pay tax on interest accrued on bad loans.

Furthermore, the hands of RBI are being strengthened in regulating NBFCs, where it would have the power to act against the board of directors if it believes that the management is weak. But state-owned NBFCs would be beyond the RBI's pale.

The government's latest measures are seen as a sign of commitment to resolving the crisis.

Show of Strength



Factoring for More

MUMBAI: The government has decided to allow all NBFCs to directly participate on the TReDS platform. As per the Factoring Regulation Act, only factoring firms were allowed to carry out this business, restricting the business to less than half a dozen.

BUDGET AT A GLANCE

REDUCING COSTS

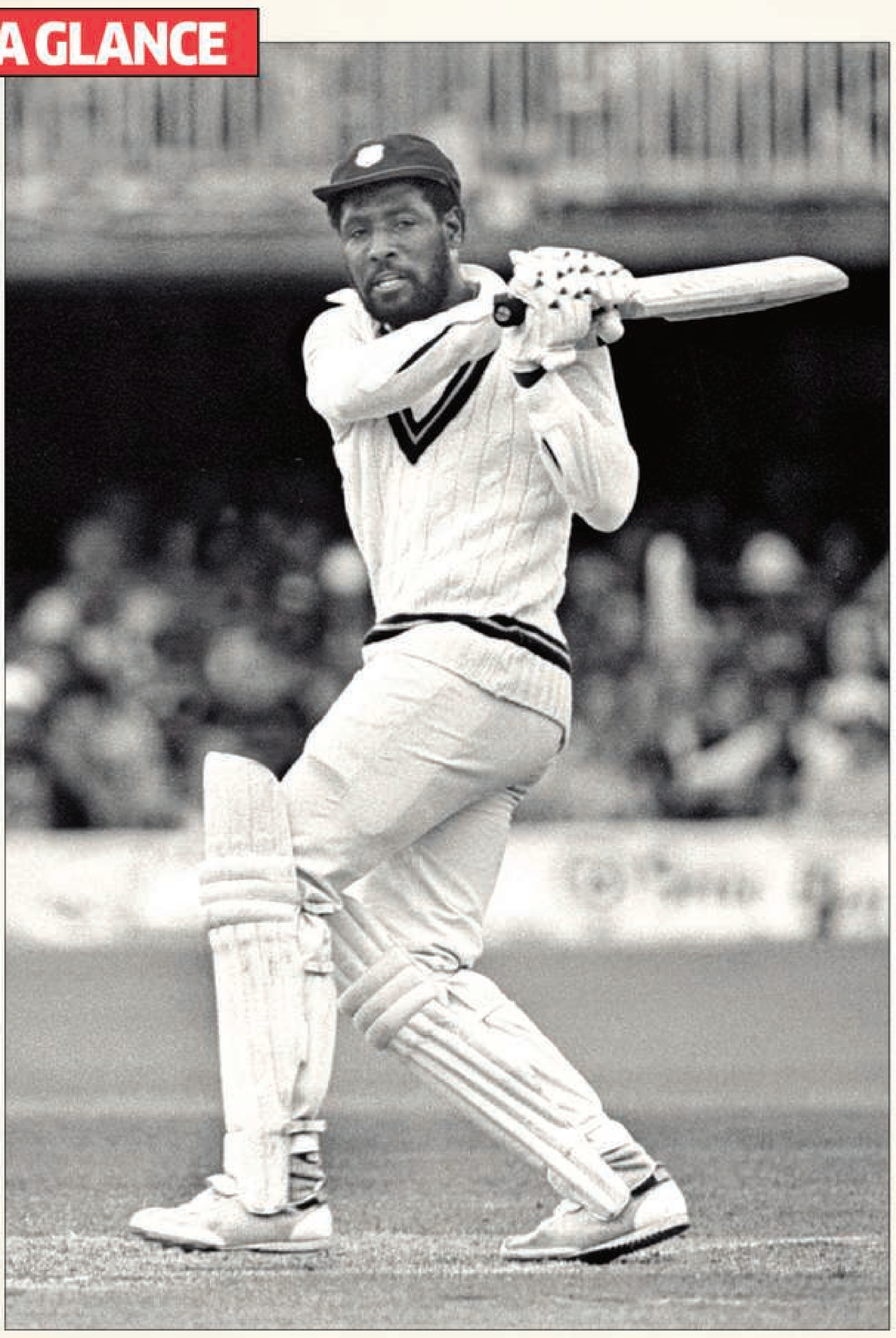
Easy Fund-raising for NBFCs

The government will do away with the debenture redemption reserve (DRR) requirement for non-banking finance companies (NBFCs) raising public funds and help reduce their overall costs. Currently, NBFCs raising public funds have to set aside 25% of the proceeds as DRR. This would bring public issuances of NBFC bonds on a par with private placements.

BETTER ACCESS

Tech- and Customer-friendly

State-run banks are not only starved of capital and saddled with bad loans, they are also behind private sector peers on technology. This budget focuses on improving their technology backbone. These banks will leverage technology to offer online personal loans and doorstep banking, and enable customers of one state-run lender to access services across all state-run banks, the finance minister said. In addition, the government will initiate steps to empower account holders to remedy the current situation where they do not have control over cash deposits by others into their accounts.



Viv Richards during 1979 World Cup final

FEDERAL GOAL

Panel to Study DFI Feasibility

As development finance institutions (DFI) – IDBI and ICICI – ended their innings, realising that there is no future in such a role. The Centre has now proposed to set up an expert committee to study the situation relating to long-term finance, and the experience with DFIs. The committee will recommend the structure and required flow of funds through DFIs to help achieve the federal objective of investing ₹100 lakh crore in infra over the next five years.

ALL INCLUSIVE

Retail Investors in Govt Bonds

Retail investors seeking safety would be better off if the proposal to boost their participation in the government bond market takes off. Banks and primary dealers hold G-secs and T- bills. Individuals do so with the National Securities Depository and the Central Depository Services. This reduces liquidity and makes it hard for retail investors to participate. The Centre has proposed that RBI depository and other depositories have inter-operability, enhancing the opportunity for retail investors to participate.

SAFETY NET

TDS on Net Earnings Only

Savings through insurance have always been preferred by those seeking safety. While the safety remains, it would get more attractive with lower tax deducted at source. The budget proposes to impose TDS of 5% on net proceeds, that is, total sum received minus premium paid by policyholders against 1% on gross payouts at present.

CAPITAL BOOST

FII Limit in Insurance Intermediaries Raised to 100%

The insurance industry may soon see an influx of foreign capital as the government has increased foreign investment limit in insurance intermediaries to 100% from 49%. Move is set to bring in capital for companies investing in tech solutions that would help the industry to widen reach. The government is also reducing net owned fund requirement for re-insurers to ₹1,000 crore from ₹5,000 crore to attract global re-insurers.

India to Sell Sovereign Bonds Abroad for First Time

Mumbai: India will sell sovereign bonds overseas for the first time by leveraging its relatively lower external debt exposure, likely freeing up local cash pools that could be used to help achieve New Delhi's social objectives and financial growth. "The government would start raising a part of its gross borrowings in the external markets in external currencies," finance minister Nirmala Sitharaman said in her budget speech. "This will also have a beneficial impact on the demand situation for government securities in the domestic market."

At less than 5%, India's sovereign external debt to GDP ratio is among the lowest globally.

BIG MOVE
At less than 5%, sovereign external debt to GDP ratio is among the lowest globally

Over the past two or three decades, India had launched schemes to garner overseas cash, but SBI was the vehicle in such instances.

SBI had launched a $2-billion India Millennium Deposit (IMD) scheme in 2000.

The five-year foreign currency deposits denominated in US dollars, pound sterling and euro, carried an interest rates of 8.5%, 7.85% and 6.85%, respectively. Similarly, the bank had also launched Resurgent India Bonds in US dollar, pound sterling and the Deutsche mark.

"Sovereign bond issuances (overseas) need to be done in a planned manner," said Jayesh Mehta, country treasurer at Bank of America Merrill Lynch. "The government should do it consistently for five years because then it will help create secondary market liquidity around the world."

"Such a move would put additional scrutiny on the government's fiscal prudence because overseas investors react quickly in terms of their investment decisions," Mehta said. The move is also expected to ease the burden on Indian institutions that have to chip in on loan funds being raised by the government. **Team ET**

RBI to Oversee Housing Finance Cos

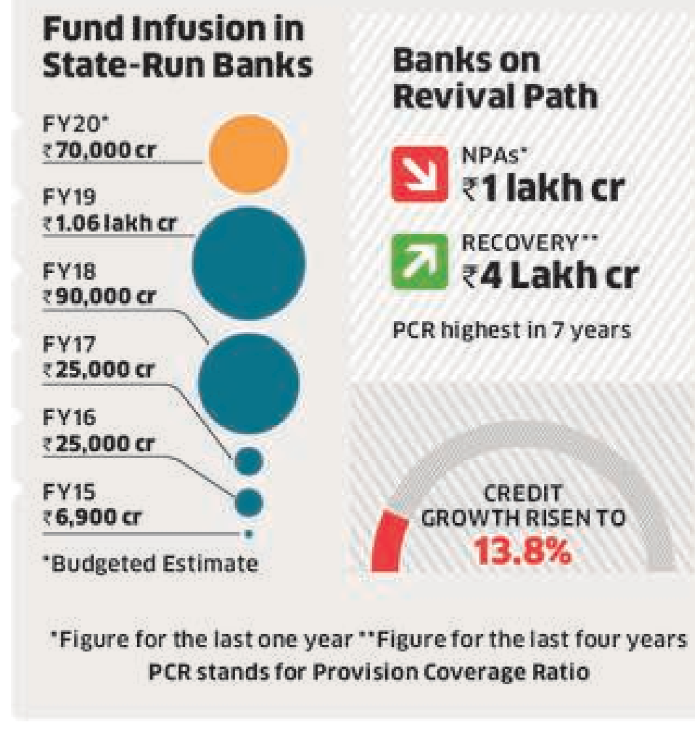
MUMBAI: India would transfer the supervisory powers on its housing finance companies to Mint Street from National Housing Bank (NHB), ending the regulatory arbitrage that local mortgage lenders have been enjoying to date.

"NHB, besides being the refinancer and lender, is also regulator of the housing finance sector. This gives a somewhat conflicting and difficult mandate to NHB. I am proposing to return the regulation authority over the housing finance sector from NHB to the RBI," finance minister Nirmala Sitharaman said. The move is aimed at improving supervision of housing finance companies.

"There are three kinds of lenders – NBFCs, banks and HFCs. NBFCs and banks were already being regulated by the RBI. Anyway, NHB used to follow the RBI in issuing regulations. This move will bring HFCs also under the central bank and make implementation of regulations simpler," said Karthik Srinivasan, group head, financial sector ratings, ICRA. **Team ET**

PSU Banks Get Fuel to Grow and Pump Up the Economy

The ₹70,000-crore capital infusion will allow banks to come out of prompt corrective action, step up lending to SMEs and also provide for bad loans



Mumbai: The government proposes to infuse capital in state-run banks, helping many of them to come out of the prompt corrective action (PCA) framework and facilitate higher lending to small-and-medium enterprises.

Finance minister Nirmala Sitharaman pledged additional capital for state-run banks this financial year, which will allow them to provide for bad loans, and promised governance reforms that have been on the backburner since the PJ Nayak Committee recommended them in 2014.

"Having addressed legacy issues, public sector banks are now proposed to be further provided ₹70,000 crore capital to boost credit for a strong impetus to the economy," Sitharaman said in her maiden budget speech. "Reforms will also be undertaken to strengthen governance in public sector banks."

The amount proposed to be invested in state banks is below the ₹1.06 lakh crore injected in the previous financial year and ₹88,139 crore in FY18. The government has infused ₹2.5 lakh crore in state-run banks since FY15, but for many lenders, the capital ratios remain alarmingly low.

BELOW TARGET
Amount proposed to be invested in PSBs is below the ₹1.06L cr injected in the previous financial year

"Capital infusion is a sizeable amount and all of it will again come from recapitalisation bonds, so it won't add to the government debt," said Karthik Srinivasan, group head, financial sector ratings, ICRA. "This higher-than-expected capital support reiterates the government's intent to bring public sector banks out of the PCA and also provide them with growth capital."

Although the government has periodically invested capital, the lack of reforms at lenders has led the capital into a blackhole. With the government promising reforms and the clean-up behind them, they may now be in a better position.

"Financial gains from cleaning of the banking system are now amply visible," Sitharaman said. "NPAs of commercial banks have reduced by over ₹1 lakh crore over the last year; record recovery of over ₹4 lakh crore due to Insolvency and Bankruptcy Code (IBC) and other measures have been effected over the last four years." **Team ET**

Inclusive Growth's the Goal, With Fiscal Prudence

BY INVITE

RAVNEET GILL
MD & CEO, YES BANK

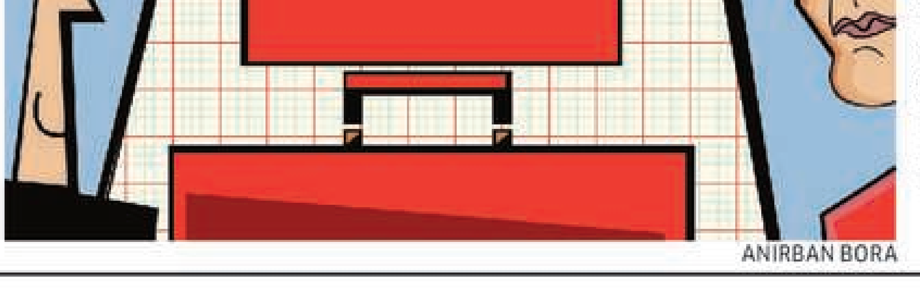
With this budget, it is clear that the government has put an equal thrust on driving domestic consumption and private investment

The budget can be seen as an enhancement over the interim budget. The finance minister has skilfully balanced the current needs of a slowing economy with the medium-term goal of scaling up the Indian economy to a level of $5 trillion by 2024-25.

The single largest feel-good (factor) obviously came from the headline of the budget arithmetic, with a reduction in FY20 fiscal deficit target to 3.3% of GDP from 3.4% announced in the interim budget. This along with unchanged gross market borrowings of the government (pegged at ₹7.1 lakh crore) and the idea of tapping overseas markets for borrowings favourably tip the demand-supply balance for G-secs, validated by the softening seen in yields on 10-year G-secs post the budget.

Going more granular, the reliance on increased 1) custom duties on several items 2) excise duties on petroleum products 3) spectrum auction proceeds of ₹50,500 crore along with 4) disinvestments and 5) dividends from RBI/financial institutions on the revenue side make room for the envisaged double-digit growth of 21% in spending.

The demonstration of fiscal prudence was accompanied by according importance to reviving private investments, amidst the current slowdown in growth. As envisaged in the Economic Survey, the budget deploys a multi-pronged support structure to kick-start a virtuous cycle of investments via 1) reduction in corporate tax to 25% for 99.7% of companies 2) infusion of ₹70,000 crore into public sector banks 3) one-time partial guarantee to high rated pooled assets of NBFCs 4) further relaxation of FDI in select sectors along with easing local sourcing norms in single-brand retail and 4) eliminating the angel tax issue for startups. This should, in turn, help job creation and augment incomes.



ANIRBAN BORA

SKILFUL BALANCING
The finance minister has skillfully balanced the current needs of a slowing economy with the medium-term goal of scaling up the Indian economy to a level of $5 trillion by 2024-25

From a medium-term perspective, the FM used the budget to lay down the government's vision for the next 5 years; taking forward the reforms and achievements of the last term. Specifically, commitments towards hard infrastructure such as phase 2 of PMAY, phase 3 of PMGSY, industrial corridors, Bharatmala and Sagarmala projects, UDAN scheme, PPP in railways, re-examining the UDAY scheme coupled with an envisaged revamped education policy, simplification of labour laws and the Ayushman Bharat scheme already in motion, should provide a well-rounded character to Indian economy's impending growth.

Combining the signals from the interim and full budget, one can infer that the government has put an equal thrust on domestic consumption and private investment, with growth recovery being a derivative of both. The combined focus on lending support to rural economy, along with MSMEs, affordable housing and ease of living sends an emphatic message that growth must also be inclusive.

"Disincentivising cash's the way to go. As a macro direction from the government the push to digitisation is commendable"

VIJAY SHEKHAR SHARMA
founder, Paytm

VISION MODI 2.0

By announcing steps to eliminate tax woes, govt has made it clear that it intends to assist startups in driving growth and create jobs

75,000

Agro-rural entrepreneurs to be trained by incubators in '19-20

@BHASH

Very inspiring to see #Budget2019 by @nsitharaman @FinMinIndia focus on Electric Mobility, Digital Payments and the growing Startup Ecosystem. We're excited about being part of this journey.

Angels No More on a Sticky Wicket

The budget has finally solved an issue that plagued the country's new economy for nearly a decade – angel tax. But startup enthusiasts expecting big bang reforms from the new government had to settle for incremental changes

IN FOCUS

Risk capital investors will breathe a sigh of relief after the finance minister, Nirmala Sitharaman, stated that investments in startups from a more diverse set of funds will now be exempted from the dreaded angel tax, an issue that has plagued the country's new economy for nearly a decade.

The so-called angel tax refers to Section 56 (2) (viib) of the Income Tax Act, under which the difference between the price at which an investor buys shares of a startup and the fair market value of such shares, was deemed as taxable income.

"This is a good step because the exemptions earlier were restricted to a certain category of Alternative Investment Funds (AIFs). Now any investment made by Category-II funds in startups won't be construed as income. For a long while, the industry has been pushing for this change," Rehan Yar Khan, managing partner of Orios Venture Partners, an early-stage fund, told **ET**.

Category-II AIFs primarily include private equity funds, venture debt funds, real estate funds and funds for distressed assets. This exemption—which until now had been restricted to Category-I funds including impact funds, venture capital funds and infrastructure funds—will go a long way in helping newer asset classes invest in startups.

"This goes a long way as Category-II also offers investors a lot more flexibility to invest, not just in startups but also listed companies," Siddarth Pai, founding partner at 3one4 Capital, an early-stage fund, said.

Terming the decision as long overdue, Rahul Bhasin, managing director, Baring Private Equity, India, said: "Whether it will increase the fund flow and improve the decision-making process is still a question but the measure has cleared the air at least."

Additionally, Sitharaman said there will be relief for startups from Section 68 of the I-T Act, which deals with identification of investors who back startups. By proposing an e-verification process for investors, the government put the onus on the tax department, rather than on startups, experts said.

"This is something that startups have been looking forward to in terms of ease of doing business," Pai said.

The finance minister also reiterated that the exemption extended to startups from Section 56 of the Indian I-T Act will safeguard startups and investors who have submitted the requisite information to the DPIIT.

Moreover, to ensure there are no further irritants, the minister made clear that the government will put in place special administrative arrangements to disallow the I-T department's assessing officers enquiring into the valuations of startups without approval from their superior officers.

Team ET

MAKING SPACE

The angel tax exemption – which until now had been restricted to Category-I funds including impact funds, venture capital funds and infrastructure funds – will go a long way in helping newer asset classes invest in startups

BUDGET AT A GLANCE

STANDUP INDIA

₹1 crore for Entrepreneurs to Stand Up

The Stand-up India scheme will be extended up to 2025. Funds worth ₹10 lakh to ₹1 crore will be given to entrepreneurs, who can use it to buy items ranging from scavenging machines to robots. The scheme has benefited thousands of women and SC/ST entrepreneurs. Banks have been asked to provide loans to at least one woman entrepreneur per branch to set up a greenfield enterprise.

BHARATNET

250,000 Panchayats to Log in by 2020

The FM has set a target of connecting around 250,000 village panchayats to the internet by March 2020, making it the world's largest rural broadband project with an aim to bridging the rural-urban digital divide. Resources from the Universal Service Obligation Fund will be used to connect these panchayats in partnership with private players.

Adam Gilchrist waving to the crowd after scoring 149 off 104 balls in 2007 World Cup final. Gilchrist kept a squash ball inside his gloves for better grip, kicking off a huge row

TECH INCUBATORS

Bharat set to Get Bigger Spaces to Start Up

The budget aims to promote technology in rural industries with a proposal to set up 80 livelihood and 20 technology business incubators in fiscal year 2020. It will train over 75,000 entrepreneurs with skills required for the agro-rural industry. Most villagers depend on agriculture and traditional skill-based industries. The effort is to improve productivity and generate more jobs.

SCIENTIFIC TEMPER

National Research Body to Focus on Priority Research

A National Research Foundation (NRF) will promote research and identify projects in national priority areas. Research funds with different ministries will be distributed through NRF. Globally, countries like the US have set up similar frameworks to promote scientific research like the National Science Foundation.

INSURANCE INTERMEDIARIES

Full FDI Cover for Insurance Startups

Startups in the insurance business can now raise funds from global investors, as rules have been relaxed to allow 100% FDI for insurance intermediaries. This will benefit insurance aggregators and insurance broking startups and satisfy their long-standing demand. More so, as it will help new ventures attract high quality global capital.

SOCIAL STOCK EXCHANGE

Social Stock Exchange to Fund Common Causes

The finance minister has proposed setting up a social stock exchange regulated by the Securities and Exchange Board of India. Companies and non-profits that focus on social causes can now raise funds on the online platform and use the money to fund social causes. India has some two million social enterprises according to industry estimates.

THE CONTEXT

Bit Of A Slowdown In Startup Activity

INDIA AMONG TOP STARTUP ECOSYSTEMS...

For Calendar 2018

	Cos Founded (Nos)	Total Funding ($ Billion)
USA	5,879	98.6
China	768	80.1
Israel	141	3.9
India	2,565	10.2

...BUT ACTIVITY SLOWED LAST YEAR

	FY18	FY19
No of startups registered	4,002	2,537
Equity investments ($b)	11.2	10.5
Investments in Indian unicorns ($b)	7.8	5.2
B2B startups registered	2,146	1,179
Investments in B2B startups ($b)	2.3	2.9

CONSUMER CONTINUES TO BE FAVOURITE SECTOR...

Investments ($b)

	FY18	FY19
Consumer	8.8	7.5
Retail	4.3	2.6
Food	0.9	2.4
Fintech	2.4	1.5
Enterprise applications	1	1.6

...BUT FEWER ROUNDS OF FUNDING COMING

	FY18	FY19
Consumer	541	444
Retail	235	195
Food	109	75
Fintech	190	182
Enterprise applications	346	236

B2B SEGMENT BETTER PLACED

Investments in B2B startups by venture capital investors on the rise | Risk capital sees them as more defensive bets

Source: Tracxn & Venture Intelligence

Data related to China funding rounds and amounts not exhaustive

Retired Hurt from China? Here's a Friendly Pitch for Cos

Govt eyes mega sops for global firms in sunrise sectors such as semiconductors and solar cells which are feeling the heat of trade war with the US

Bengaluru: India plans to offer incentives to lure global semiconductor and computer makers to set up large factories in the country, in the backdrop of companies such as HP and Dell looking to shift some production from China due to its trade war with the US.

Finance minister Nirmala Sitharaman said in her maiden budget the government was preparing itself for mega investments in the sunrise and advanced technology areas such as semiconductors, solar cells and charging infrastructure, lithium batteries and computers.

Global manufacturers have struggled to rethink supply lines as the acrimonious trade dispute between the US, where most are based, and China made their dependence on the Asian country a source of concern. Media reports said personal computer makers Dell and HP were planning to move as much as 30% of their notebook production out of China.

In March, Dell's India president Alok Ohrie told **ET** it would look to make India a hub for desktops and laptops manufacturing for neighbouring countries and West Asia.

Experts said the manufacturing focus in the budget was a 'qualitative improvement' in the Make-in-India plans. The earlier avatar of the Make-in-India initiative, one of PM Narendra Modi's flagship programmes, had over 30 sectors. The current budget prioritises far fewer — electronics, electric vehicles, defence manufacturing and high technology.

But experts pointed out that it was too early to predict what the impact might be. "They have just announced the initiative in the government. It needs to be seen what incentives are provided, including land allocation, licences and the involvement of state governments," DK Srivastava, chief policy advisor at consultancy EY India, told ET. "I think in the next few months the government will come out with its plans."

India's share in world electronic manufacturing is currently 3%, up from 1.31% in 2012-13, according to government data. **– Team ET**

Our Own Shark Tank on DD

Taking a cue from the successful American show, Shark Tank, India will soon have a dedicated television programme on startups which will be aired on the country's national television channel, Doordarshan. Intended as a platform to promote startups, it will air discussions on issues affecting the sector, aid in matchmaking with venture capitalists, and funding and tax planning, according to finance minister Nirmala Sitharaman who said, "The programme will be designed and executed by startups themselves." **–Team ET**

BY INVITE

RITESH AGARWAL

FOUNDER AND CEO, OYO HOTELS & HOMES

Wicket Just Eased up for a $5 trillion Chase

Increasing access to capital and skill building, easing tax norms for startups, encouraging knowledge-sharing and supporting MSMEs will help India harness its demographic dividend – a young workforce

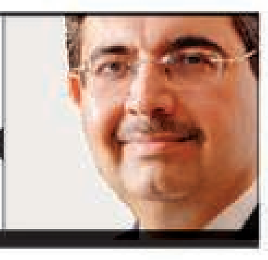
This budget spells a lot of firsts and presents a strong roadmap for the country to trek towards the vision of a $5 trillion economy by 2024-25. The Economic Survey broke tradition and focused on behavioural economics and blue-sky thinking to illustrate how demand, jobs, exports and productivity are interlinked and that an investment-driven virtuous cycle is the key to sustain growth. This is also the first budget that exemplifies the difference that women make when they are at the wheel. The finance minister initiated crowdsourcing of ideas online and acknowledged their impact in her closing comments. It was also heartening to note a conscious move from women-centric to women-led development programmes and outlays in SHG, MSME, MUDRA, StandUp & Startup India initiatives that will encourage women entrepreneurship.

The announcements on recapitalisation of government banks, bond market reforms, investment in treasury as well as improved FDI inflows in media, aviation and animation, among other sectors, signal a fresh perspective to catalysing investment-led growth. Of particular significance is enabling liquidity access for top-rated NBFCs through partial guarantees, thereby covering their first loss of up to 10%. Increasing access to capital and skill building through corporate tax reforms, easing tax norms for startups, encouraging knowledge-sharing and supporting MSMEs will help harness India's unique demographic dividend – a young workforce. By expanding road, rail, water and air connectivity, the budget can lay the framework to drive increased productivity and consumption.

A potential threat to the engines of the economy and the proposed socio-economic development measures, is the impact of climate change. Therefore, the move to consolidate multiple ministries and departments towards creating the Jal Shakti ministry signals a bold step. India can accelerate towards becoming a $5 trillion economy by 2024-2025. While the goal is challenging, it is achievable.

A VERY PRUDENTIAL CUP

BATTING FOR INDIA Modi government 2.0's first budget continues its reforms agenda, without much fuss, and seeks to actively woo foreign investment to spur India's growth – all the while placing fielders well within the boundary of fiscal rectitude



UDAY KOTAK
MD-CEO,
KOTAK MAHINDRA BANK

A Decisive Cover Drive to the Boundary of a New India

All-round benefits for industry and consumer will boost consumption and push economic activity

I compliment finance minister Nirmala Sitharaman for a wonderful maiden budget. There are many themes in it that resonate with a New India. It's a budget that puts out the theme for the next 4-6 years about India's future in the global comity of nations.

I commend the finance minister for continuing to maintain fiscal discipline by targeting fiscal deficit at 3.3% of GDP.

I am also very enthused by the recognition of the fact that global interest rates and liquidity are very conducive, and it is time for India to carefully but selectively leverage global liquidity for funding our growth aspirations. This is something, if well done, can make a significant difference to the domestic interest rate scenario.

I am very enthused by the recognition of the fact that global interest rates and liquidity are very conducive, and it is time for India to carefully but selectively leverage global liquidity for funding our growth aspirations

I am happy with the focus on empowering women, Digital India, rural India and significant changes in the financial sector and the broader corporate sector. Talking specifically about the financial sector, bringing housing finance companies under Reserve Bank of India is a positive move. I am also happy about bringing the corporate tax rate down to 25% for corporates with a turnover of up to ₹400 crore, which will enthuse many small, medium and growing enterprises to work with a greater sense of incentive and performance.

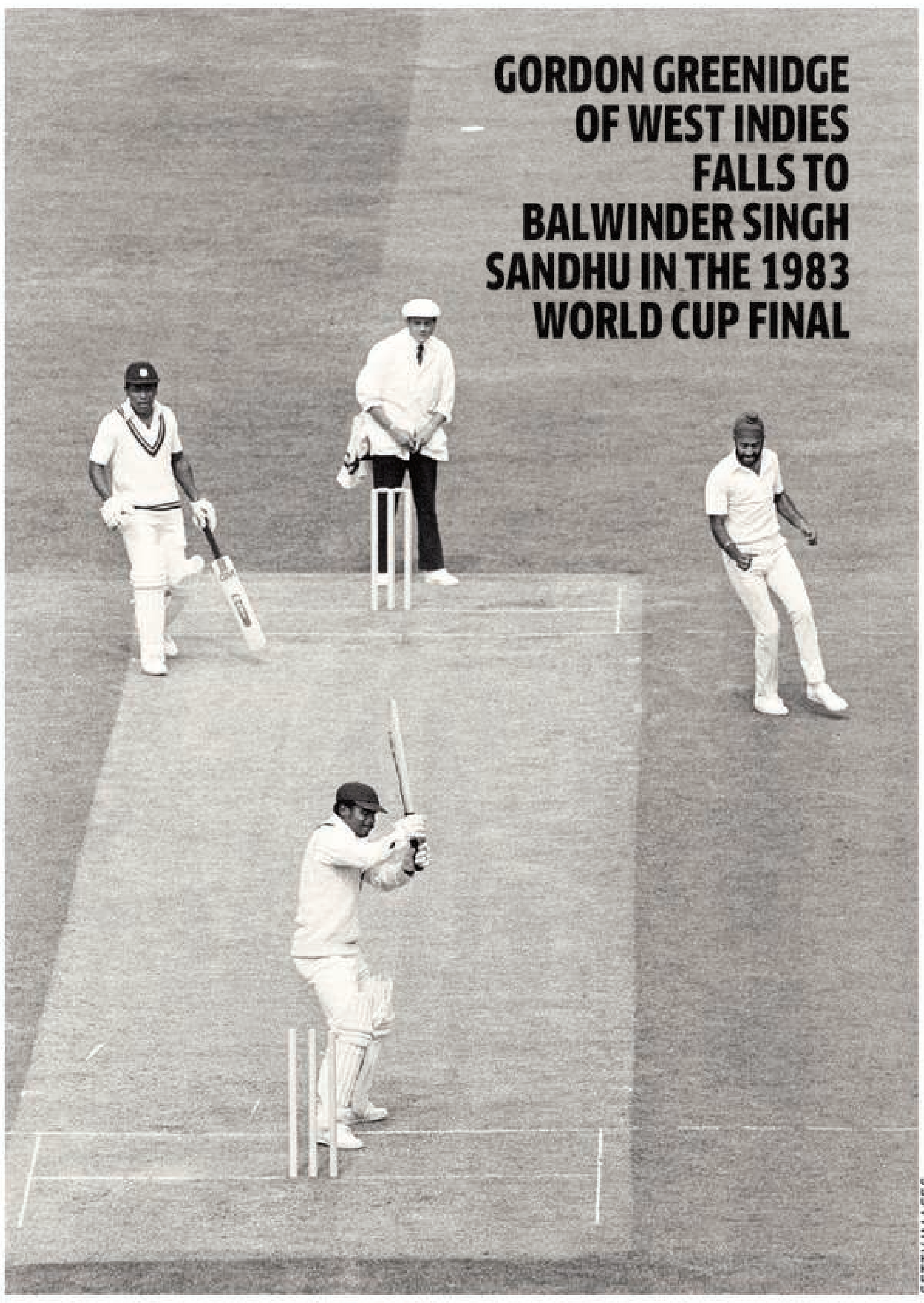
Recognising the importance of the non-banking financial company (NBFC) sector in India's growth is a positive signal. Also, the ability for PSUs to go below 51% is the first step towards strategic divestment in the Indian public sector enterprise. There's a huge focus on 'Digital India' and the power of Aadhaar by encouraging digital transactions, and discouraging cash transactions. This will enable growth of formal financial savings in the economy.

As far as the tax situation is concerned, the prime minister has rightly said that some of this burden has to be borne by people who can afford it. Getting the balance right between keeping the incentives to invest for entrepreneurs and higher income classes contributing more to the economy is something that Indians must accept as their contribution towards a New India.

For consumers and spenders, particularly those buying electric cars or affordable homes, there is tax benefit on interest rates that is significant and material. It is a big boost to get the right kind of consumption take place in the Indian economy.

As far as the financial markets are concerned, the bond markets have voted with yields coming down as a signal of significant global liquidity that will come into India. If GoI is able to maintain the fiscal deficit as estimated at 3.3%, global investors will bring a flood of liquidity in both equities and bond markets. Of course, the fiscal discipline will enable Reserve Bank of India to be bolder in the reduction of interest rates.

I truly commend Nirmala Sitharaman and GoI under the leadership of Narendra Modi for what is a path-breaking budget. ●



GETTY IMAGES

ARVIND PANAGARIYA
PROFESSOR, ECONOMICS,
COLUMBIA UNIVERSITY, US

The Caravan of Reforms Keeps Moving in Full Pace

This is a budget that, despite the temptation and a good enough excuse, doesn't stray from the Modi government's agenda to maintain fiscal discipline

As an economist, I am grateful that the PM hasn't given up the path of fiscal rectitude. Rejecting calls by the 'stimulus school', the final budget pegs fiscal deficit for 2019-20 at 3.3%, down from the revised estimate of 3.4% for 2018-19 and 3.5% of actual level in 2017-18.

Growth has been sliding down for the last four quarters, and it fell down to 5.8% during the last quarter of 2018-19, the latest quarter for which we have GDP estimates. There have also been reports of a slowdown in both private consumption and private investment. So, the temptation, as well as a good excuse, to go to town with spending was there. But the PM, who has fought hard for an unprecedented five years to restore fiscal discipline, has stayed course.

While closer scrutiny will have to be done in the days to come, GoI has also continued to maintain a high quality of its expenditures. The budget, thus, provides generous allocations to building the country's infrastructure, most notably, roads and railways. There are also generous incentives for investment in housing. In terms of social expenditures, the provision for piped water has been moved to the top of the agenda.

Those looking for a big-bang reform must carefully read the section on higher education in the speech by FM Nirmala Sitharaman. Prior to the recent grant of autonomy to the Indian Institutes of Management (IIMs) and best-performing universities and colleges, this area had remained off limits to reforms for three decades after the latter were launched in 1991.

The budget breaks new ground when it notes, "The regulatory systems of higher education would be reformed comprehensively to promote greater autonomy and focus on better academic outcomes. A draft legislation for setting up Higher Education Commission of India (HECI), would be presented in the year ahead." The speech also proposes to "establish a National Research Foundation (NRF) to fund, coordinate and promote research in the country".

These are the two key reforms that Prof B Venkatesh Kumar and I have advocated in a series of recent articles. As an essential complement to these reforms, we would also need to revamp the accreditation system by empowering public and private sector bodies to rapidly bring the universities and colleges into the ambit of accreditation.

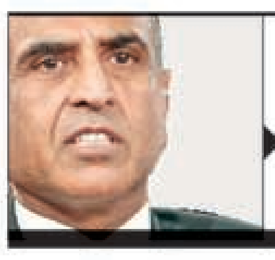
Another important reform in the budget relates to privatisation of Central Public Sector Enterprises (CPSEs). The budget speech states, "Government would not only reinitiate the process of strategic disinvestment of Air India, but would offer more CPSEs for strategic participation by the private sector." This is as clear a statement of GoI's intention to move ahead with sales of CPSEs as one could have asked for.

GoI has also proposed several urgently needed reforms to restore the health of the financial sector. It has committed another ₹700 billion towards recapitalisation of PSBs. This will, of course, need to be complemented by measures to speed up the process of cleaning NPAs of PSBs. GoI must ensure that the processing of NPA cases under IBC follows stipulated timelines.

To unblock liquidity for non-banking financial companies (NBFCs) in the short term, the budget provides for a one-time partial six-month government guarantee to PSBs on their purchases of high-rated pooled assets of these institutions up to ₹1 trillion. At the same time, the FM proposes to strengthen regulatory authority of RBI over NBFCs, while also returning to the central bank the regulation of housing finance from National Housing Bank.

The reform of corporate profit tax has made progress, but not as much as some of us had hoped. The tax rate has been lowered to 25% for companies with annual turnover below ₹400 crore, but not above it. Though this covers 99.3% of all companies, it's the remaining 0.7% that account for the bulk of the turnover of tax-paying entities.

A key element missing from the budget is a focused strategy for the creation of well-paid jobs. Economic transformation cannot be complete without a strategy that encourages firms to grow larger and compete in the global marketplace. To be sure, the budget provides for lowering tariff rates on a handful items. But it remains true that the overall framework remains wedded to the general philosophy of import-substitution, as reflected in tariff hikes on items such as chemicals, paper, textiles, ceramic products, steel and auto parts on grounds of levelling the playing field for industry. ●



SUNIL BHARTI MITTAL
CHAIRMAN,
BHARTI ENTERPRISES

Modi Sarkar's Second Spell Continues With Reforms

The budget sets the right goals in infrastructure and housing, to spur the economy and create more jobs

Driving inclusion, infusing new momentum into the economy and a clear commitment to maintain long-term fiscal balance appears to be the overriding considerations for the first budget of the second Narendra Modi government. It also spells out the priorities and direction that the government wishes to follow over the next few years.

Finance minister Nirmala Sitharaman, while reiterating GoI's target of making India a $5 trillion economy by 2024, quite rightly made a strong pitch for investment in the areas of infrastructure and housing, which will spur economic activities and employment.

Like earlier budgets, rural India occupied an important place this year. A target of 100% piped water to all households by 2024 is likely to be as big an initiative as Swachh Bharat. The stress on affordable housing can be an important trigger to resurrect growth, besides helping India reach the goal of 'housing for all'.

Budget 2019 may seem a bit of a dampener for the middle-classes, as it come with no changes in income-tax slabs and a rise in excise duty on petro products. But this was clearly on expected lines, as Sitharaman had little room to manoeuvre

Spurring manufacturing is high on GoI's agenda, with proposals like tax concessions for foreign investors to set up mega manufacturing plants. The intent to make India a hub for electric vehicle (EV) manufacturing can prove to be decisive in the years to come.

The budget may seem a bit of a dampener for the middle-classes, as it come with no changes in income-tax slabs and a rise in excise duty on petro products. But this was clearly on expected lines, as Sitharaman had little room to manoeuvre with her tax proposals in a tight fiscal situation.

The ultra-rich may be a tad disappointed with the additional surcharge on income groups over ₹2 crore and ₹5 crore. However, this is in line with global trends. Some of the tax administration measures, like interchangeability of PAN and Aadhaar, faceless e-assessment and legacy dispute-resolution mechanism for GST litigation can prove to be extremely beneficial both in terms of taxpayer convenience and additional tax mobilisation.

Increasing the threshold for the applicability of lower corporate tax rate of 25% to ₹400 crore from ₹250 crore will benefit the MSME sector greatly. The large corporates may have to wait to be extended this much-needed provision.

The telecom sector would have appreciated some relief in view of its current struggle, which one hopes will be taken up outside the budget. GoI's commitment to focus on spreading digital literacy, and connecting every panchayat under the BharatNet project, will aid the prime minister's digital vision.

Despite the obvious challenges facing her, the FM remains committed to the broader reforms agenda set out by the Modi government during its first term. By keeping the disinvestment target at above ₹1 lakh crore, she has clearly spelt out GoI's renewed intent. The ₹70,000 crore recapitalisation package for PSBs, and the sops for the NBFC sector, will not only bring back much-needed liquidity in the economy but will also particularly help the latter to resurrect itself.

Sitharaman has set out a perfect roadmap, in line with Prime Minister Modi's agenda for this term. ●

C RANGARAJAN
FORMER GOVERNOR,
RBI

No Direct Measure, But Can Feel-Good Spur Private Investment?

The finance minister has charted the right course for economic growth to be back on track. But much will depend on how well these 'solutions' are implemented

As in the case of the past two budgets, this year's has to be presented against a background of several concerns that include slowdown in economic growth, inadequate private investment, agrarian distress and problems in the financial sector. The budget reflects these concerns and provides a host of measures to address them. But much will depend on implementation.

The fiscal deficit is now pegged at 3.3% of GDP, which is a shade lower than what was indicated in February's interim budget. This shows a commitment to stick to fiscal consolidation. But much will depend upon how the revenue projections will hold. In fact, the Economic Survey expected the real GDP to grow at 7% in 2019-20. But there are doubts about whether this will happen or not.

The nominal GDP in 2019-20 is assumed to grow by 12%. This implies a rise in prices of 5%. According to Budget Estimates, the gross tax revenue is assumed to grow at 9.5%, which certainly isn't high. In fact, gross tax revenue as a percentage of GDP is expected to come down from 11.9% in 2018-19 to 11.7% in 2019-20.

However, non-tax revenue is expected to grow at 27.7%. Within it, dividends and profits are budgeted to grow at 37%. The reliance on the non-tax revenues is certainly high. The finance ministry will have to keep a constant watch on the revenues and should be willing to adjust expenditures, if the revenues don't grow at the desired rate.

The tax changes are minimal. But some of them are significant. The lower corporate tax rate covers most of the companies. It hasn't been extended to all, presumably because the companies left out are the ones that contribute significantly to the tax revenue. It isn't clear whether the change will contribute to a change in investment sentiment.

The surcharge on income-earners above ₹2 crore will be really biting. It will also antagonise state governments, because this revenue will not be shared with them. The tax concession given to affordable house-owners is welcome and can have a direct impact on investment.

The answer, my friend...

FILE PHOTO

Tax concession on purchase of electrical vehicles is also welcome. GoI must rethink on the imposition of customs duties on certain products as this is a reversal of the trend since liberalisation. It will create unnecessary controversies globally. The increase in the excise duty and cess on petrol and diesel will put GoI in trouble if crude prices start rising.

Finance minister Nirmala Sitharaman spent bulk of her time dealing with several programmes in different areas. These are obviously in the right direction. But the concern with all expenditures is how well they are implemented and what impact they have. While total expenditures are expected to rise by 13.4%, capital expenditures are to rise by 9.4%. The ratio of capital expenditures to GDP remains at 1.6%. Thus, in GoI's direct contribution to investment, there is no change.

GoI must rethink on the imposition of customs duties on certain products as this is a reversal of the trend since liberalisation. It will create controversies globally

The budget has several proposals relating to reform of several sectors. Prominent among them are relating to financial sector. The proposal for GoI to borrow in foreign currency does not appear to be correct. This essentially means the exchange risk is borne by GoI, unlike the situation in which foreign investors are allowed to invest in government bonds in rupees. Second, there is certainly no need for GoI to borrow as the foreign inflows are adequate.

There are a number of other issues relating to NBFCs and housing finance on which there can be difference of opinion. The tax on cash withdrawals is not incorrect in principle. But clever people can get around this in a number of ways.

Both the Economic Survey and Sitharaman talked of private investment-driven growth. Will the totality of the measures introduced in the budget help in accelerating investment? As mentioned earlier, capital expenditure of GoI as a proportion of GDP remains the same. The other programmes, such as those relating to highways, are financed by non-budgetary resources.

There is, however, no measure in the budget that will result in an increase in private investment. But if the budget as a whole helps to create a favourable investment sentiment, it will help. ●

GOING ALL OUT FOR NO LOSS

BOWLING FOR INDIA The evolution of post-reforms budget-making has led to more stable policymaking and, by extension, fewer 'surprises' during budget speeches. Budget 2019 reflects this and focuses on continuing the work done by the Modi 1.0 government. This means systemic upgrades and better delivery to make India a $5 trillion economy by FY25

DEVENDRA FADNAVIS
CHIEF MINISTER, MAHARASHTRA

A Run-Up To Unleash Targeted Deliveries

Emphasis on 'gaon, gareeb aur kisan' will make the economy more inclusive, and scores on rural infrastructure

Budget 2019 is consistent with the micro-objective and the confidence once again recently instilled by the people of India in the Narendra Modi government. It addresses basic structural issues and objectives to pave the way for the next five years to build a stronger and inclusive economy.

The budget's microeconomic outlook is a broad concept paper aimed at making India a $5 trillion economy by 2024-25. The agenda of reforms unleashed by the Modi government during its first tenure clearly continues. With reforms in taxation, banking, non-banking and financial sectors, and disinvestment policies, the resolve of GoI to consolidate the economy is visible. It is more of an inclusive pathway by which all demographic and geographical sectors have been addressed.

Maximum thrust on infrastructure creation is a welcome move. Higher growth can be achieved by de-bottlenecking infrastructure development and by creating robust infrastructure in all fundamental sectors. GoI deciding to invest ₹100 lakh crore in the next five years is unprecedented. The emphasis on 'gaon, gareeb aur kisan' (villages, the poor and farmers) will make the economy more inclusive with a boost for rural infrastructure.

The budget's microeconomic outlook is a broad concept paper aimed at making India a $5-trillion economy by FY25. The agenda of reforms unleashed by the Modi government during its first tenure clearly continues.

As many as 120,000 km of Pradhan Mantri Gram Sadak Yojana (PMGSY) roads and 20 million houses under the Pradhan Mantri Awas Yojana (PMAY) add maximum thrust on agriculture and agriculture-allied infrastructure. This push includes inclusion of women in the economic mainstream, and benefits for MSMEs that will create large-scale economic activities in rural areas.

The demographic dividend has been leveraged with a focus on higher and technical education, with an aim to make India a global learning hub. Job creation in diverse — and even new — sectors will require globally competitive human resources. Understanding this need, GoI has increased investment in quality education.

On the taxation front, GoI continues to push for the removal of an inspector raj, making tax structure more predictable and compliant. The interchangeability of Aadhaar and PAN will smoothen the process of filing I-T returns. A 2% tax on cash withdrawals of more than ₹1 crore in a financial year will curb cash transactions and will boost digital transaction, and bring about more transparency.

More sops have been given to the housing sector to make affordable housing available in cities. The realty sector will receive more liquidity with the announcement of reforms in NBFCs. The housing finance sector being regulated by RBI is a welcome move. It will protect consumers in tune with the Real Estate (Regulation and Development) Act (Rera), 2016 and increase investments in the housing sector.

Urban mobility has received a shot in the arm with the budget making way for more investments in suburban rail networks. With public-private partnerships (PPPs), it also aims to make pan-India mobility seamless courtesy the introduction of 'one nation, one card'. The importance given to electric vehicles will make mobility cleaner.

Effectively, the budget provides a schematic for creating a New India. ●

BIBEK DEBROY
CHAIRMAN, ECONOMIC ADVISORY COUNCIL TO PM

A 'Boring' Budget Spells Continuity, Stability

FM Sitharaman has adhered to continuity and signalled reforms in debt & corporate bond markets

At the beginning of Part B of the budget speech, finance minister Nirmala Sitharaman quoted from Purananuru, a collection of Tamil Sangam period (1st-3rd century) poetry. Directed at a Pandyan king, the poem she quoted — first in Tamil, and then in English — stated, "…a few mounds of rice from paddy that is harvested from a small piece of land would suffice for an elephant. But what if the elephant itself enters the field and starts eating? What it eats would be far less than what it would trample over."

I don't know Tamil, but I have read an English translation and I think the FM didn't deliberately quote the interesting bit — where the analogy between the elephant and the king becomes clear: a wise king is careful in collecting taxes; a silly king harasses taxpayers like the elephant. This is similar to Kautilya's adage about collecting taxes the way a bee collects honey from a flower, without damaging the flower.

Traditionally, there's always been hype around the budget. We can't get the 1988-89 ND Tiwari 'sindoor' budget out of our head. That was before reforms, and both revenue and expenditure are expected to stabilise now.

The budget is an annual statement of GoI's receipts and expenditure, nothing more and nothing less. As we have been reminded this year, it is a bahi-khata, or ledger, not something kept secured inside a briefcase with a combination lock. True, the budget speech has sometimes been equated with big bang policy announcements. But consider the following.

First, for items under GST, the rates are decided by the GST Council. The FM may have a role to play in the council, even a major role. But the decision vests with the GST Council — some items waiting to be brought into GST require states to agree. That's why when the budget speech refers to GST on electric vehicles, it says the GST Council "has been moved".

Second, there is a task force on direct taxes. This has not yet submitted its report. Third, there was an interim budget in February. The same party has formed government, and it is the same PM, even though the FM has changed. So, there has to be continuity.

So, should one have had unrealistic assumptions about tax changes? There have certainly been some changes — simplification of GST procedures, faceless electronic assessment and swifter dispute resolution, change in the threshold for 25% corporate tax rates, higher effective tax rates for those with more than ₹2 crore income, TDS on excessive cash withdrawals, and eventual replacement of PAN by Aadhaar.

Some of these are intended to discipline the 'elephant', the last change mentioned suggesting the eventual elimination of PAN. But the broad point is simple. As there are more and more reforms, the tax system will stabilise. There won't be changes from year to year. There won't be secrecy associated with the budget. Such perceptions are legacies. The budget speech will become boring, perhaps even unnecessary.

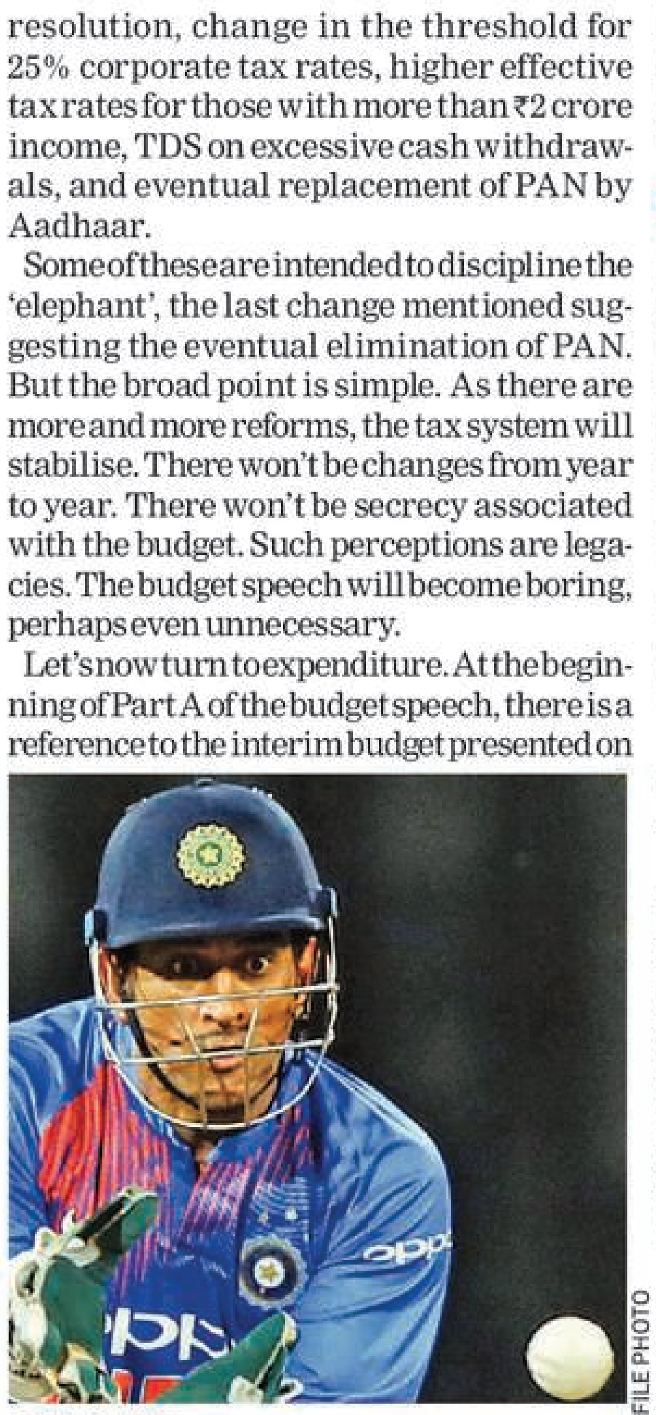
Let's now turn to expenditure. At the beginning of Part A of the budget speech, there is a reference to the interim budget presented on February 1, and the 10 points of the vision. Budget day is only one day out of 365/366. GoI doesn't cease to function on other days. There is continuity here too, since the budget is only one policy instrument out of several GoI possesses.

As there are more and more reforms, the tax system will stabilise. There won't be secrecy associated with the budget.

We know about expenditure on infrastructure, housing, regional airports, gas and power grids, rural electrification, health, farmers, etc. We know about the package of centrally sponsored schemes, which will remain in place till April 1, 2020. We may have our own wish list of what GoI should spend on. But was that likely?

On the expenditure side, too, we are heading towards stability. Give it a few more years, and there will be no mystery about the budget. The only mystery, if at all, was about whether Sitharaman would stick to fiscal consolidation or abandon it. With a fiscal deficit-GDP ratio of 3.3% and GoI debt-GDP ratio of 48% in 2019-20, she has stuck to fiscal consolidation and the medium-term fiscal policy statement.

Some may have presumed mystery around the disinvestment figure. The FM has adhered to continuity and has signalled some reforms in debt and corporate bond markets. This is in line with expectations. ●



In safe hands

FILE PHOTO

ABHEEK BARUA
CHIEF ECONOMIST, HDFC BANK

Opening the Gates for a Foreign-Funded India Growth

There is a clear effort to improve capital market mechanisms to ensure that sluices are unclogged

Modi government 2.0's first budget recognises a critical fact — domestic savings are inadequate to fund the 8%-plus real annual growth in GDP needed to take the economy to the $5 trillion target over the next five years. A lot more foreign savings need to be brought in more aggressively. The most important step in this direction is the decision to finally break the taboo against the sovereign government seeking funds abroad. This could be the clichéd gamechanger for Indian borrowers abroad. While GoI may actually borrow a small amount in line with its conservative external debt management practices there could be significant 'externalities'. A sovereign bond issue would help set a clear benchmark for other external bond issuances and is likely to bring borrowing costs down across the board for Indian companies as well as increase the appetite for Indian debt paper.

The ₹70,000 crore bank recapitalisation for PSBs is certainly more than what most analysts expected. This could ease some of the credit constraints that both consumers and businesses are facing and revive demand.

Efforts like the possibility of upping the investment limits in media and aviation, easing local sourcing norms for single-brand retailers, and the merger of the NRI-portfolio investment and the foreign portfolio investment route, all seem to be a part of a cohesive strategy to get foreigners to fund India's growth.

There is also a clear effort to improve capital market mechanisms to ensure that the sluices are unclogged. There is some effort to address some of the immediate growth bottlenecks. The ₹70,000 crore bank recapitalisation for PSBs is certainly more than what most analysts expected. This, coupled with the credit guarantee scheme, could ease some of the credit constraints that both consumers and businesses are facing and revive demand.

What are the problems with the budget? For one, there is need for clarity on a number of things. Dividends and profits from PSUs and GoI undertakings are forecasted to be a whopping ₹1,63,000 crore. The bulk of this comes from RBI that is expected to pay ₹90,000 crore this fiscal year against the ₹68,000 crore paid last year. One wonders if this contains the transfer of RBI's surplus reserves on its balance sheet.

The funding of the large banking recapitalisation programme needs to be explained better. While GoI is issuing recapitalisation bonds, the question is whether these bonds will make their way into the markets at all and potentially impact interest rates. Or will it merely be a balance sheet exercise in which bonds are swapped for equity on bank's balance sheet without seeping into the financial markets at all?

Very broadly, the numbers do add up to yield a fiscal deficit target of 3.3% of GDP. The disinvestment estimates are a tad higher than in February's interim budget. But a renewed emphasis on strategic sales, a tax-break on retail investments in exchange traded funds of PSUs and, perhaps, a little help at the last minute from the business of cross-holdings, the targets should be met. Solid growth in 'non-tax' receipts like disinvestments and dividends compensate for the rather sedate growth in tax collections of around 11% the budget assumes for 2019-20.

Gross market borrowing target for GoI is ₹7,10,000 crore that will go into the funding the fiscal gap. While it is high in absolute terms, it hasn't exceeded the amount projected in the interim budget. Besides, that GoI seems to remain committed to fiscal consolidation, and is also seeking new (external) avenues to fund its deficit has triggered a rally in the bond markets. If external fund flows do jump on the bank of some of the new initiatives to invite foreign capital, domestic borrowing costs should remain low. ●

R JAGANNATHAN
EDITORIAL DIRECTOR, SWARAJYA

Long on Vision, Political Direction and Intent, But Short on Detail

Nirmala Sitharaman's first budget strikes all the right chords by addressing the economy's pain points. But the devil of pain relief lies in the details of implementation

Nirmala Sitharaman's maiden budget struck all the right chords by addressing all the pain points of the economy. Big numbers were bandied about to provide for higher investments in infrastructure. There were nods towards addressing the unemployment problem by providing sops to sectors with the highest jobs potential that were badly singed by demonetisation and GST; and dollops of capital for banks and indirect liquidity support to NBFCs.

The surprise element, given the sharp slippage in tax revenues last year of more than Rs1.6 lakh crore, was Sitharaman's disclosure of a lower fiscal deficit of 3.3% in this fiscal. The only major revenue measures are surcharges of 3% and 7% on income tax for those in the ₹2-5 crore and ₹5 crore-plus income brackets, a ₹2 hike in excise and cess on petrol and diesel, higher duties on gold imports, and some customs duty increases.

On the non-tax revenue front, there is an increase from an already ambitious disinvestment target of ₹90,000 crore to ₹1.05 lakh crore. If we take account of the huge shift in GoI expenditures to the books of PSUs, mainly Food Corporation of India (FCI), all of which will have to be paid up now, the fiscal slippage of 2018-19 isn't being reflected in the budget.

The deficit figure is, thus, either unduly optimistic on future tax revenues, or a fudge, where the current year's expenses will be rolled over to next year. If GoI intends to stick in letter and spirit to the announced fiscal number, we are going to have a severe spending compression later this year that will be wholly pro-cyclical and deflationary when the need is the exact opposite — a fiscal stimulus.

Just a bit stumped

Getty Images

That said, the laudable initiatives involve large hikes in capital for banks, which will get ₹70,000 crore, and NBFCs, which can offload some of its higher-rated assets to banks to obtain liquidity while the banks themselves have been given a partial credit guarantee for 10% of any losses for six months after these NBFC assets are taken over.

Sitharaman talked about the huge investments required to boost infrastructure — estimated at around ₹20 lakh crore annually, with the Railways needing ₹50 lakh crore over the next decade or more. But she didn't indicate where the money would come from.

Given the current low savings and investment rate, the only option is probably to pass the hat around to foreign investors. There were several hints that India will raise more money abroad through sovereign borrowings, and many sectors — aviation, insurance and media, etc — may see an increased foreign investment limit. Single-brand retailers may also be enticed with a reduction on local sourcing norms.

To boost 'Make in India', GoI would be offering a comprehensive package of income and indirect tax benefits to foreign majors to build hi-tech facilities for semiconductor fabrication, solar photo-voltaic cells, computers and laptops, and electric battery charging infrastructure. If the red carpet works, this will be the first effort by India to seek to directly benefit from the global shift in investment away from high-cost China.

On jobs, the FM allowed her investment vision for job-creating sectors to speak for this concern. But one area where the budget seeks to make a big difference is in the MSME sector, where loans up to Rs1 crore are to be sanctioned in less than an hour, and a platform is to be created for speeding up payments due to them for supplies to larger companies. The startup ecosystem is being spruced up and the taxman is being asked not to scrutinise share valuations — the 'angel tax' issue — as long as the investments are from kosher sources.

Affordable housing gets even better, with interest deductions on properties costing up to ₹45 lakh now going up to ₹3.5 lakh a year.

A scary note related to pre-filled tax returns, which will (even as it takes the pain out of filing your returns) not only take in data from AS 26 statements but also from banks, stock exchanges, mutual funds, etc. Big Brother now knows where you are earning your money and where it is going.

Companies with a turnover of up to ₹400 crore now have to pay only 25% tax. Promoters may heave a sigh of relief that no mention has been made of an inheritance tax. But this apart, India Inc. has little to feel cheerful about.

Sitharaman's speech was long on vision, political direction, and intent, but short on detail. That may require a closer look at the fine print of budget documents. But one wonders why she needed two hours to paint a vision already been painted repeatedly by the PM and her predecessor for five years now. ●

"Today's #BudgetForNewIndia sets the stage for fulfilling our collective dreams of water for every citizen..."

AMIT SHAH
Home Minister

VISION MODI 2.0

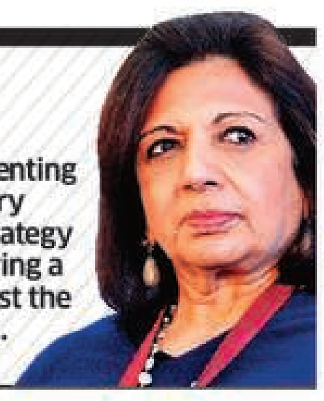
The govt is ready with its to-do list: invest heavily in infrastructure, digital economy and on job creation in small and medium firms

₹27.86 L cr

That's the size of the 2019-20 budget, or 13.21% of GDP

@KIRANSHAW

Full marks to @nsitharaman for presenting a very holistic, aspirational n visionary budget. Full marks for a economic strategy for improving social indicators n driving a strong rural economy. But I felt we lost the opportunity to revive private sector...



Big on Ambition, Short on Spending

Too Much Too Soon The budget makes a lot of promises – electrifying rural India, gargantuan infra projects, incentives for startups & MSMEs. The problem, however, is that the plans aren't backed by actual fiscal numbers

IN FOCUS

TK Arun@timesgroup.com

It is an ambitious budget, in which Modi Sarkar 2.0 announces its plan to take India's economic size to $5 trillion by 2024, Sanskrit *shlokas* stand shoulder to shoulder with Urdu couplets and ancient Sangam Tamil verses to chant inclusion, incentives are on offer for startups and small and medium enterprises, the taxpayer has been protected from the presumably predatory tax official by a digital barrier, rural India has been guaranteed an electrifying future and gargantuan infrastructure projects in roads, inland waterways and railways are heralded. Yet this ambition is made out of sterner stuff than the actual fiscal numbers presented by the finance minister, presumably the iron will of the Prime Minister.

This Budget is small. Total central government expenditure in 2018-19 touched 13.04% of GDP, as per the revised estimates. At 13.4%, total expenditure growth is budgeted to be lower than the 14.7% registered last fiscal. But then, that was an election year, when expenditure growth has a mind of its own. The size of the Centre's expenditure will reach 13.2% of GDP in 2019-20. The government of France spends 57% of GDP, by contrast. Can India really afford any smaller government than it actually has? Including expenditure by all the state governments combined, general government spending in India is only about 27% of GDP.

Capital expenditure is scheduled to grow a meagre 6.9%, after it grew over 20% last fiscal. As a percentage of GDP, capital expenditure is budgeted to actually shrink: from 1.68% to 1.60%.

If you plan to spend less, you have the luxury of earning less. The government expects total tax collections by the Centre (including the share that would devolve to the states) to shrink a little to 11.6% of GDP from 11.9% of GDP last fiscal.

The fiscal deficit is expected to shrink ever so little, from 3.4% of GDP to 3.3% of GDP. But the composition of the government's spending is slated to suffer some deterioration, besides the dip in capital expenditure. Interest payments as a proportion of GDP are expected to climb a tad from 3.12% to 3.13%.

This figure could go up. The government proposes to raise some of its borrowings abroad, in a significant departure from past practice. Honest accounting would add the cost of hedging the foreign exchange risk on such borrowings to interest payments, although accountants could fudge this.

A SMALL BUDGET

At 13.4%, total central govt expenditure growth is budgeted to be lower than the 14.7% registered last fiscal

Privatisation is back on the agenda, although if you searched the budget speech for 'privatisation', you would come up empty-handed. It is called strategic divestment.

This is not the only risky proposal in the budget. Most pernicious is the move to centralise all research funding and align research in universities and other institutions with national priorities. This kind of thing would be called thought control in some countries. In India, of course, it would pass muster as nationalism.

The budget is positively disappointing when it comes to import duties. Some have been slashed, some, raised. In the name of Make in India. This is a very bad idea. Scrapping import duties on something on the ground that it is not made in India runs the risk of perpetuating that deficit forever. A low, uniform duty makes for dynamic efficiency.

Efforts to deepen and broaden the debt market are welcome. As is revival of PPP in infrastructure. On balance, the Budget's importance in the economy stands to shrink further.

India were shocked by Bangladesh in 2007 World Cup group stage

Easier FDI Rules for Aviation, Single-Brand Retail

New Delhi: The government plans to relax foreign direct investment (FDI) rules in aviation, insurance, single-brand retail and media animation, visual effects, Gaming and Comics (AVGC). Relaxation of FDI regulations in aviation is likely to make it easier for the government to find buyers for state-run Air India and the bankrupt private airline, Jet Airways. Easier sourcing rules for single-brand retail will help companies like Apple and luxury brands.

"Since everything is open in civil aviation except the 49% cumulative limit for FDI and FII/FPI (foreign institutional/portfolio investment), this is one of the ways easing can be done," said Akash Gupt, a partner at PricewaterhouseCoopers. "This may help the government find buyers for Air India and Jet Airways."

For Air India, the clause that deals with ownership and licensing requirements may have to be relooked.

In single-brand retail, 100% foreign investment is already allowed. But the norms require companies to locally source 30% of the value of goods sold in India.

Investors can set off sourcing from India for their global operations against this 30% requirement. However, this provision is currently available only for the first five years and, subsequently, the 30% sourcing must be entirely for India operations.

In the insurance sector, the finance minister proposed to allow 100% FDI in intermediaries including online aggregators such as Policybazaar. Foreign airlines are allowed to invest in the capital of Indian firms up to 49% including FDI and FII/FPI investment. In insurance, 49% foreign investment is allowed in insurance broking, insurers, third party administrators, surveyors and loss assessors. **–Team ET**

MSMEs Get ₹7K-Cr Boost

New Delhi: The government has proposed a slew of measures in the Budget that will ease access to credit for micro, small and medium enterprises (MSMEs), while allocating over ₹7,000 crore, its highest ever.

"Government will create a payment platform for MSMEs to enable filing of bills and payment thereof on the platform itself," finance minister Nirmala Sitharaman said.

Besides, it has allocated ₹350 crore in FY20 for a 2% interest subvention on fresh or incremental loans for all MSMEs registered under the GST regime. Allocation for the Prime Minister's employment generation programme, the flagship scheme for job creation in the country, stood at ₹2,327 crore, up 117% over the last two years.

Minister for MSMEs, Nitin Gadkari, said the budget announcements will help increase the sector's contribution to India's GDP to 50% over the next few years from 29% currently. **–Team ET**

BUDGET AT A GLANCE

TAX GAINS

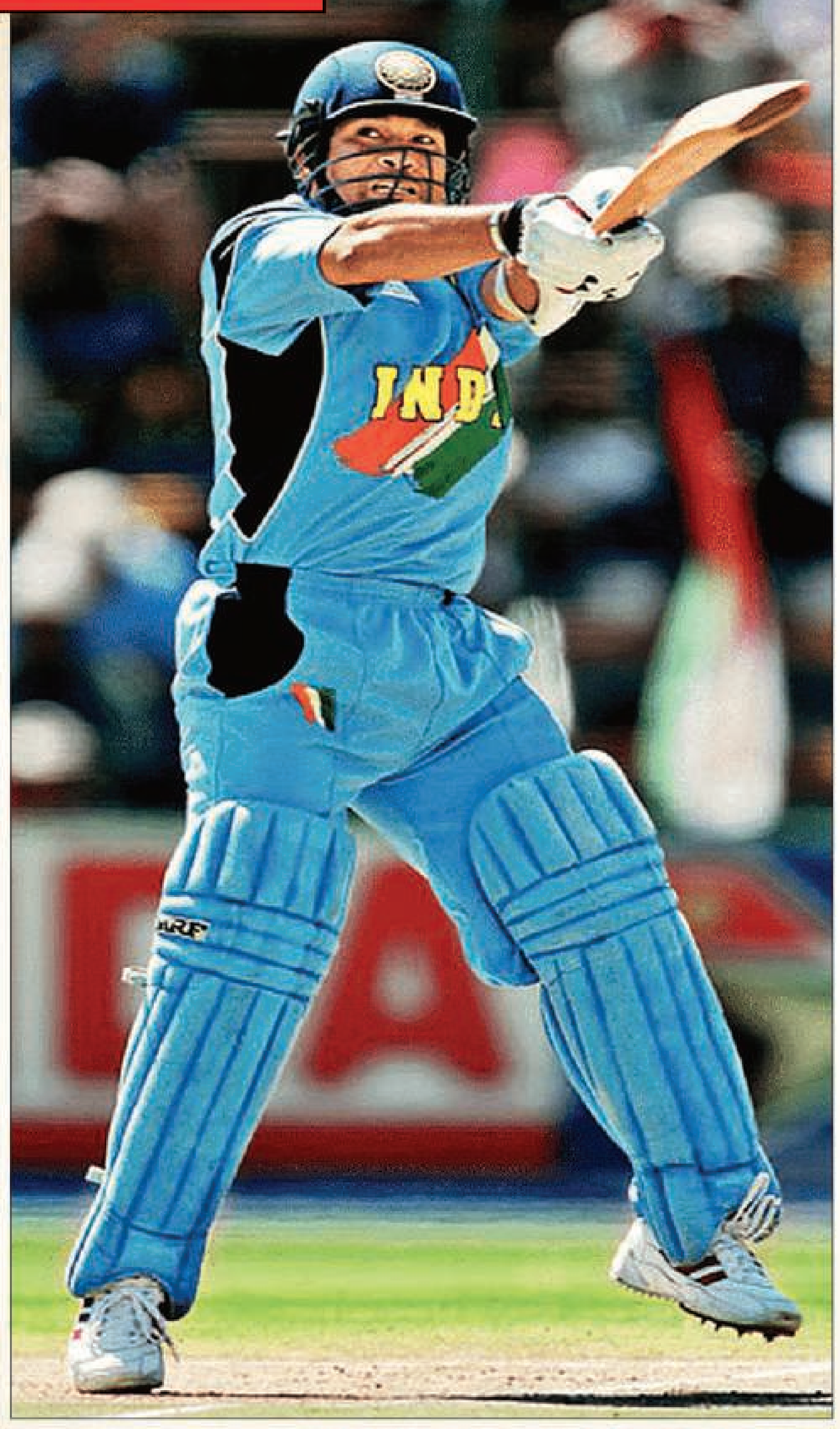
₹25K-Cr Mop-up From Customs, Excise Duty Hike

An increase in customs duty and excise duty will bring an additional ₹25,000 cr to the exchequer. Government raised customs duty on a host of products while raising cess on petrol and diesel by ₹1 per litre. The surcharge on super-rich would help garner additional ₹12,000 cr this fiscal on the direct tax side while revenue loss due to extension of 25% corporate tax rate to firms with turnover of up to ₹400 cr would be around ₹4,000 cr

MARKETING SPACE

NSIL: New Commercial Arm of Dept of Space

A public sector enterprise called New Space India Limited (NSIL) will be incorporated as a new commercial arm of Department of Space. The idea is to tap the benefits of the research & development carried out by ISRO like commercialisation of products like launch vehicles, transfer to technologies and marketing of space products



Sachin Tendulkar vs Pakistan, 2003 World Cup

SKILL INDIA

Preparing Youth for Jobs Overseas

Focus on imparting new-age skills in areas like artificial intelligence, Internet of Things, big data, 3-D printing, virtual reality and robotics to equip youth to take up high-paying jobs overseas. Language training will also be given to help youth get more jobs as the aim is to make India the 'skill capital' of the world

EYEING GLOBAL INVESTMENTS

Annual Global Investors' Meet

Global investors' meets to be organised annually in India using National Infrastructure Investment Fund (NIIF) as the anchor, to get all three sets of global players on the platform. These include top industrialists, corporate honchos, top pension, insurance & sovereign wealth funds

MOBILITY CARD

Indigenous Payment Systems

The National Common Mobility Card, India's first indigenously developed payment ecosystem for transport, will enable people to pay multiple kinds of transport charges, including metro services and toll tax, across India

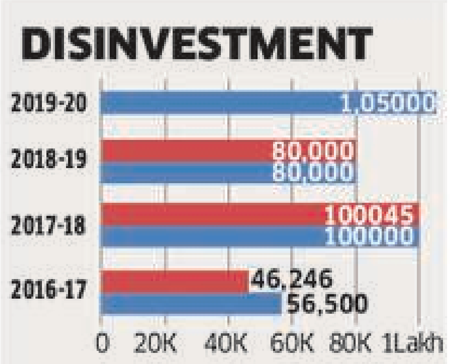
₹90K Cr from Central Bank as Dividend

New Delhi: The government has estimated about ₹90,000 crore as dividend from the Reserve Bank of India, said finance secretary Subhash Chandra Garg. He said that the dividend will come after the annual meeting. As per the budget documents, the government expects to raise ₹1.06 lakh crore as dividends from RBI, banks and other financial institutions. In 2018-19 it raised ₹74,140 crore, of which central bank paid ₹68,000 crore to the government including ₹28,000 crore as interim dividend. This was the highest receipt from the Reserve Bank in a single financial year, exceeding the ₹65,896 crore received in 2015-16 and ₹40,659 crore in 2017-18.

The government further expects a 28% increase in non-auction revenue at ₹50,519.8 crore in the fiscal year 2019-20 from the telecom sector against the revenue of ₹39,245 crore earned for the current fiscal year ended March 31, according to budget documents. **–Team ET**

Govt's revenue foregone due to incentives and tax exemptions to companies was up by 16% to over ₹1,08,785 cr

Decks Cleared for Big-Ticket Sales



New Delhi: Eyeing big-ticket strategic sales, the government announced a major shift in the budget in its disinvestment policy which will allow it to reduce its stake to less than 51% in state-run firms.

Government would realign its holding in CPSEs, including banks to permit greater availability of its shares and to improve depth of market.

This means, in a firm like the Indian Oil Corporation, in which the government holds 52.18% stake and state-run Oil and Natural Gas Corporation holds another 14.2%, the government can now bring down its stake to 37%, said a senior finance ministry official.

"In some non-strategic companies we can go below 51% irrespective of whether the government directly or indirectly holds a majority stake," said the official.

In her budget speech, finance minister Nirmala Sitharaman had said that strategic disinvestment of select CPSEs would remain a priority and that the government would offer more CPSEs for strategic participation by the private sector. "In view of current macroeconomic parameters, government would not only reinitiate the process of strategic disinvestment of Air India, but would offer more CPSEs for strategic participation by the private sector," said Sitharaman.

Sitharaman said in the post-budget press conference that the central government will be open to reducing its stake below 51% in a state-run company provided the combined stake of the government or government-owned agencies stays above that threshold. If there are two or three different government agencies together holding over and above 51% stake, then the government still retains its position (as promoter) and this opens up space to bring down the government's stake, she said.

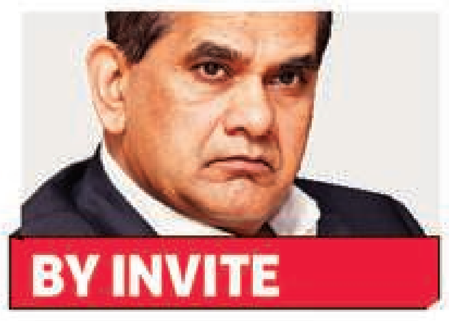
Sitharaman said that the target of ₹1.05 lakh crore is a realistic goal. "For the way in which disinvestment should happen, and disinvestment is also a reform agenda which needs to get fulfilled and it is necessary to push...because we do not want the economy to stagnate and disinvestment is an important tool," she said.

The finance minister said the idea is that India's small retail purchasers should benefit.

In her budget speech, she said that in order to provide additional investment space, the government would realign its holding in central public sector enterprises (CPSEs), including banks, to permit greater availability of its shares and to improve depth of the market. Economic affairs secretary Subhas Chandra Garg, however, said that the government has no plans as of now to reduce its stake below 51% in state-run banks.

Experts hailed the new disinvestment strategy as a bold initiative and said that if it intends to reduce the fiscal deficit to 3.3% of gross domestic product (GDP) it needs to raise non-tax revenues.

"It is a far-reaching and vivid initiative as the government will now count both its direct and indirect holding towards majority stake, giving it the room to pursue strategic sale in even profit-making firms besides loss-making companies. Having said that, exchange traded funds (ETFs) will remain the main course of action," said Jagannadham Thunuguntla, senior vice president at Centrum Broking. **–Team ET**



BY INVITE

AMITABH KANT
CEO, NITI AAYOG

Focus on asset monetisation will enable de-risked brownfield projects to be put out for private sector participation

Disinvestment Will Provide Greater Fiscal Space for Govt

The budget announced by Nirmala Sitharaman reflects the government's unflinching dedication to making India a $5 trillion economy in the next 5-6 years. The Economic Survey 2019 indicates that for realising this goal, we need an average growth of 8% in real GDP in the next five years.

As is evident from the experiences of China, Taiwan and South Korea, the core ingredients that can enable 8-9% growth are mainly investment, savings and exports. For exports, manufacturing is critical.

The budget is focused on boosting investment, manufacturing and exports. Investment and domestic savings have been tough spots for some years and the measures proposed would prove to be a major boost. The budget provides a boost to the financial sector as credit is close to 70% of India's GDP and reducing disbursal bottlenecks will provide the fuel to the wheels of growth.

The disinvestment target has been increased and will provide greater fiscal space for the government to take up higher capital expenditure. There is focus on asset monetisation. This will enable de-risked brownfield projects as well as mobile towers/pipelines, power-grids, to be put out for private sector participation through InvITS/ReITS.

India is among the fastest-growing economies and took a giant leap in becoming the sixth-largest economy from 10th-largest in the last five years. Among the measures proposed to ignite the animal spirits in the economy is pushing the turnover threshold for basic corporate income tax to ₹400 crore.

A major component of the sliding investment-to-GDP ratio was the downfall in capital formation by the housing sector. The provision of additional deductions on affordable housing will bring major relief to the sector and boost investment.

India is coming up as a launchpad for startups. It is commendable on the part of the government to relieve the startup community of the scrutiny they would otherwise face in respect to valuation. The angel tax issue has been resolved and I am glad that AIF 2 funds will also get angel tax exemption.

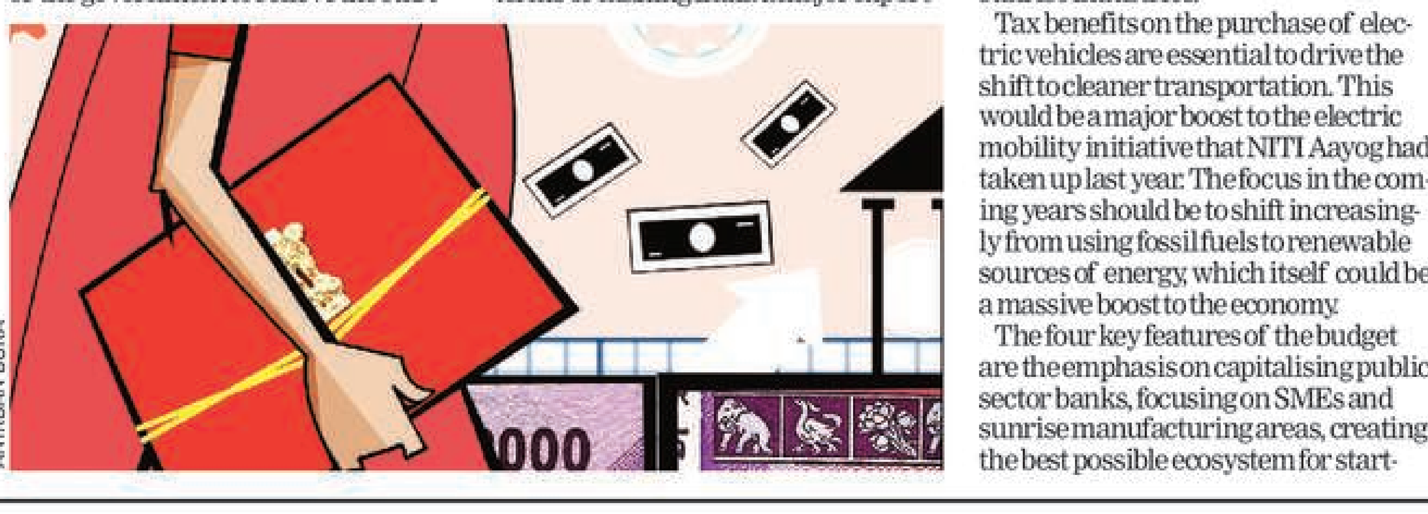
The budget has a clear message in terms of making India a major export hub by focusing on large manufacturing. A key message provided by the finance minister is the focus on next-generation industries like giga batteries, semiconductors and the aim to make India a global hub in such sunrise industries.

Tax benefits on the purchase of electric vehicles are essential to drive the shift to cleaner transportation. This would be a major boost to the electric mobility initiative that NITI Aayog had taken up last year. The focus in the coming years should be to shift increasingly from using fossil fuels to renewable sources of energy, which itself could be a massive boost to the economy.

The four key features of the budget are the emphasis on capitalising public sector banks, focusing on SMEs and sunrise manufacturing areas, creating the best possible ecosystem for startups, and giving impetus to electric mobility and digital payments. It is a progressive and forward-looking budget.

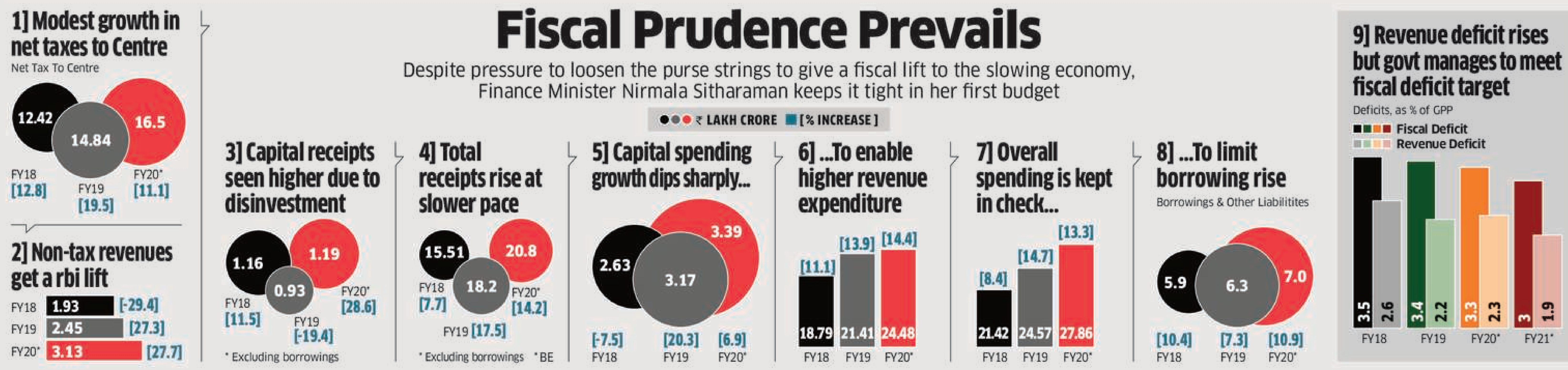
Digital India has always topped this government's agenda and in this budget, it is clear there will be greater momentum to digital payments. Taxing major cash transactions is a positive move and once they move to digital modes, it will be easier for retail transactions to follow and reach critical mass.

The factors that need major attention such as investments, savings and exports could take India to the league of the largest three countries. This is not just an end in itself but is important to improve the standard of living of about 1.4 billion people of the country. The focus on investment and growth is the crux of the budget and the government should be commended for that.



ANIRBAN BORA

Virat Kohli vs England, 2019



A Budget Full of Hope, Belief and Aspirations: PM Modi

Poor, farmers and backward sections to be the 'powerhouse' that will drive India to a $5-trillion economy

New Delhi: The Union Budget will give strength to the poor, greatly benefit the middle class and accelerate the pace of development in the country, Prime Minister Narendra Modi said in a statement after the budget was introduced.

"This is a budget full of hope, belief and aspirations," the Prime Minister said.

"The budget is giving this belief that the direction is right, the process is correct, the pace is good and hence reaching the target is certain. This budget will set the path for the country to attain our targets in 2022. I wish to congratulate the first woman finance minister Nirmala Sitharaman and her team for this citizen-friendly, development-friendly and future-oriented budget." The budget will strengthen the foundation of the "next 10 years," he said.

RURAL INFRA AND JOBS

Investing in rural infrastructure will lead to more job opportunities in villages

Modi said the poor, farmers and backward sections will prove to be the "powerhouse" that will drive India to a $5-trillion economy.

"Our government in the last five years has done a lot to empower the poor, farmers, scheduled castes, oppressed and the underprivileged sections of the society," he said. "This empowerment would make them the powerhouse of the country in the coming five years. The country will get the energy to fulfil the dream of a $5-trillion economy from these empowered sections of people."

The country has in the past five years shrugged off the grip of despondency and is now full of hope and self-confidence, Modi said.

"This budget is giving hope to people that their aspirations can be fulfilled," Modi said. He said the common people had to earlier struggle for some basic amenities such as electricity, cooking gas,

EASE OF LIVING

Budget will bring ease of living for common citizens along with welfare for the poor in the village

roads and cleanliness besides fighting corruption and VIP culture. "We have successfully helped reduce these challenges," PM Modi said.

Modi said the budget will strengthen enterprises as well as entrepreneurs, includes financial reforms and will simplify the tax process. He also said that the budget offers youth a better future by opening up new possibilities for them. It will increase the participation of women in the country's development and is hence a budget for New India.

"It will bring ease of living for common citizens along with welfare for the poor in the village," the PM said. It is a "green budget" with focus on environment and electric mobility, he added.

Structural reforms were being made in the agriculture sector, including transfer of ₹87,000 crore to farmers under the Pradhan Mantri Kisan Nidhi scheme. "Investing in rural infrastructure will lead to more job opportunities in villages," the PM said.

He also reiterated that water conservation should be adopted as a people's movement and said the budget has hence kept in mind future generations on this count. "This budget will improve education and bring advantages of artificial intelligence and space research to people," the prime minister said.— **Team ET**

AMRENDRA JHA

ET Q&A **NIRMALA SITHARAMAN**
Finance Minister

Public Spending for Infra to Boost Growth, Put More Money in People's Hands

Will ensure that fiscal deficit follows the glide path

Finance minister Nirmala Sitharaman spoke to **Swaminathan Aiyar** and **Nayantara Rai** of ET Now. Edited excerpts:

Instead of borrowing domestically and raising interest rates, you are going to be borrowing abroad. Could you tell us how much are you going to borrow this year, how much in the next five years?
A bit too early for me to get into the details of how much... We thought we can make a genuinely good attempt at tapping these resources... our external borrowing is rather minuscule so we wanted to make the two things come together so that the country can benefit.

₹70,000 crore of bank capitalisation will help banks revive lending. What is the phasing?
I would think it will be about three years but I would not be able to break it down now. You will get to know a bit later, during the parliamentary debates. I will be able to give you the figure for it. And similarly, we have also attended to the NBFC crisis.

It is part of the same package?
Yes, same thing... It is an issue of solvency for some, it is governance for some of the NBFCs, a third may suffer from the want of liquidity. We looked at what were the immediate things we had to do. One was for clearly making sure that the regulatory and resolutionary powers were in the right place. And that is the reason why in this finance bill we are moving it all to RBI and that is true of even the National Housing Bank-related powers. Similarly, we have given a window which can be opened by the RBI for which we are giving a 10% backstop

ARINDAM

EXTERNAL BORROWING

We can make a good attempt at tapping these resources... our external borrowing is rather minuscule

arrangement. I hope those suffering for want of liquidity will be able to get it but for those who are not suffering from liquidity (squeeze) there is a positive message going that on that sector we have responded.

Have you included an assumption of RBI excess capital in the budget?
The finance secretary during the press conference said ₹90,000 crore, so it must be in that range.

Do you think you have done enough to spur investments and growth?
India still is the fastest-growing economy globally. I would rather do everything that it takes to make sure that growth is sustained at that or even higher level... The way in which we have approached the spurring of the growth matter is we are going to put more money in the hands of the people through the time-tested method which we have done in the last five years of investing and public spending for infrastructure. On the other (hand), through direct benefit transfer we are definitely moving to literally putting money in the hands of the last man in the queue.

The fiscal deficit target has been narrowed.
I am here to have complete compliance of the law. FRBM is a law, so I will obey it and the glide path is sacred for me. I have made sure that the fiscal deficit will go through the glide path and today we are at 3.3%.

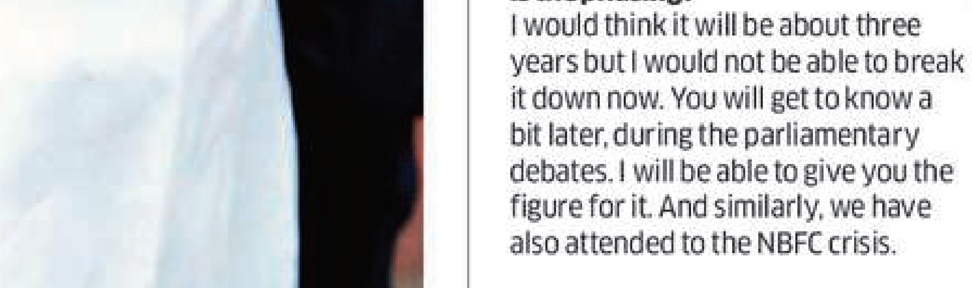
Which companies will be divested? Air India's not part of the ₹1.05-lakh crore divestment target?
We will make sure that everything which has been given the CCEA approval (is divested)... Air India was separate.

ET Q&A **PIYUSH GOYAL**
Railway & Commerce Minister

Railways to Seek Private Investment in Some Areas to Improve Efficiency

Will have to rope in private players to meet ₹50-lakh crore funding needs; won't force customers to use their services

Indian Railways will open up certain areas to private investment to improve efficiency and meet passenger expectations, said Piyush Goyal, minister for railways, and commerce and industry. In an interview with **Nishtha Saluja** and **Kirtika Suneja**, Goyal also detailed how the government will ease norms to attract foreign investment. Edited Excerpts:



AMRENDRA JHA

Public Private Partnership in railways has been one of the highlights this year. What are your plans?
The railways, in order to become one of the world's best, has a huge investment requirement. The finance minister gave a rough indication that ₹50 lakh crore will be required over the next 10-12 years. The government will not be able to allocate so much. Given the urgency to add infrastructure and services, we should open up certain areas where there is potential for private investment, just like how we opened up in the roads sector, power sector...

These would be passenger trains, rolling stock manufacturing...
It's a work in process. We will see the areas of opportunity, those which need funding, where we can improve efficiency and bring in modern technology while keeping it a railway-owned entity.

Do you anticipate some resistance from unions?
I don't think so. All of this will help the workmen.

Will the cost of travel by rail increase with the private sector coming in?
It is the customer's choice. We will not force anybody into using the private sector services, if at all they are brought in, in specific areas.

What kind of relaxations will the 30% sourcing norm for single brand retail trade entail?
We are considering various aspects, but by restricting only domestic sales while calculating the 30% local procurement we don't incentivise large capacities. We are forcing people to think small. So, within the five-year period when, out of their sales in India 30% has to be sourced locally, why not also allow them to export out of that 30%. That way it is a double benefit for India. It helps us produce more and also earn foreign exchange.

Budget says startups' angel tax issues will be resolved...
We are automating the system, removing the human interface and trusting startup ecosystem. Angel tax was never a tax meant for startups. After today's announcement, honest taxpayers get relief.

When are you meeting the USTR? Will the trade deal with the US be on the lines of a free trade agreement?
We are working towards meeting, and as for the deal, I am open to all ideas.

Consumption, Infra To Set the Tempo

There were no immediate triggers except for NBFC shares as the bellwether index fell amid fears of stock offloading to meet the new public holding rule. But analysts are betting on consumer and construction stocks in the medium term on the back of higher rural income and infra spending

GETTING IT RIGHT Breakthrough ideas need brilliant execution to make them work

Great Idea to Tap Global Savings

EXPERT TAKE

RAAMDEO AGRAWAL
JOINT MANAGING DIRECTOR, MOTILAL OSWAL FINANCIAL SERVICES

ON BUDGET day, the markets ended down 1%.

In my view, the main reason for this was the proposal to consider increasing minimum public shareholding in listed companies from 25% to 35%. In the long run, this proposal is positive for deepening of the equity markets. However, in the short-to-medium run, it implies fresh equity supply of almost ₹3.9 lakh crore. To maintain market equilibrium, I hope Sebi gives at least five years for this to be implemented.

I believe the market fall overlooks the many breakthrough ideas in Nirmala Sitharaman's maiden budget. To me, the biggest one is the idea to tap global savings to fund government debt. India's sovereign external debt as percentage of GDP is among the lowest globally at less than 5%. Raising part of the government borrowing programme overseas would prevent crowding out in the domestic market, and allow interest rates to remain soft.

Another very important aspect of the budget is the whole NBFC piece. First, the budget acknowledges the important role of NBFCs in the Indian economy. Next, it formally admits the ongoing crisis in the sector. Finally, and very importantly, it attempts to offer a partial solution to address the same. For purchase of high-rated pooled assets of financially sound NBFCs totalling ₹1 lakh crore during the current financial year, the government will provide one-time six months' partial credit guarantee to public sector banks for first loss of up to 10%.

A structured thought process on central public sector enterprises (CPSEs) is yet another key feature of the budget. Here, the government will now include the holding of government-controlled institutions (such as LIC) in computing its effective stake in companies. The budget also enhanced the disinvestment target to ₹1,05,000 crore.

KEY ASPECTS
A structured thought process on central public sector enterprises is yet another key feature of this budget. Enhancing divestment target is also important

But these ideas have to be executed brilliantly. And it is here that the government is usually caught napping : look at the actual divestment receipts.

The interchangeability of PAN and Aadhaar, covering more than 1.2 billion Indians, will benefit the equity markets.

Another thrust area is housing, especially rural housing, with 19.5 million houses to be built in just three years. For home buyers, the budget provides for additional ₹1.5 lakh interest deduction from income on purchases of houses up to ₹45 lakh.

Finally, there's the budget arithmetic, with fiscal deficit pegged at 3.3% of GDP. Like the rest of the budget, achieving this too demands brilliant execution.

▲ RURAL AND AFFORDABLE HOUSING GETS A PUSH

Another thrust area is housing, especially rural housing, with 19.5 m houses to be built in just 3 years. The budget provides for additional ₹1.5 lakh interest deduction from income on purchases of houses up to ₹45 lakh

DOWNSIDE No push to tackle consumption slowdown to hit revival of related sectors

Big Inflows can Help Lower Rates

EXPERT TAKE

S NAREN
CHIEF INVESTMENT OFFICER, ICICI PRUDENTIAL ASSET MANAGEMENT

THE GOVERNMENT seems to be of the view that bringing down risk-free interest rates is one of the best ways to ensure growth in the economy. This can be seen through measures announced such as going global in terms of raising sovereign debt and a one-time government guarantee for the purchase of high-rated pooled assets of financially sound NBFCs.

As the government starts to borrow a part of its requirement in foreign currency, given that the Japanese 10-year bond yield (-0.1%) and German 10-year bond yield (-0.2%) is in the negative, there are chances of big inflows. This is likely to be supportive for economic growth and the rupee in the near term. This will also lead to lower interest rates, which is a positive for the economy. However, long-term debt fund flow should be used for fuelling capex and not consumption.

THE GAINERS
Banks, especially corporate ones, will continue to benefit in the near term, owing to the fall in G-Sec yield. PSU recap also a positive

Sector Impact

- The budget is a positive for sectors which have leverage, but where companies are solvent. Some of the power firms, telecom companies, solvent road construction companies and NBFCs, which are reasonably valued and with good ratings, stand to gain through the measures announced.
- Banks, especially corporate ones, will continue to benefit in the near term owing to the fall in G-Sec yields. Recapitalisation of PSU banks worth ₹70,000 crore is a positive in terms of sentiment for PSU names.
- Consumption-oriented sectors are likely to be impacted negatively on multiple fronts. Thus far, the high income tax payers' consumption pocket was unaffected, even amidst the current slowdown playing out. The current consumption slowdown for which no fiscal push has been presented, coupled with the income tax increase on the rich, is likely to translate into delayed revival in the consumption space. As a result, the luxury car market, high-end real estate and consumer discretionary space is expected to be impacted. In effect, consumption and consumer discretionary slowdown is likely to last longer.
- Information Technology (IT) is another sector which has been adversely affected. With the promoter holding limit being brought down from 75% to 65%, some of the major IT giants with large market capitalisation will be impacted.

Apart from this, a 20% buyback tax levied too is a dampener because several IT companies had preferred the buyback route over the dividend route as a means to incentivise its investors. Separately, a stronger rupee outlook, given that the government is looking to raise debt globally, is another negative for the sector.

SECTORS TO WATCH OUT FOR

▲NBFC ▲INFRASTRUCTURE ▲BANKS ▲AFFORDABLE HOUSING

Budget is a positive for sectors, which have leverage, but where companies are solvent. Some of the power companies, telcos, solvent road construction companies and reasonably-valued NBFCs stand to gain

Target price, stop loss and recommendation have a horizon of one year.

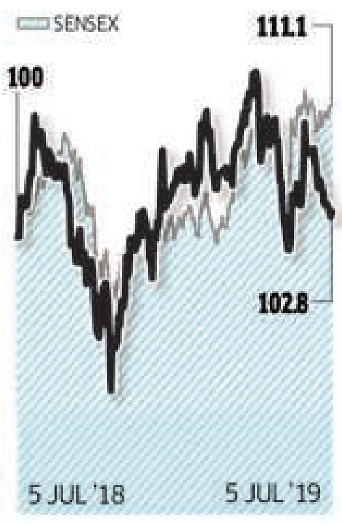
SENSEX STOCKS: ANALYSIS BY ICICI SECURITIES

PRICE CHARTS ARE INDEXED TO 100

ASIAN PAINTS

₹1,520
12 MONTH TARGET

CMP(₹)	1,358.4
P/E	60.3
Market Cap (₹cr)	1,30,298
Div. Yield (%)	0.8
Inst. Holding (%)	25.9
Promoter Holding (%)	52.8
STOP LOSS	1,270.0

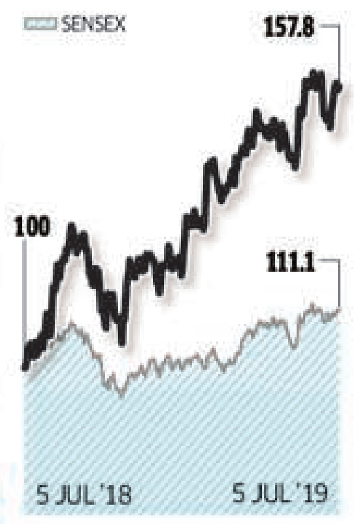


ASIAN PAINTS is a market leader in the decorative paints segment, with a market share of around 50%. There is no direct impact of the budget on the company. However, the thrust to build 1.95 crore houses by FY22 under PMAY would help drive volume growth of paint companies.

AXIS BANK

₹930
12 MONTH TARGET

CMP(₹)	806.0
P/E	45.2
Market Cap (₹cr)	2,11,127
Div. Yield (%)	0.0
Inst. Holding (%)	69.0
Promoter Holding (%)	18.2
STOP LOSS	730.0

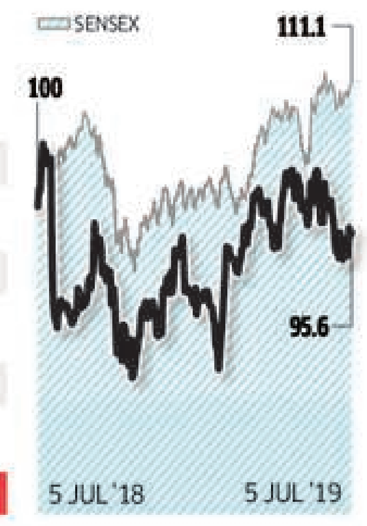


AXIS BANK, with focus on increasing retail book, is poised to benefit from additional tax deduction on affordable home loans. This will enable growth in advances, maintaining asset quality & capital consumption. Axis has shown improvement in curtailing NPA slippages in past 4 quarters.

BAJAJ AUTO

₹2,700
12 MONTH TARGET

CMP(₹)	2,838.2
P/E	16.7
Market Cap (₹cr)	82,129
Div. Yield (%)	2.1
Inst. Holding (%)	23.0
Promoter Holding (%)	51.2
STOP LOSS	3,000.0

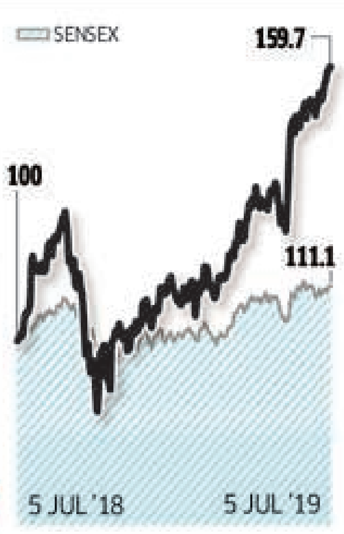


THE GOVERNMENT'S thrust on promoting electric vehicles through I-T exemptions as well as the proposed reduction in GST rates bode negative for traditional ICE vehicle manufacturers, including Bajaj Auto. The company will have to align its business model in favour of EVs domestically.

BAJAJ FINANCE

₹3,450
12 MONTH TARGET

CMP(₹)	3,719.0
P/E	54.0
Market Cap (₹cr)	2,15,665
Div. Yield (%)	0.1
Inst. Holding (%)	29.2
Promoter Holding (%)	55.2
STOP LOSS	3,910.0

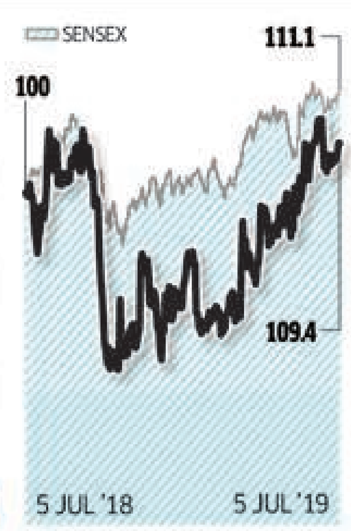


BAJAJ FINANCE is poised to benefit the most from the additional deduction of ₹1,50,000 for affordable home loans. The initiative to provide one-time credit guarantee for first time loss of 10% for bonds of sound NBFCs for a total issuance up to ₹1 lakh crore is also seen as positive.

BHARTI AIRTEL

₹390
12 MONTH TARGET

CMP(₹)	364.9
P/E	456.1
Market Cap (₹cr)	1,87,205
Div. Yield (%)	1.1
Inst. Holding (%)	30.9
Promoter Holding (%)	67.1
STOP LOSS	320.0

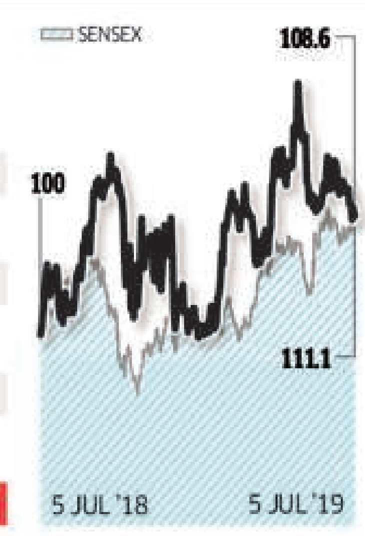


NO MAJOR budget announcement for the telecom sector. Bharti is focusing on high-paying customers, weeding out low/non-paying ones. It has a relatively nimble balance sheet (vis-à-vis peers). Hence, it can remain one of the major players in the Indian telecom sector.

HCL TECHNOLOGIES

₹1,125
12 MONTH TARGET

CMP(₹)	1,016.6
P/E	13.6
Market Cap (₹cr)	1,37,881
Div. Yield (%)	1.2
Inst. Holding (%)	36.4
Promoter Holding (%)	60.0
STOP LOSS	920.0

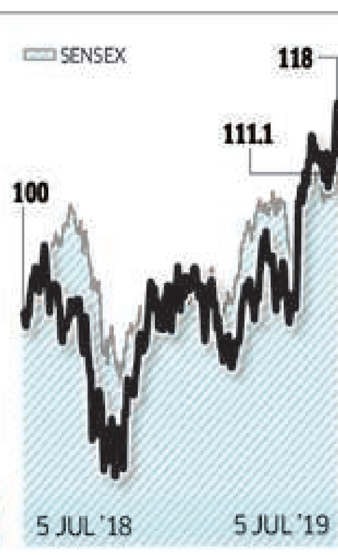


NO MAJOR impact of budget on HCL Technologies. The company is expected to report a healthy growth in revenue. However, its operating margin is expected to be under pressure, led by an increase in employee cost, big-deal transition cost and acquisition-related cost.

HDFC

₹2,380
12 MONTH TARGET

CMP(₹)	2,278.7
P/E	24.2
Market Cap (₹cr)	3,93,135
Div. Yield (%)	0.9
Inst. Holding (%)	89.1
Promoter Holding (%)	0.0
STOP LOSS	2,130.0

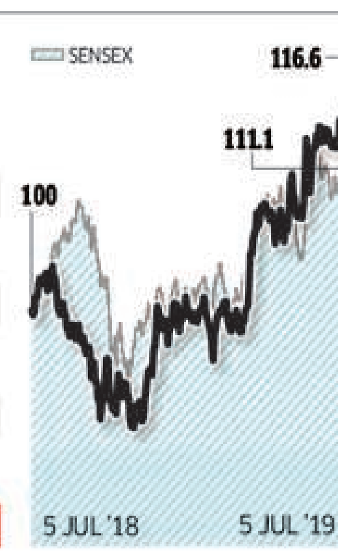


HDFC IS placed well to benefit the most from the additional deduction of ₹1,50,000 for affordable home loans. Further, the initiative to provide one-time credit guarantee for a first time loss of 10% for pooled assets of sound NBFCs for a total issuance up to ₹1 lakh crore is a positive.

HDFC BANK

₹2,740
12 MONTH TARGET

CMP(₹)	2,475.4
P/E	32.1
Market Cap (₹cr)	6,76,477
Div. Yield (%)	0.5
Inst. Holding (%)	44.6
Promoter Holding (%)	21.4
STOP LOSS	2,250.0

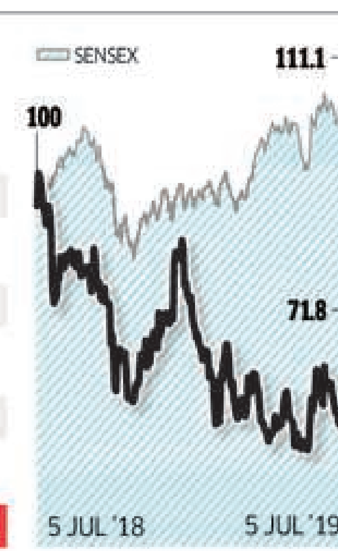


THE GOVERNMENT'S thrust on promoting electric vehicles through income tax exemptions and reducing GST rates will help auto financiers such as HDFC Bank to recoup some of the slowdown in the auto segment. Also, HDFC Bank remains a beneficiary of a decline in G-sec yields.

HERO MOTOCORP

₹2,700
12 MONTH TARGET

CMP(₹)	2,513.6
P/E	14.8
Market Cap (₹cr)	50,209
Div. Yield (%)	3.8
Inst. Holding (%)	54.3
Promoter Holding (%)	34.6
STOP LOSS	2,320.0

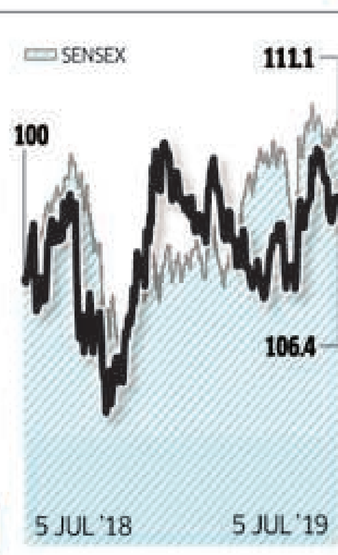


THE BUDGET is positive for Hero MotoCorp, given the focus on augmenting rural income as rural India constitutes around 50% of the company's sales. A stake in the startup Ather Energy, a prominent electric scooter maker in India, also augurs well amid the thrust on electric vehicles.

HINDUSTAN UNILEVER

₹1,850
12 MONTH TARGET

CMP(₹)	1,791.4
P/E	64.3
Market Cap (₹cr)	3,87,802
Div. Yield (%)	1.2
Inst. Holding (%)	18.9
Promoter Holding (%)	67.2
STOP LOSS	1,650.0

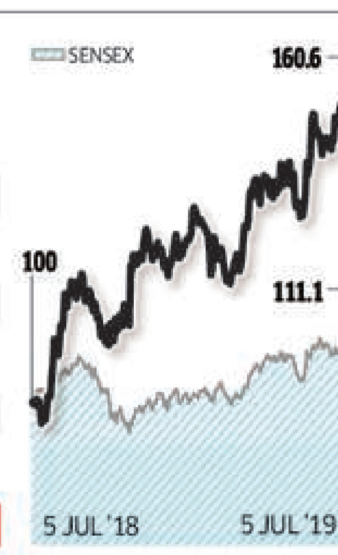


CUSTOMS DUTY exemption on palm oil-related raw materials has been withdrawn, which won't have any material impact on the company. This apart, a focus on raising rural income is a long-term positive for the consumer goods major.

ICICI BANK

₹475#
12 MONTH TARGET

CMP(₹)	436.3
P/E	27.6
Market Cap (₹cr)	2,81,495
Div. Yield (%)	0.3
Inst. Holding (%)	66.7
Promoter Holding (%)	0.0
STOP LOSS	393#



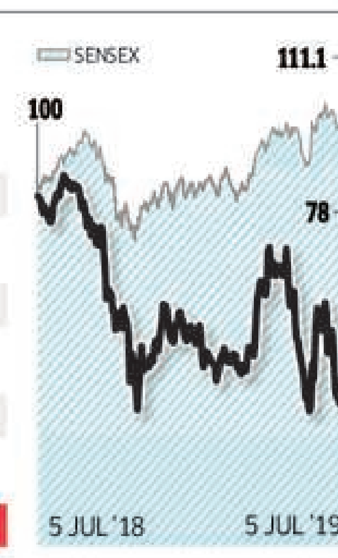
Bloomberg data

ICICI BANK has a target to grow the mortgage book to ₹2 lakh crore by FY20. The budget announcement of additional deduction of ₹1.5 lakh on homes worth up to ₹45 lakh, therefore, will benefit the bank in growing the affordable loan book.

INDUSIND BANK

₹1,750
12 MONTH TARGET

CMP(₹)	1,532.0
P/E	28.0
Market Cap (₹cr)	92,398
Div. Yield (%)	0.5
Inst. Holding (%)	56.5
Promoter Holding (%)	15.0
STOP LOSS	1,345.0

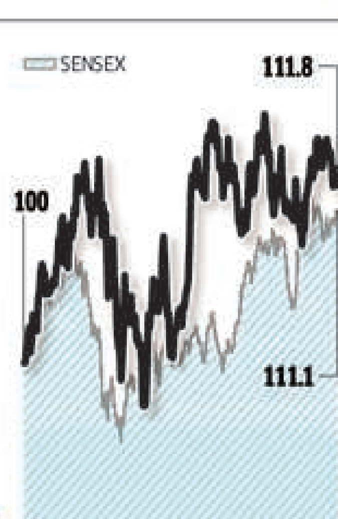


INDUSIND BANK remains a key beneficiary of the government's incentive of tax reduction on electric vehicles, as 33% of its loan book is toward auto finance. The bank was among the late entrants in the affordable housing market. The government's thrust on this segment is a positive.

INFOSYS

₹805
12 MONTH TARGET

CMP(₹)	718.3
P/E	20.0
Market Cap (₹cr)	3,08,819
Div. Yield (%)	3.0
Inst. Holding (%)	56.9
Promoter Holding (%)	12.8
STOP LOSS	650.0

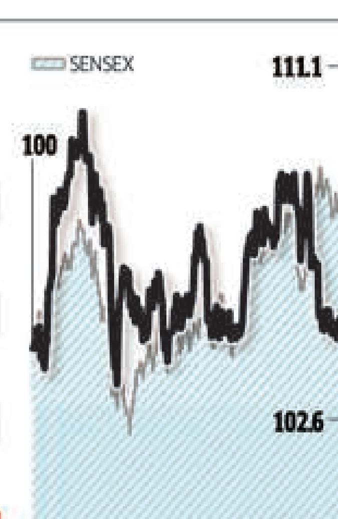


NO MAJOR impact of budget on the IT sector. However, Infosys is expected to be a key beneficiary of digital spending. Healthy deal wins will enable the company to narrow the revenue and the margin gap with TCS.

ITC

₹310
12 MONTH TARGET

CMP(₹)	279.5
P/E	27.5
Market Cap (₹cr)	3,42,567
Div. Yield (%)	1.8
Inst. Holding (%)	55.1
Promoter Holding (%)	0.0
STOP LOSS	245.0

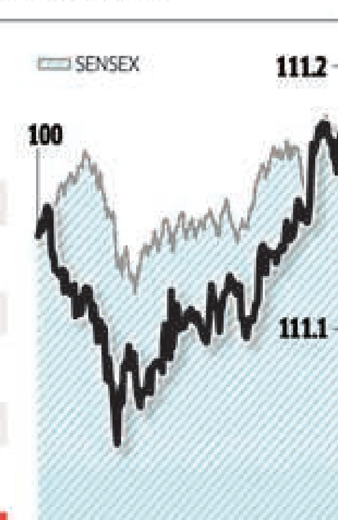


EXCISE DUTY on cigarettes has been increased by a miniscule ₹5 per thousand cigarettes, which will only have an impact of ₹35 crore on ITC. However, levying excise duty on cigarettes has opened a new avenue for the government to raise tax on cigarettes in the future.

KOTAK MAHINDRA BANK

₹1,650
12 MONTH TARGET

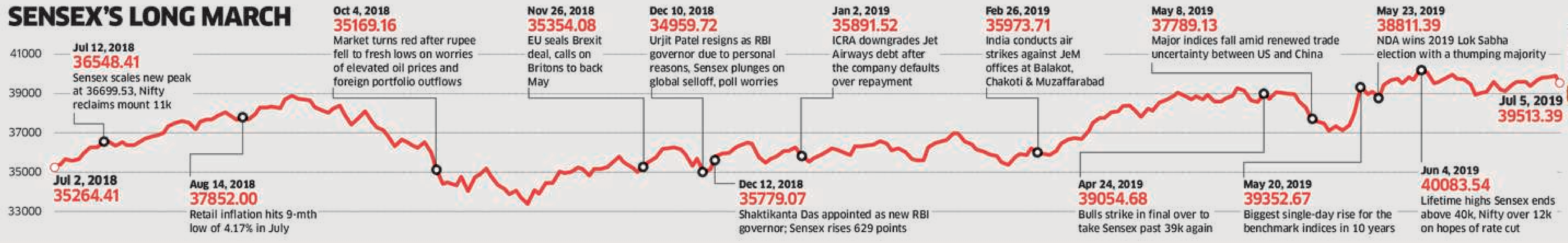
CMP(₹)	1,517.6
P/E	40.2
Market Cap (₹cr)	2,89,761
Div. Yield (%)	0.0
Inst. Holding (%)	51.8
Promoter Holding (%)	30.0
STOP LOSS	1,380.0



HOME LOANS form 26% of Kotak Bank's loan portfolio. Therefore, the budget announcement of tax benefits for affordable homes is a positive. The auto loan book, being over 30% of advances, may benefit marginally from tax reduction on electric vehicles.

Budget 2019-20 Sensex

SENSEX'S LONG MARCH



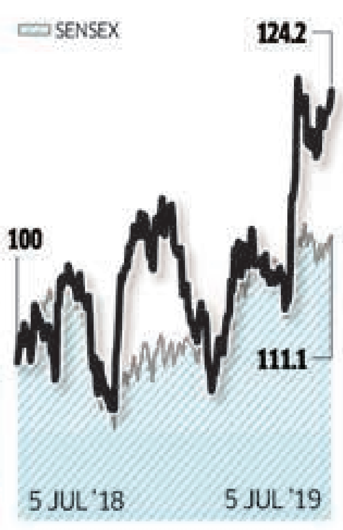
SENSEX STOCKS: ANALYSIS BY ICICI SECURITIES

PRICE CHARTS ARE INDEXED TO 100

LARSEN & TOUBRO

₹1,710
12 MONTH TARGET

CMP(₹)	1,557.1
P/E	24.5
Market Cap (₹cr)	2,18,477
Div. Yield (%)	1.0
Inst. Holding (%)	56.9
Promoter Holding (%)	0.0
STOP LOSS	1,410.0

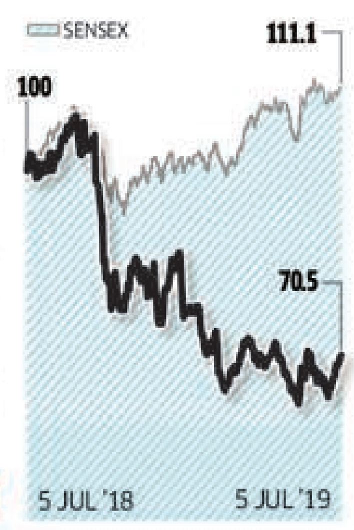


THE BUDGET proposes ₹100 lakh crore infrastructure investment over five years, implying an annual investment of ₹20 lakh crore. Of this, most spending is expected on transport, energy, urban infra and housing. This would create strong opportunities for capital goods companies.

M & M

₹710
12 MONTH TARGET

CMP(₹)	642.3
P/E	24.9
Market Cap (₹cr)	79,851
Div. Yield (%)	1.2
Inst. Holding (%)	52.2
Promoter Holding (%)	20.4
STOP LOSS	580.0

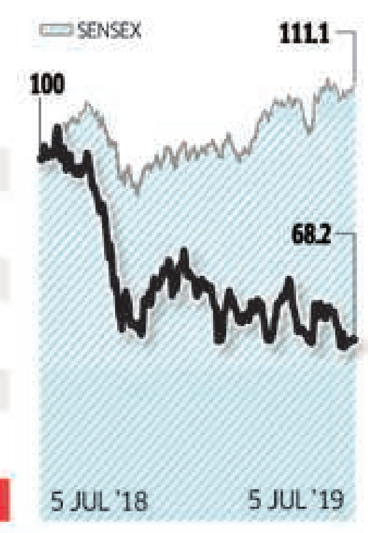


M&M HAS been at the forefront of electric vehicle tech in India with products across 3-wheelers and 4-wheelers. The government's thrust on electrification will provide it a head start and consolidate its leadership position. Focus on farm income bodes well for the tractor business.

MARUTI SUZUKI

₹5,800
12 MONTH TARGET

CMP(₹)	6,364.8
P/E	25.6
Market Cap (₹cr)	1,92,266
Div. Yield (%)	1.3
Inst. Holding (%)	35.7
Promoter Holding (%)	56.2
STOP LOSS	6,650.0

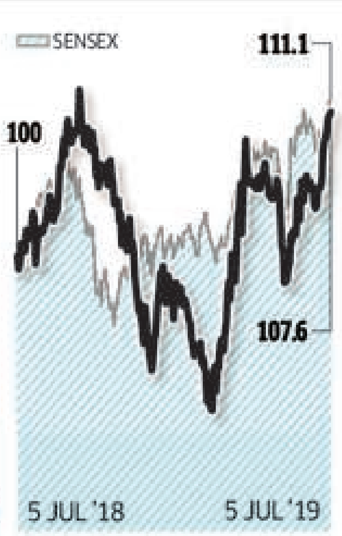


MARUTI IS India's leading carmaker with over 50% market share. However, it lacks presence in the electric vehicles segment and stands to loose ground amidst government's thrust on EV penetration locally. The company focuses on hybrid technology, which finds no budgetary support.

NTPC

₹145
12 MONTH TARGET

CMP(₹)	136.5
P/E	11.5
Market Cap (₹cr)	1,35,011
Div. Yield (%)	3.1
Inst. Holding (%)	40.5
Promoter Holding (%)	56.1
STOP LOSS	120.0

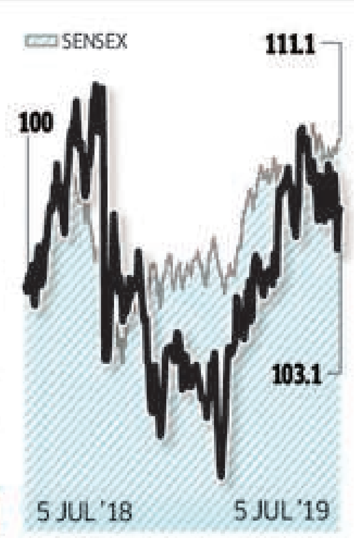


NO MAJOR announcements. Improved performance in terms of capacity addition and improvement in under-recoveries of fixed costs will drive profit. However, the rising clamour on renewables as a driving force for energy would limit the rerating of conventional energy firms.

ONGC

₹170
12 MONTH TARGET

CMP(₹)	161.3
P/E	7.6
Market Cap (₹cr)	2,02,857
Div. Yield (%)	4.2
Inst. Holding (%)	22.2
Promoter Holding (%)	64.3
STOP LOSS	145.0

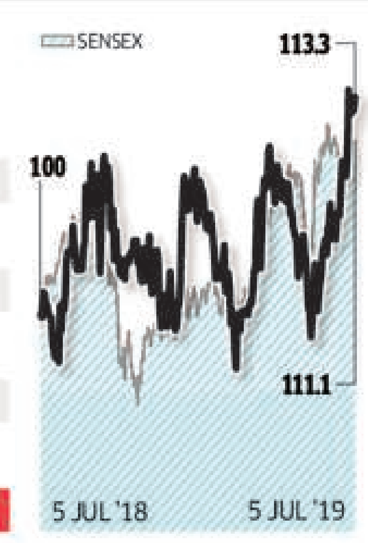


NO MAJOR budget impact on ONGC. In the medium term, the movement in international oil prices and subsidy sharing will decide ONGC's performance. Due to lower production growth on a sustainable basis, in spite of lower valuation, we have a HOLD rating on the stock.

POWER GRID CORP

₹225
12 MONTH TARGET

CMP(₹)	205.8
P/E	10.8
Market Cap (₹cr)	1,07,666
Div. Yield (%)	2.6
Inst. Holding (%)	40.1
Promoter Holding (%)	55.4
STOP LOSS	180.0

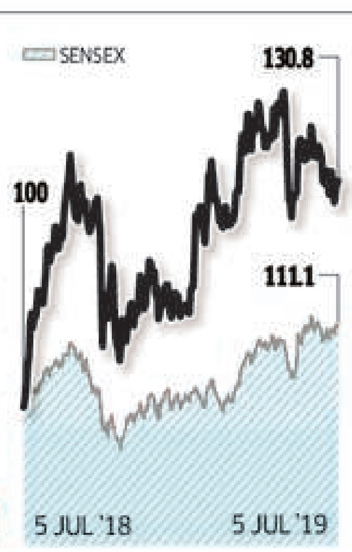


THE GOVERNMENT'S increased focus on renewables sector augurs well for the company. An expected addition of around 500 giga watts for an investment of $330 billion by 2030 is on cards. This will provide strong business opportunities.

RELIANCE INDUSTRIES

₹1,263#
12 MONTH TARGET

CMP(₹)	1,262.6
P/E	20.2
Market Cap (₹cr)	8,00,367
Div. Yield (%)	0.4
Inst. Holding (%)	35.6
Promoter Holding (%)	46.2
STOP LOSS	1,137#



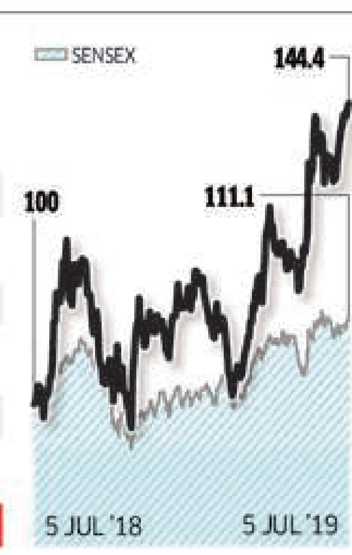
Bloomberg data

THE GOVT'S target of $5 trillion economy may boost consumption of petro and petrochem products in the medium- and long-term term. This should benefit RIL's revenue growth. The petroleum division accounts for 27% of the revenue and 50% of the total operating profit.

SBI

₹415
12 MONTH TARGET

CMP(₹)	370.6
P/E	143.6
Market Cap (₹cr)	3,30,746
Div. Yield (%)	0.0
Inst. Holding (%)	33.9
Promoter Holding (%)	57.1
STOP LOSS	325.0

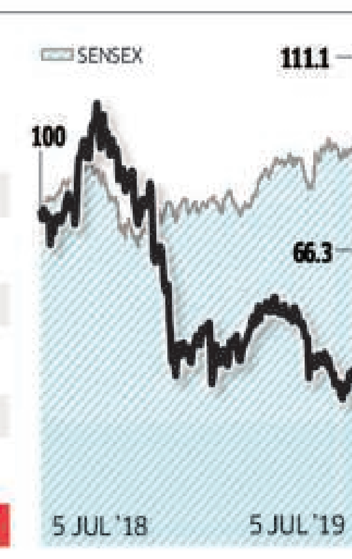


SBI REMAINS a key beneficiary of a sharp decline in G-sec yield. Being one of the largest home loan lenders, the bank is expected to benefit from additional interest deduction on affordable home loans. SBI also remains a beneficiary of announced recapitalisation.

SUN PHARMA

₹405
12 MONTH TARGET

CMP(₹)	375.1
P/E	33.8
Market Cap (₹cr)	89,998
Div. Yield (%)	0.5
Inst. Holding (%)	32.9
Promoter Holding (%)	54.4
STOP LOSS	350.0

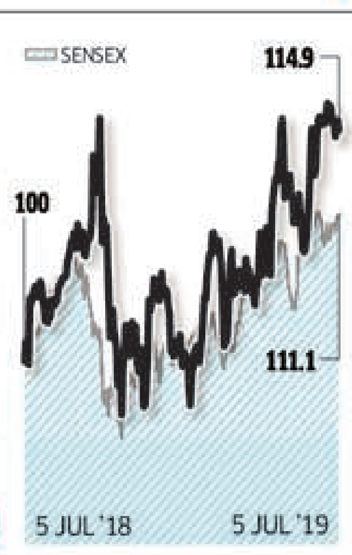


NO SIGNIFICANT updates on healthcare. The proposal to establish the National Research Foundation to fund and promote research will help in providing research talent for the pharma industry. Sun Pharma is likely to face pressure due to slow ramp-up in the US speciality portfolio.

TCS

₹2,250
12 MONTH TARGET

CMP(₹)	2,161.7
P/E	25.8
Market Cap (₹cr)	8,11,138
Div. Yield (%)	1.4
Inst. Holding (%)	23.6
Promoter Holding (%)	72.1
STOP LOSS	2,010.0

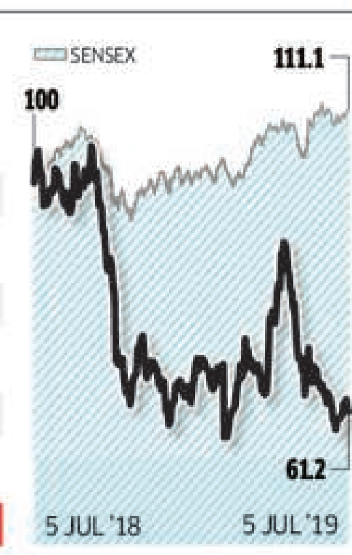


TATA SONS holds a 72.02% stake in TCS. The proposal to raise minimum public shareholding threshold from 25% to 35% could weigh on the stock in the near term. However, in the long term, we expect the stock to revert to fundamentals.

TATA MOTORS

₹175
12 MONTH TARGET

CMP(₹)	160.2
P/E	-1.6
Market Cap (₹cr)	46,241
Div. Yield (%)	0.0
Inst. Holding (%)	35.4
Promoter Holding (%)	38.4
STOP LOSS	130.0

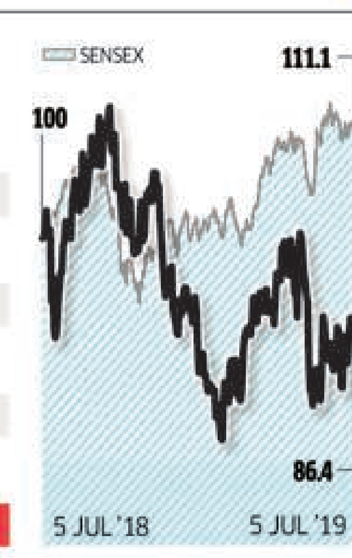


RISE IN allocation to Pradhan Mantri Gram Sadak Yojana (PMGSY) bodes well for its commercial vehicles business. Thrust on improving electric vehicles penetration is also beneficial as it has a running product on ground. However, the pain in overseas subsidiary JLR will affect profitability.

TATA STEEL

₹525
12 MONTH TARGET

CMP(₹)	478.2
P/E	6.3
Market Cap (₹cr)	57,584
Div. Yield (%)	2.0
Inst. Holding (%)	43.8
Promoter Holding (%)	33.1
STOP LOSS	410.0

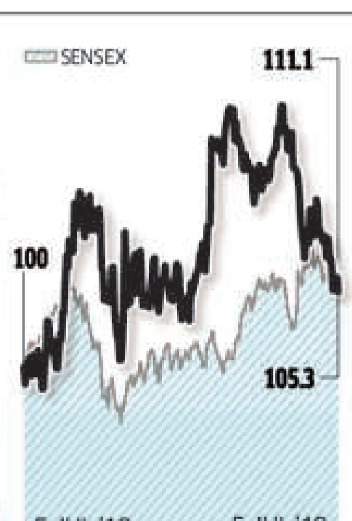


THE GOVERNMENT has announced its intention to invest ₹100 lakh crore in infrastructure over the next five years. Over a longer-term horizon, focus on infrastructure development is likely to benefit the domestic steel demand, auguring well for the company.

TECH MAHINDRA

₹770
12 MONTH TARGET

CMP(₹)	681.6
P/E	15.3
Market Cap (₹cr)	65,726
Div. Yield (%)	2.1
Inst. Holding (%)	50.6
Promoter Holding (%)	35.9
STOP LOSS	610.0

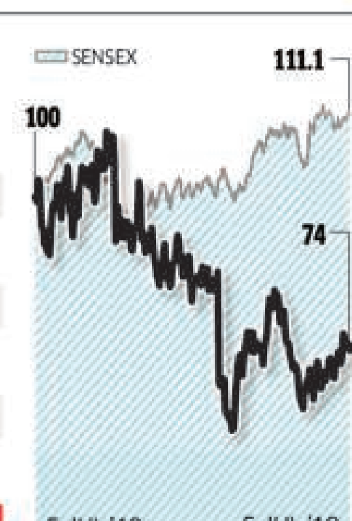


NO MAJOR impact on TechM. The firm will benefit from improving deal growth. But slower growth in enterprise revenues and rupee appreciation may hurt margins.

VEDANTA

₹145
12 MONTH TARGET

CMP(₹)	163.6
P/E	8.6
Market Cap (₹cr)	60,795
Div. Yield (%)	13.0
Inst. Holding (%)	35.2
Promoter Holding (%)	50.1
STOP LOSS	180.0

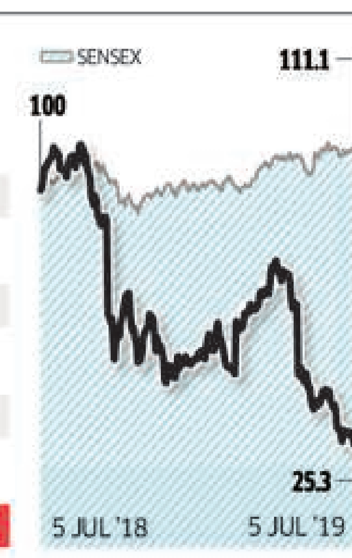


NO MAJOR announcement impacting Vedanta. The government's focus on infrastructure development would augment demand for its products.

YES BANK

₹78
12 MONTH TARGET

CMP(₹)	88.2
P/E	11.9
Market Cap (₹cr)	20,453
Div. Yield (%)	2.3
Inst. Holding (%)	61.3
Promoter Holding (%)	19.8
STOP LOSS	98.0



YES BANK entered the home loan space in 2016 for economically weak sections. The proposal of additional interest deduction on affordable home loans augurs well.

BONDING WELL Helping Indian bond enter int'l indices, attracting overseas pension funds

Path Cleared for $5-trn Economy

EXPERT TAKE

A BALASUBRAMANIAN
CEO, ADITYA BIRLA SUN LIFE AMC

THE UNION budget has addressed some of the pain-points for the broader economy as well as the financial markets. The fiscal number was on expected lines at 3.3%. It articulates means of raising resources to meet the increase in social expenditure. Increasing the limit for SMEs to qualify for 25% corporate tax from ₹250 crore to ₹400 crore is a big boost to sentiment.

The ₹1 cess for every litre of fuel consumed also increases revenue. Though assumed to be high, given oil price stability and stable outlook, it is not much burden for consumers. Increasing the tax rate at the highest end of salary earners above ₹2 crore will have mixed reactions. However, had they not done this and allowed fiscal to slip, it could negatively impact on the outlook for India.

The budget is a positive for the bond market not just because of fiscal prudence, but also for allowing the government to issue dollar-denominated bonds. This will create more space for private borrowers in India and positively impact both currency and currency reserves.

It could push Indian debts into global bond indices, attracting global pension funds. Addressing the concern of two key intermediaries in the financial market is a bold step and should help well-run NBFCs to come back on track, boosting investor confidence. Providing comfort to banks to bear the first loss on the securities bought from these entities up to 10% is a bold move.

Increasing minimum float in listed firms to 35% from 25% may impact the equity market. While Sebi will decide the exact date of implementation, it may improve the supply of equity paper in the near term.

On the other hand, an increase in floating stocks will help in better price discovery. It may also lead to increase in weight in India and MSCI indices. As a result, there is a high probability for such stocks to do well in the long run while attracting more FPI flows.

LENDING BOOST
Capitalisation of public sector banks up to ₹70,000 crore is on the expected lines and should help step up lending

The divestment plan of ₹1,05,000 crore through both strategic sale and selling in the market should benefit, boosting potential of premium valuation. Capitalisation of PSU banks up to ₹70,000 crore is on the expected lines and should help step up lending.

I firmly believe the budget proposal paves the path towards $5-trillion economy, while a lot of the uncertainties surrounding the financial market have been addressed.

SECTORS TO WATCH OUT FOR

▲OIL ▲BOND MARKET ▲SMEs ▲DIVESTMENT

An increase in floating stocks will help better price discovery. The budget may also lead to increase in weight in India and MSCI indices.

CAPITAL FIRST Augmenting domestic savings is necessary to achieve faster growth

Execution Must Match Great Intent

EXPERT TAKE

NILESH SHAH
MD, KOTAK MAHINDRA ASSET MANAGEMENT CO

THIS IS a budget to make India a $5-trillion economy. It has shown path-breaking intent on strategic divestment of public sector undertakings (PSUs) and reducing government holdings below 51%. Counting holdings of government-controlled entities in the 51% limit is a master stroke. Opening up of gilt market for FPIs, including a potential sovereign bond issuance, is another path-breaking intent to raise non-tax revenue without crowding out private sector investment or raising domestic interest rates. Becoming a part of Bond Index for stable as well as long-term capital flows will be the final destination.

Deepening of the bond market and boosting retail participation in gilt market through interoperability of depositories is a welcome step. The Monetary Policy Committee (MPC) has already moved towards accommodative policy on the rates front, and with the government not breaching the line of fiscal discipline, it spells good news for bond markets. We could expect further easing in bond yields in the coming months.

The budget focused on getting higher FDI and FPI flows, recognising the limitations of domestic savings, which have fallen over the past decade by more than 8% of GDP. Augmenting local savings with global levels is necessary to achieve faster growth. Interactions during the annual investor summit will act as a catalyst for more FPI and FDI flows. Increasing public holding in listed companies and FII limit in government companies, which are part of the index, will increase our weight in MSCI EM index and create fresh demand from FPIs. The increased supply potential has unnerved the market. Hence, the focus should be on creating demand. Increased participation by provident funds in equity market or tax incentive for mutual funds will create the necessary demand.

Tax on cash withdrawals, faceless assessment, interoperability of PAN and Aadhaar, encouragement for digital payment and prefilled I-T returns will enhance tax compliance.

DEMAND FOCUS
Increased participation by PFs in equity market or tax incentive for MFs will create the necessary demand

Monetisation of surplus land by the government and PSUs for affordable housing is a step in the right direction, but execution is key. Setting up a payment platform for MSMEs should be extended to all suppliers because delayed and disputed payments from the government are some of the major reasons for slowdown in India Inc. Incentives for electric vehicles as well as affordable housing will boost growth in these sectors. However, similar steps should be taken to support demand in auto and real estate market.

Controlling fiscal deficit at 3.3% is a remarkable achievement. Care should be taken to limit off-budget borrowing so that private sector investment is not crowded out.

SECTORS TO WATCH OUT FOR

▲FDI ▲AFFORDABLE HOUSING ▲E-VEHICLES ▲MSMEs

Incentives for electric vehicles and affordable housing to boost growth in these sectors. Controlling fiscal deficit at 3.3% is remarkable.

"The govt's focus on agriculture sector is positive but what has to be seen is how these initiatives will get implemented"

AJAY S SHRIRAM
Chairman, DCM Shriram

VISION MODI 2.0

When it comes to rural India, aim is to provide electricity, cooking gas and affordable housing to all by 2022

₹3,38,950cr

Centre's subsidy bill, equivalent to 1.6% of GDP

@DPRADHANBJP

Thank Finance Minister Smt. @nsitharaman ji for keeping 'Gaon', 'Garib' and 'Kisan' at the centre of her pro-poor, pro-farmer, pro-middle class and pro-development #BudgetForNewIndia. This historic budget gives unprecedented attention to fulfilling the aspirations of #NewIndia.

Coming: 10,000 Kisan Teams

The Power of One Govt wants farmers to join hands to bargain for better input and output prices from a position of strength; also wants a shift away from extensive use of chemicals that degrade soil and pollute the environment

IN FOCUS

The government plans to form 10,000 farmer producer organisations (FPOs) in the next five years.

This is expected to help small and marginal cultivators team up to get lower rates for inputs and sell produce at higher rates.

FPOs will ensure economies of scale, said finance minister Nirmala Sitharman.

Indian farms are highly fragmented, making it difficult for farmers to adopt modern practices and technology. The small and marginal land holding area increased to 47.4% in 2015-16 from 38.9% in 2000-01, while that of large holdings decreased to 20% from 37.2% in the same period.

"The budget proposal to set up 10,000 FPOs is a path-breaking step to ensure economies of scale for farmers," said H K Bhanwala, chairman of National Bank For Agriculture And Rural Development (Nabard).

"The existing FPOs are not able to grow as they cannot raise capital. The government could have allowed investment by venture capital for private equity funds in this sector," said Vilas Shinde, chairman of India's largest FPO, Sahyadri Farm.

An FPO can raise capital only from farmer members or get grants from the government, which are usually meagre, he said.

LAND MARKS

Small & marginal land holding area increased to 47.4% in FY16 from 38.9% in FY01, while that of large holdings decreased to 20% from 37.2%

"It can also raise capital from banks, which insist on own paid-up capital, which many FPOs are not able to raise. As a result, a large number of FPOs started by various government agencies have remained on paper," said Shinde.

Yogesh Thorat, managing director, Mah-FPC, a consortium of FPOs from Maharashtra, said, "It is a good move that the FPOs have found space in the budget. It will help create institutional structure to aggregate the farmers. We now hope the government will also try to create an entire ecosystem for the development of the FPOs."

FPOs have helped farmers lower the cost of cultivation and achieve higher realisation through collective marketing. Partnership between FPOs and private companies has also helped reduce risk.

The agri value chain needs community-based institutions like FPOs, said Shashank Kumar, CEO and founder of DeHaat, which works with farmers in Uttar Pradesh, Bihar and Odisha to grow corn, wheat, paddy, litchi and vegetables, and to market the output to big agri-retail chains such as ITC, Godrej, Reliance and Metro.

"We provide technology, credit and value chain linkage to FPOs and its member farmers in a sustainable way. Agri-tech startups like us provide famers with the latest technology and link them to the market for better returns," he said.

Currently, 3,500 FPOs have been registered and another 3,000 are under promotion, said Pravesh Sharma, former head of the Small Farmers Agri-Business Consortium. — **TeamET**

BUDGET AT A GLANCE

FUND ALLOCATION

Agri Ministry Gets 78% More

The government has raised the budget allocation for agriculture ministry by over 78% to ₹1.39 lakh crore for the current fiscal, of which ₹75,000 crore will be for the flagship scheme PM-KISAN. It was ₹77,752 crore in the revised estimate for 2018-19.

Support for Honey, Khadi Clusters

The government will support bamboo, honey and khadi clusters to create jobs. Under Fund for Upgradation and Regeneration of Traditional Industries (Sfurti), 100 new clusters will be set up in FY20, which should enable 50,000 artisans to join the economic value chain.

Dhoni sitting on Yuvraj after winning 2011 World Cup at Wankhede

FARM INFRASTRUCTURE

From *annadata* to *urjadata*

The government will promote big investment in agricultural infrastructure and give the private sector a role in it. It will support entrepreneurs in driving value-addition to farmers' produce, including bamboo and timber from the hedges and for generating renewable energy, with the FM saying that *annadata* can also be *urjadata*.

EASE OF DOING BUSINESS

Centre to Work with States to Push e-NAM

Farmers will gain from the government drive for 'ease of doing business'. The Centre will work with states to help farmers benefit from the nationwide market for agricultural produce, e-NAM, which aims to help them get a better price for their output. The government also does not want any local restrictions on farmers.

DOMESTIC DEALS

All Support for Dairies, Oilseeds

Dairies and oilseeds are high on agenda. The government will support dairying through cooperatives by creating infrastructure for cattle feed manufacturing, milk procurement, processing and marketing. The FM also urged the farmers to increase production of oilseeds, which will help cut imports.

Import Duty to Rise on Cashews

Cashew processors and traders can finally heave a sigh of relief as the budget has proposed to raise the import duty of cashew kernels from the current 45% to 70% for broken as well as whole forms. Rising cashew imports had hit domestic sales in India, which is the largest consumer of the nut.

Back to Basics: Farms to Get Zero-Budget Nutrients

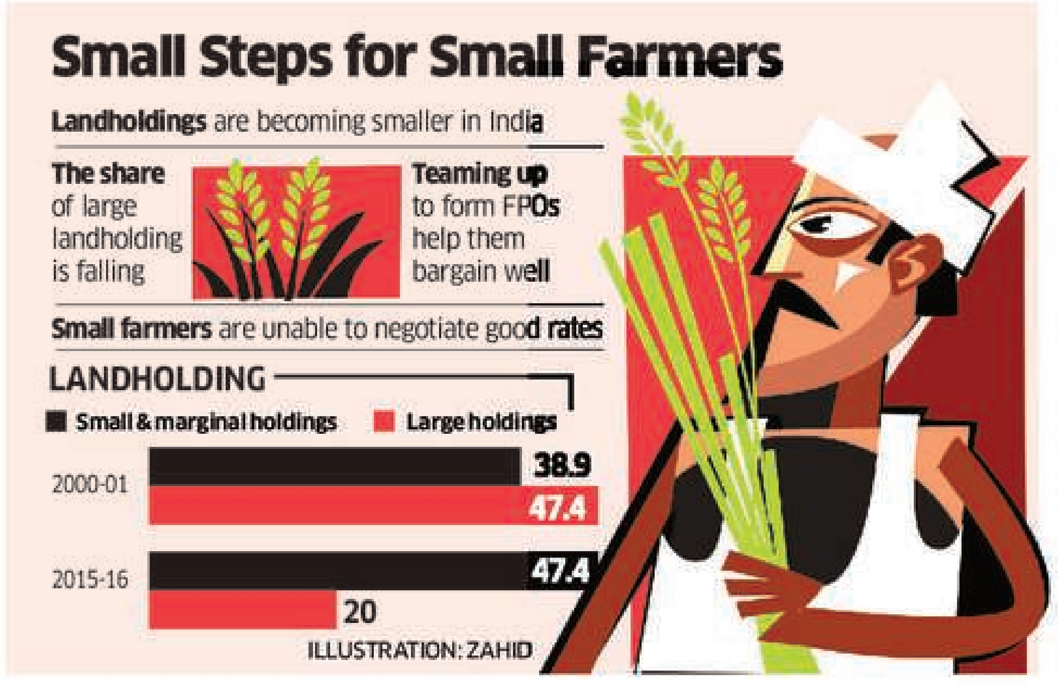


ILLUSTRATION: ZAHID

New Delhi | Pune: The government plans to promote zero-budget farming, an environment-friendly and remunerative alternative to the prevalent chemical-heavy and costly agricultural practices that often degrade the soil, contaminate the water and leave pesticide residues in grains.

"We shall go back to basics on one count: zero-budget farming. We need to replicate this innovative model. In a few states, farmers are already being trained in this practice. Steps such as this can help in doubling our farmers' income in time for our 75th year of Independence," finance minister Nirmala Sitharaman said in her budget speech.

The sustainable farming system, commonly known as Zero Budget Natural Farming (ZBNF), was introduced by Padmashree awardee Subhash Palekar, who has been invited by Chhattisgarh, Andhra Pradesh, Himachal Pradesh, Kerala and Karnataka to train farmers.

COST CONTROL

The system uses manures and organic material to improve productivity at a fraction of the cost of chemical ferts, pesticides

The system uses manures and organic material to improve productivity at a fraction of the cost of chemical fertilisers and pesticides.

"When the government couldn't find means for doubling farmers' income, Niti Aayog vice-chairman Rajiv Kumar approached me to know about ZBNF," Palekar told **ET** over the phone from Himachal Pradesh. He said over five million farmers have begun practising this method and the results have been encouraging in Andhra Pradesh and Karnataka.

He prescribes the use of cow dung and urine of indigenous cows to be spread over the farm before treating seeds with Agniastra, Brahmastra and Neemastra made with natural ingredients.

"Chemical farming did not give the farmers any income. Organic farming is expensive. Both methods lead to global warming as they release greenhouse gases on a large scale," Palekar said.

There are, however, some challenges. The availability of raw materials such as cow dung, cow urine and organic manure in large quantities is a big issue, say experts. — **Team ET**

Single Regulator for Higher Education Soon

New Delhi: The government plans to overhaul the education system with a new policy that promises better governance and focus on research and innovation to make it among the best in the world.

The New National Education Policy will make major changes in both school and higher education, with emphasis on building convergence, consolidation and overhaul of regulatory structures, finance minister Nirmala Sitharaman said in her budget speech.

The most significant move is the promise of a single higher education regulator — Higher Education Commission of India — to replace multiple regulatory authorities such as University Grants Commission and All India Council for Technical Education.

Sitharaman promised that a legislation will be brought in this year for the same.

Consultations have already begun to build consensus on this contentious issue, people familiar with the development told ET. Attempts to get in a legislation for the same during the last stint of the government had failed owing to lack of political consensus.

FOCUS ON RESEARCH

Govt plans to overhaul the education system with a new policy that promises better governance and a focus on research

The finance minister also announced the setting up of a National Research Foundation (NRF) — as recommended by the PM's Science Technology and Innovation Advisory Committee (PMSTIAC) and endorsed in the New Education Policy — to fund, coordinate and promote research in the country.

India's research and innovation investment at present is just 0.68% of its gross domestic product, much lower than 2.8% of GDP in the US, 2.1% in China, 4.3% in Israel and 4.2% in South Korea.

NRF proposes a big course correction with centralised funding for high quality and multi-disciplinary research work across institutions, along with an outcome-monitoring mechanism.

To be chaired by the prime minister and co-chaired by the principal scientific adviser, NRF will follow a hub-and-spoke model. The central office, or 'hub', will create a network of 'spokes' called Centres of Excellence that focus on select 'thrust areas'.

Energy security, environment and climate change, healthcare technology, water resources, sustainable habitat, nanotechnology, advanced materials and artificial intelligence are among the identified thrust areas.

New Syllabus

NEW INITIATIVES
New Education Policy, National Research Foundation, Higher Education Commission of India

APPROACH
Consolidate, converge, deregulate, outcome monitoring

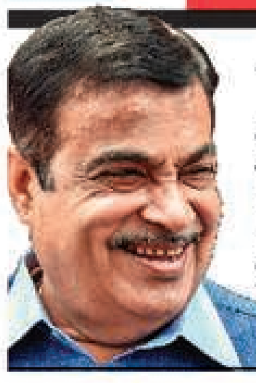
RESEARCH FOCUS FOR NEW INDIA
Energy security, environment & climate change, healthcare technology, water resources, sustainable habitat, nanotechnology, advanced materials, and artificial intelligence

Drop in Funding for Jal Shakti Ministry

NEW DELHI: While the government has gone full throttle with the launch Jal Shakti Abhiyan, focusing on 255 water-stressed districts, there has been a drop in the funding for the ministry. The Department of Drinking Water and Sanitation has seen funding slide from ₹22,536 crore to ₹20,016 crore and the Department of Water Resources, River Development and Ganga Rejunevation has seen a drop from ₹8,860 crore to ₹8,245 crore. – **Team ET**

Sitharaman made no specific mention of school education initiatives. Allocations indicate some fund increases towards central schools, the digital blackboard mission and the mid-day meal scheme among other programmes.

The overall budgetary allocation for education increased about 10% from last year to ₹94,853 crore, with higher education getting ₹38,317 crore against ₹35,010 crore in FY19 and allocation for school education rising to ₹56,536 crore from ₹ 50,000 crore. — **TeamET**



"Promotion of EVs and allied infrastructure is set to transform the economy and logistics sector...Step towards sustainable development"

NITIN GADKARI Transport minister

VISION MODI 2.0

Infra financing has got a boost in the budget. Measures are proposed to enhance sources of capital, including Credit Guarantee Enhancement Corp

₹83,016cr allocation for the ministry of road transport and highways

@HVGOENKA

FM Sitharaman walked in with a red cloth bag carrying the budget vs the traditional briefcase. What came out was a new era in Indian history – a union budget that didn't talk granular numbers – rather laid a blueprint for exponential growth!

Build Partnerships To Chase Target

Faster, Stronger, Better Nirmala Sitharaman calls for more PPPs in Rlys infrastructure to steer closer to its ₹50 lakh cr investment requirement by 2030. Private participation will range from laying tracks to delivering freight services

IN FOCUS

The private sector will be involved in speeding up laying railway tracks, rolling stock manufacturing and delivering passenger freight services to increase efficiency of the Railways and help it meet its colossal long-term requirement of ₹50 lakh crore.

Finance minister Nirmala Sitharaman's announcement is significant amid the government's call for wider participation and investment in the infrastructure sector.

From asset monetisation and inviting global and long-term investors to the country, to floating the idea of a development financial institution for infrastructure, the role of the private sector was made evident in the budget announcement this year.

Sitharaman said the required investment of ₹50 lakh crore between 2018 and 2030 in Indian Railways cannot be met by public sector expenditure alone. "Given that capital expenditure outlay of the Railways is ₹1.5-1.6 lakh crore per annum, completing even all sanctioned projects would take decades," said Sitharaman. "It is therefore proposed to use public-private partnership (PPP) to unleash faster development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services."

This comes close on the heels of the 100-day action plan of the Indian Railways, which plans to corporatise its seven rolling stock production units and other passenger-facing services.

"The budget signals welcoming PPP back, categorically in three sectors, namely roads, rail and metro. In railways, PPP is going to be warmly welcomed across segments such as railway electrification, rolling stock, track renewal, container trains and high speed passenger trains," said Vinayak Chatterjee, chairman, Feedback Infra.

The budget on Friday pegged capital expenditure of the Indian Railways at ₹1.6 lakh crore, its highest till date. The operating ratio of the Indian Railways for FY20 is expected to be 95%. Operating ratio is the amount of money the national transporter spends to earn each rupee.

The Railways will be encouraged to invest more in suburban networks through special purpose vehicle structures such as the Rapid Regional Transport System proposed on the Delhi-Meerut route, Sitharaman said. Railways is also expected to launch a 'massive' station modernisation plan this year.

– Team ET

LOADED WAGONS

The budget pegs Railways' capital expenditure at ₹1.6 lakh crore, highest till date, with operating ratio expected to be 95%

BUDGET AT A GLANCE

TAKING OFF

Policy Change Likely in Aviation MRO Sector

Policies will be formulated to encourage growth of the maintenance, repair and overhaul (MRO) business in the aviation sector. The MRO sector has suffered losses because of high taxes, which prompts airlines to turn to Singapore, Sri Lanka and Dubai to get their aircraft serviced. The MRO industry says they can turn India from an importer of MRO to a net exporter and create over 100,000 direct jobs and revenues exceeding ₹35,000 crore in five years.

CONNECTING INDIA

Gas, Water Grids and Regional Airports to get Blueprint

The government will make a blueprint to develop gas grids, water grids and regional airports, an initiative with which the finance minister hopes to take connectivity infrastructure to the next level. It aims to build on the successful model of 'one nation, one grid' that has ensured power connectivity to states at affordable rates.

Rahul Dravid and Sourav Ganguly during 318-run partnership against Sri Lanka in 1999

DEBTS THE WAY

AA Rated Bonds May Be Allowed As Collaterals

Measures to deepen the debt market will boost infrastructure financing. The government will work with the Reserve Bank of India and Securities and Exchange Board of India to enable stock exchanges to allow 'AA' rated bonds as collaterals. A Credit Guarantee Enhancement Corporation will be set up in 2019-20. An action plan to deepen the market for long-term bonds, including corporate bond repos, and credit default swaps with a focus on infrastructure will be put in place.

ONE FOR ALL

Ministry, PSU Land to be Used to Build Public Infra

The government will build large public infrastructure on land owned by central ministries and public sector companies. With the help of innovative instruments such as joint development and concessions, public infrastructure and affordable housing will be taken up without any hurdles or high cost of land acquisition.

THE CONTEXT

Infrastructure: Miles To Go

₹50 LAKH CRORE
Investment Required In Infrastructure By 2022

MANY PROJECTS STILL FACING DELAYS

Number Of Projects Facing Issues

Power	36
Road Transport & Highways	89
Coal	15
Petroleum & Natural Gas	16
Railways	115
Steel	10
Others	17

TOTAL 298

₹10.98 L Cr Stuck In These Projects

*Project Monitoring-Invest India Cell

HIGHWAYS A SUCCESS STORY, BUT 75% STILL TWO- OR SINGLE-LANE

Length Of Highways (Km)

2014	92,851
Current	1,32,000
4 lanes or more	31,067
2 lanes	65,123
Less than 2 lanes	36,310

RAILWAYS' OPERATING RATIO REMAINS HIGH AS REVENUES RISE SLOWLY

	Receipts (₹ Cr)	Total Expenditure (₹ Cr)	Operating Ratio (%)
FY 15	2,02,182	2,12,070	91.25
FY 16	2,45,055	2,51,394	90.48
FY17	2,63,193	2,70,404	96.5
FY18 (RE)	2,96,525	3,01,000	98.44
FY19 (BE)	3,36,090	3,34,600	96.2

100+ AIRPORTS are operational and while domestic passenger traffic has risen sharply, aviation needs reforms for it to be viable

SHARP RISE IN ELECTRICITY USE, BUT WELL BELOW MAJOR COUNTRIES

Per Capita Electricity Consumption (Kwh)

India	631*
	1,181**
US	12,800
China	4,300
Japan	8,000
South Africa	4,000
Brazil	2,500

*2005-06 **2018-19

PER CAPITA WATER AVAILABILITY FALLING SHARPLY

In Cubic Metre

2001	1,816
2011	1,545
2025	1,340
2050	1,140

Energising India

Connecting grids for gas, water, power, i-way, airports

Cooking fuel, electricity connections by 2022

Replicating LED scheme for solar stoves, battery chargers

Customs duty cut on fuel for nuclear plants

Sops for manufacturing solar PV cells, lithium batteries, solar e-charging infra

BUDGET 2019

LPG subsidy to rise by 63% to ₹32,989 cr

Kerosene subsidy flat at ₹4,489 cr

OUTLAYS

Power distribution strengthening 33% to ₹5,280 cr

VILLAGE ELECTRIFICATION up 7% to ₹4,066 cr

Reforms, Revival Expected to Infuse Fresh Energy into Power Industry

New Delhi: The government plans major reforms in the power sector, including revival schemes for state distribution companies and fuel-starved power plants that depend on natural gas. A package of structural and tariff reforms is also expected.

This is good news for the power sector, which has been dogged by acute financial stress because of fuel scarcity, delayed clearance and poor health of state distribution companies that are usually the monopoly buyers of electricity.

Finance minister Nirmala Sitharaman, in her first budget speech, also announced a scheme to invite global companies through transparent competitive bidding to set up mega manufacturing plants in technology areas such as semi-conductor fabrication, solar photovoltaic cells, lithium storage batteries and solar electric charging infrastructure, and provide investment-linked exemptions under Section 35 AD of the Income Tax Act, and other indirect tax benefits.

Power and renewable energy minister RK Singh said a revival scheme for gas-based power plants and a tariff policy are in final stages of being drafted, after which they will be sent for Cabinet approval. The industry hailed the budget. "We welcome initiatives and await actualisation of schemes and reforms," said Ashok Khurana, director general, Association of Power Producers.

Sitharaman said the government is examining performance of the Ujwal Discom Assurance Yojana (Uday) and it will be improved. She also said the Centre will work with state governments to remove barriers such as cross subsidy surcharges, undesirable duties on open electricity sale and captive generation for industrial and other bulk power consumers. "Besides structural reforms, considerable reforms are needed in tariff policy. A package of power sector tariff and structural reforms would soon be announced," she said.

Sitharaman said the government will support private entrepreneurship to encourage farmers to produce energy from solar installations in fields. Singh said they can earn a minimum ₹1 lakh annually from every acre.

Sumanth Sinha, chairman, ReNew Power, said measures like one nation-one grid and creating green infrastructure along with affordable housing can transform lives.

Uday has faced criticism owing to rising debt and overdues of discoms. The gap between average cost of supply and revenue recovery reduced from 59 paise at the beginning of Uday to 17 paise in FY18. However, the revenue gap widened in nine months of FY19 to 35 paise, from 26 paise in the year-ago period, on higher coal and freight charges, lesser subsidy disbursement by states and ineffective tariff hikes by regulators.

Accumulated debt of distribution companies is ₹3.52 lakh crore, old debt is ₹2.02 lakh crore and fresh borrowings are at ₹1.5 lakh crore. Dues to generators have touched ₹41,000 crore.

PwC India partner and leader (power and utilities) Sambitosh Mohapatra said the focus on group captive can trigger massive interest of large international utilities to invest in the power sector. Nabin Ballodia, partner (tax), KPMG India, said the budget's provisions would provide a fillip to the renewable energy sector.

–Team ET

REFORM IN UDAY

Power minister RK Singh says a revival scheme for gas-based power plants and a tariff policy are in final stages of being drafted

Nuke Plants, Fuel to Cost Less After Duty Rejig

Setting up nuclear plants and purchasing their fuel will become cheaper as the budget has proposed favourable changes in the duty structure. Customs duty on uranium enriched in U-235 or its compounds, plutonium and its compounds, mixtures, etc for generation of nuclear power will come down to zero, from the existing rate of 7.5%.

It is also proposed to remove duty on goods required for setting up nuclear power plants under project imports for MahiBanswara Atomic Power Project 1 to 4, Kaiga Atomic Power project 5 and 6, Gorakhpur project 3 and 4 and Chutka project 1 and 2.

–Team ET

More Cargo on the Ganges

NEW DELHI: With the finance minister expecting cargo volumes on the Ganges to increase by nearly four times in the next four years, the government plans to move a portion of inland cargo movement to waterways.

BY INVITE

ANIL AGARWAL

EXECUTIVE CHAIRMAN, VEDANTA RESOURCES

Budget will maintain impetus to boost economic growth and re-establish investor confidence

Welcome Govt's Focus on Reducing its Presence in Business

Prime Minister Narendra Modi has an exemplary vision of taking our country to higher echelons by conquering the world and becoming the third-largest economy of $5 trillion in the next few years.

That we will be a $3 trillion economy this year itself is also heartening and shows we are firmly on track to reach the next mega target.

India's first full-time woman finance minister Shrimati Nirmala Sitharaman has managed to strike the right chord with the people of our country by presenting a progressive budget, thereby further laying the path for prosperity and economic equality, led by massive boost to infrastructure and job creation. Nari to sach mein Narayani hai!

The budget focuses on welfare—health, sanitation, water, transformation, ease of living and supports farmers. It is expected to stimulate growth, promote foreign investment and facilitate ease of doing business.

I commend Ms Sitharaman for appreciating the contribution of India's private sector in the fantastic rise of the country's economy. While the fiscal has been managed well with the deficit aimed at just over 3%, the government now is stepping on the pedal with an ambitious and much needed investment of ₹100 lakh crore in creating world-class infrastructure, offering sops to manufacturing in sunrise sectors and thus giving further stimulus to job creation.

The budget also aims to make India more and more environment friendly. The giant push to make India the global hub for electric vehicles is certainly laudable. The outlay of a massive ₹10,000 crore towards faster adoption of electric vehicles and associated sops will put greater emphasis on providing affordable and environment friendly public transportation options.

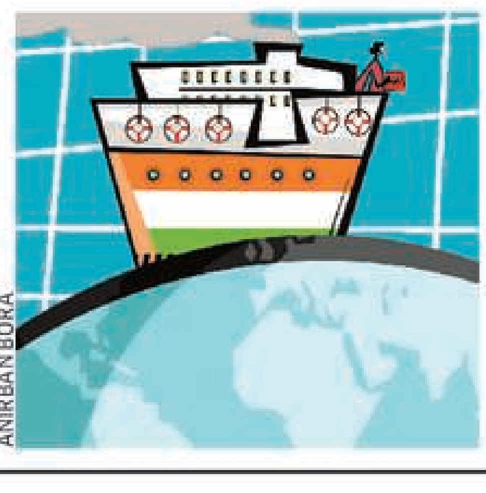
I also welcome the government's constant focus on reducing its presence in business.

The decision to determine disinvestment in public sector undertakings on a case to case basis is a right move. Strategic divestment should and is priority for this government, which has the potential to unlock significant intrinsic value of our PSUs.

Also, for the very first time, India is looking at giving an opportunity to social enterprises and NGOs to raise money via the capital markets. This step of creating an electronic fund raising platform will provide much needed transparency and also give a fillip in social spends.

The vision of each house having water, electricity and cooking gas by 2022 is commendable and there is a very close interdependence between water, sanitation, health, nutrition, and human well-being. We view water as a central resource for a sustainable India and the thrust to provide piped water to all rural households by 2024 is really appreciable.

To conclude, the new government has pursued pro-growth initiatives and, I believe, the budget will continue the impetus to further boost economic growth and re-establish investor confidence. The government is well positioned for a swift and efficient execution of progressive initiatives. Not only will this help bring in more capital and employment, it will significantly benefit society at large and help achieve aspirations of millions of Indians.



ANIRBAN BORA

RIGHT ON TRACK

That we will be a $3-trillion economy this year is heartening... First full-time woman finance minister Nirmala Sitharaman has struck the right chord

Has there ever been a budget speech that does not disclose total revenue, total expenditure, fiscal deficit, revenue deficit, additional revenue mobilisation or financial concessions?

P CHIDAMBARAM
Former Finance Minister

This budget is good for the people, particularly the poor and farmers

NITISH KUMAR
Bihar Chief Minister

On job crisis, there is nothing. Agrarian distress not addressed... For majority, it will be higher priced petroleum products which will feed inflation...

SITARAM YECHURY
CPM General Secretary

Friendly Pitch for Common WoMen

PUSHING FOR HIGHER RURAL-URBAN RUN RATE Budget promises sops to BJP's core voter base of traders and women; aware of the big unemployment question, government brings rural India and urban transformation into sharp focus

IN FOCUS

Keeping in line with the political thrust that won the Modi government a second term, the budget focused on urban renewal, rural employment generation and social welfare. Clearly with an eye on forthcoming assembly elections, it also promised sops to BJP's core voter base of traders and women.

Aware of the big unemployment question it faces and the need to expand beyond the ruling party's dedicated urban electoral base, the government has brought rural India and urban transformation in sharp focus in the budget. Political considerations have weighed strongly on its mind while promising pensions to small traders, who form a considerable voter base in election-bound Delhi and Haryana. In Delhi, which Arvind Kejriwal's Aam Aadmi Party had decisively won in 2015, traders have also borne the brunt of widespread sealing drives.

GRAMEEN BHARAT

Finance minister Nirmala Sitharaman dedicated a large part of her speech to "grameen Bharat", underlining the importance of rural rejuvenation for Modi 2.0. "At the centre of everything we do, we keep 'gaon, garib aur kisan'," she said.

The government has promised to deliver 19.5 million houses with toilets, electricity and gas connections by 2021-22. Sitharaman also tried to address rural unemployment, which had been a major electoral issue in the run-up to the Lok Sabha elections. The FM announced a new scheme, Pradhan Mantri Matsya Sampada Yojana, to establish a robust fisheries management network and a boost to agriculture-based traditional industries. The National Livelihood Mission-Ajeevika, a rural livelihood scheme, has seen a 56% increase in allocation from ₹5,783.50 crore in the revised estimate for 2018-19 to ₹9,024 crore in 2019-20. The gaon-gareeb focus of the budget is also an attempt at electoral expansion by BJP.

URBAN THRUST

Urban renewal has always been a top agenda for the Modi government with the largest number of flagship missions housed in the Ministry of Housing and Urban Affairs. Modi 2.0 has tried to address the slump in real estate market with a host of sops for the affordable housing sector. Apart from this, there has been an increase of 10% in the allocation under AMRUT and Smart Cities Mission.

The government has also revealed its intention to correct the rental housing market with a much-awaited and delayed tenancy policy. "Current rental laws are archaic as they do not address the relationship between the lessor and the lessee realistically and fairly. A model tenancy law will also be finalised and circulated to the states," said Sitharaman. How serious the Modi government is on this can be gauged by the fact that it is listed on the ministry's 100-day agenda.

TRADING COMMUNITY BONANZA

The Pradhan Mantri Karam Yogi Maandhan Scheme promises pension to 30 million retail traders and small shopkeepers whose annual turnover is less than ₹1.5 crore. Enrolment into the scheme has been kept simple, requiring only Aadhaar and a bank account. The trading community, which formed the traditional vote base of BJP in Delhi, has been angry with the party, especially after a drive to seal illegal commercial establishments. Though the government has addressed the issues with changes in the city's master plan, the pension scheme would go a long way in assuaging them.

In election-bound Haryana, BJP's social engineering of wooing the Punjabi community and positioning itself as a non-Jat party has gone a long way in ensuring electoral success. A major chunk of its voter base is the Punjabi trading community.

WOMEN EMPOWERMENT

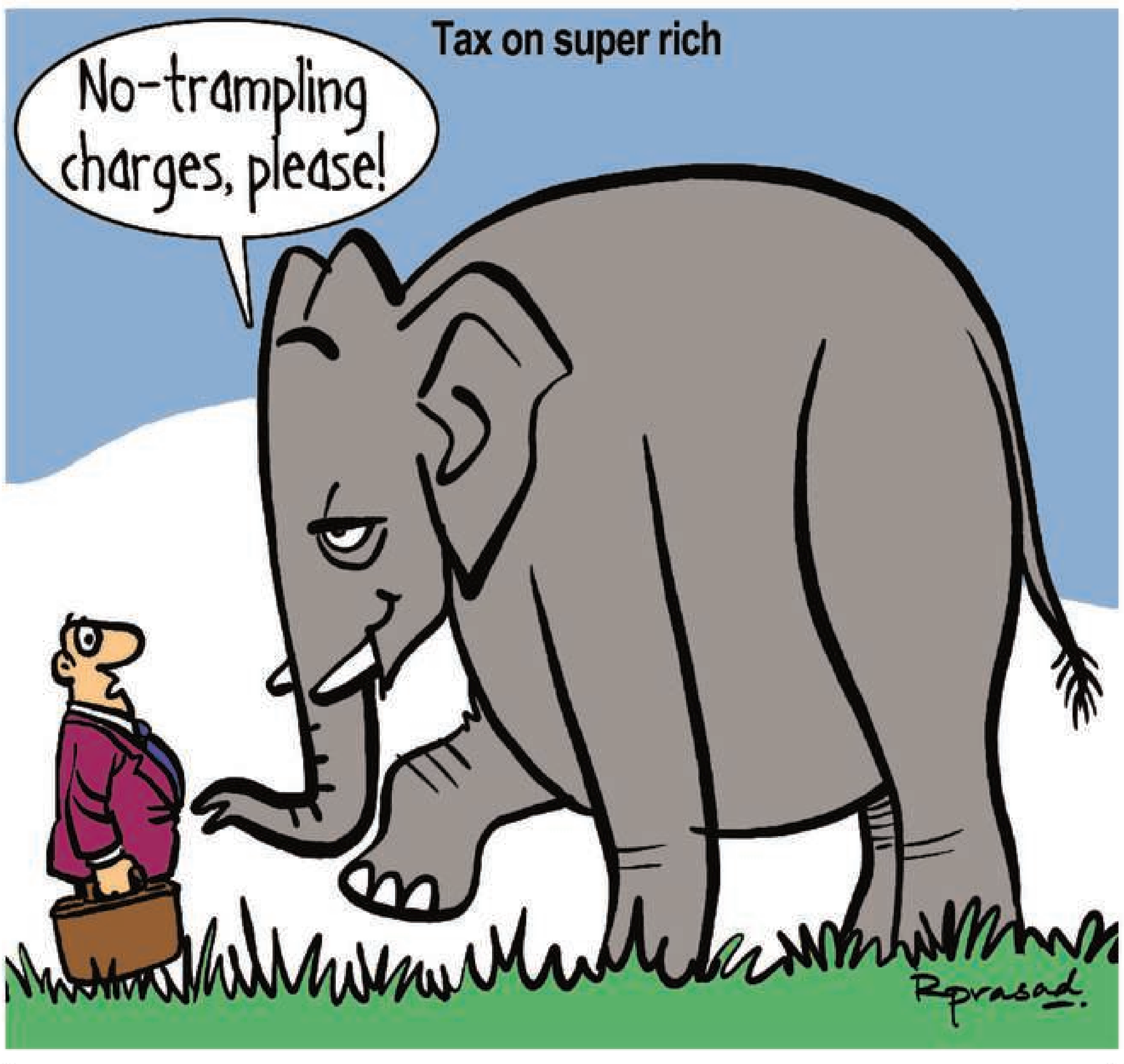
Sitharaman proposed to expand women self-help groups' interest subvention programme to all districts.

WOMEN MATTERS
Sitharaman proposes to expand women self-help groups' interest subvention programme to all districts

"For every verified woman SHG member, having a Jan Dhan Bank account, an overdraft of ₹5,000 will be allowed. One woman in every SHG will also be made eligible for a loan up to ₹1 lakh under the MUDRA scheme," the minister said. She also proposed the formation of a broad-bases committee of private and public members to look at ways to increase women's participation and also bring in more women-centric schemes within the ambit of the budget.

Women's self-help groups have been the bedrock of BJP's outreach to female voters for promoting schemes such as Ujjwala and Swachh Bharat among women voters. With state elections in Maharashtra, Haryana, Jharkhand and Delhi on the anvil, the government's Ajeevika programme, which aims to provide employment support to woman SHGs has seen a 55% increase this year. With health of women and children being one of the goals of the government listed by Sitharaman in the beginning of her speech, the National Nutrition Mission has received a big boost of ₹3,400 crore. Anganwadi services and the Integrated Child development Scheme too have been given an increase in funds.

Team ET



Sitharaman's Debut Knock Keeps House Engrossed

New Delhi: The Lok Sabha heard finance minister Nirmala Sitharaman's maiden budget speech on Friday without any disruptions, with members applauding her Tamil and Urdu couplets and successful attempts to reiterate some important points in Hindi.

Speaker Om Birla congratulated Sitharaman at the end of her two-hour speech for becoming the first full-time woman finance minister to present a budget. It was also the first time that a finance minister had shunned the traditional briefcase and carried the budget speech and papers in a 'bahi-khaata' (traditional ledger).

The FM quoted 12th century saint Basaveshwara in a speech marked by the influence of his teachings regarding welfare state. She said the government believes in Basaveshwara's principles of Kayaka and Dasoha. She referred to Kayakave Kailasa (work is worship) and Dasoha (giving back to society) as the motto of the government.

Sitharaman also recited an Urdu couplet and broke into Hindi a few times but made it clear before doing so that she is not well versed with the language. "Yaqin ho to koi rasta nikalta hai, hawa ki ot bhi lekar chiragh jalta hai (You can find a way if you have conviction, an earthen lamp can light up in the midst of blowing air)," she said, quoting Manzoor Hashmi's Urdu couplet amid applause.

She also quoted Chanakya. "Karya purusha karena lakshyam sampadyate," she said, and then translated it for the members— "with determined human efforts, the task will surely be completed".

Her parents Savitri and Narayanan Sitharaman and daughter Vangmayi Parakala were present in the visitors' gallery during the presentation. Her remark "Naari tu Narayani (woman, you are a goddess)" was applauded by the House, which has an unprecedented 78 women members. Quoting Swami Vivekanand, she said: "It is not possible for a bird to fly on one wing." She displayed her stamina when she rendered the speech without a sip of water or any disruption in her flow of thoughts.

Seconds after Sitharaman finished her speech, UPA chairperson Sonia Gandhi left the House. Rahul Gandhi was seen holding her hand purse that she had left behind. PM Modi led the Union ministers and other members in congratulating Sitharaman after her speech.

Team ET

Allocation for SPG and MHA Raised, But Slashed for NSCS

Govt's move to set up a cybercrime coordination centre receives a boost

New Delhi: The government has increased the allocation for the Special Protection Group, which provides security to the prime minister and former prime ministers and their families, to ₹535 crore in 2019-20, from ₹411.68 crore in the previous fiscal.

Of ₹535 crore, ₹115 crore has been earmarked for capital expenditure while ₹420 crore is under the revenue head. Last fiscal, the force was allocated ₹372 crore under capital expenditure and ₹39 crore under the capital head.

Finance minister Nirmala Sitharaman has allocated ₹1,19,025 crore to the ministry of home affairs, up ₹5,858 crore from the last fiscal. The allocation for the Intelligence Bureau has been enhanced to ₹2,384 crore from ₹2,056 crore a year ago.

Interestingly, the budget allocation for NSA Ajit Doval-headed National Security Council Secretariat (NSCS) has been drastically reduced to ₹152 crore. In the last fiscal, NSCS was allocated ₹841.73 crore, of which ₹125.84 crore was under the revenue head while ₹715.89 crore was under capital budget. The increase in capital allocation was due to higher requirement of expenditure for internal security and investments in financial institutions, according to officials.

The government's plan to set up a cybercrime coordination centre has also received a boost with a budgetary allocation of ₹100 crore, up from just ₹6 crore last fiscal.

For development of infrastructure along the borders with Pakistan and China, the budget has allocated ₹2,129 crore this fiscal. The CRPF, which is engaged in anti-militancy operations in J&K and the northeastern region and is often deployed for internal security, has been allocated ₹23,963.66 crore for this fiscal, compared with ₹22,646.63 crore in 2018-19. BSF has been allocated ₹19,650.74 crore for the current fiscal compared with ₹18,585.96 crore in 2018-19.

The total allocation for central armed police forces is ₹71,713.9 crore. It was ₹67,779.75 crore in 2018-19. In this budget, ₹4,757 crore has been allocated for development of police infrastructure.

Team ET

Duty Exemption to Improve Cash Flow of Forces

NEW DELHI: The withdrawal of customs duty on imported defence items that are not manufactured in India is likely to improve cash flow for the armed forces but a lack of additional funds is expected to hit defence modernisation. Finance minister Nirmala Sitharaman reversed the customs duty on defence items that was imposed in 2016, a move that will reduce paperwork for the forces. Prior to this, customs duty paid for such items was loaded onto the purchase price by foreign vendors, creating an unnecessary bureaucratic chain. Interests of Indian manufacturers will be protected as the exemption has been given to only those items that are not made in India. Defence minister Rajnath Singh said that the move will augment the defence budget by ₹25,000 crore on account of savings in expenditure on customs duty over the next five years.

Team ET

BY INVITE
SACHIN PILOT
DEPUTY CM, RAJASTHAN

Maximum governance, minimum government has been the stated aim of this government. Budget sounds like a document in service of maximum government, minimum governance

Several Shots Attempted, Only Few Runs On Board

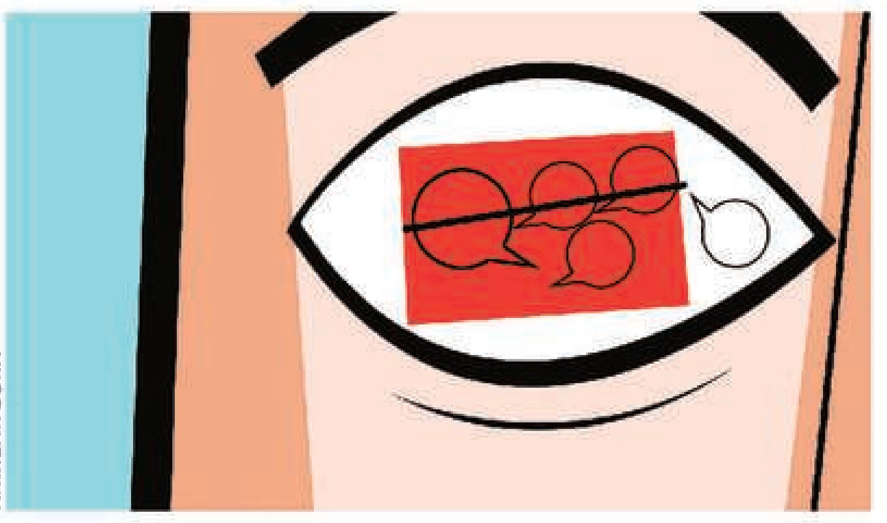
Budgets usually chart the course of a government's economic and development agenda. With a full majority government at the helm, this budget should have nudged our economy towards a more reform-oriented path.

The biggest challenge we face today is the severe shortage of jobs among the young and educated. Sadly, the budget is deprived of any idea big or small, towards tackling this most crucial societal need of our times.

There was no big-ticket reform either. I had called the vote on account an interim budget with a 10-year forecast. Now, this budget claims that election results prove its principle of "reform, perform, transform" can succeed. The statement ignores the fact that the ruling party did not contest and win elections on this agenda at all, but did so by stoking ideological sentiments and dishing out promises on paper. Hence, the claim that economic and development issues drove election results is misleading.

The Indian economy crossed $1 trillion mark in 2007 and $2 trillion mark in 2014 in nominal terms. The FM reported present GDP as $3 trillion. Disaggregated economic and employment data do not support these numbers. Even if we were to assume the number to be correct, whatever growth has happened over the past five years to date owes much to the economic momentum and strong fundamentals provided by the UPA government. But for this thrust, demonetisation, decline in bank credit and rise in NPAs would have run our economy aground.

Flagship programmes of the government have performed poorly, contrary to the FM's claims. A study published in late 2018 by the National Highways Authority of India (NHAI), has been severely critical of Bharatmala. The actual capital cost of awarded projects is over ₹23 crore per km, as against approval of ₹15 crore per km. Over 8,000 km of Bharatmala projects were targeted for award of contract in 2018-19, of which less than 500 km was actually awarded. Sagarmala programme has done no better. Between 2016 and September 2018, only 20% targeted projects had been completed. There was little relief to the middle classes and the additional cess on diesel and petrol has only added to the inflationary pressures.


ANIRBAN BORA

POOR RECORD
Flagship programmes of the government have performed poorly, contrary to the finance minister's claims. A study published in late 2018 by NHAI, was severely critical of Bharatmala

The Jal Marg Vikas project has been implemented without any environmental impact assessment, placing the government at odds with its own claims at international forums on the environment protection and climate change.

Phase-II of FAME Scheme is aimed at accelerated adoption of e-vehicles but mere bank interest benefits in car financing do not create a conducive ecosystem for such vehicles to flood the market. The agriculture sector is in dire need of large capital investments. However, there are no specific commitments in the budget, only vague pronouncements.

A disconnect between statements of intent and granular detail, claims and achievements, and ideas without details plague the budget, just like every other policy document of this government. Maximum governance, minimum government has been the stated aim of this government. The budget sounds like a document in the service of maximum government, minimum governance.

Haren Pandya Murder: SC Upholds Pota Court's Conviction of 12

New Delhi: The Supreme Court has overturned the Gujarat high court decision to acquit 12 accused in the Haren Pandya case and reaffirmed the Pota court order of June 25, 2007, sentencing them to varying jail terms for the murder of the former home minister of Gujarat during a morning walk on March 26, 2003.

The high court had acquitted almost all the accused of murder but convicted some of them for criminal conspiracy, attempt to murder and under some provisions of Pota. The high court had said that the CBI had botched up the case. The CBI and the Gujarat government had

appealed against the acquittals. The trial court had sentenced some of the accused to life terms. Others were given varying jail terms. The SC reaffirmed the trial court order.

In a separate PIL filed by NGO, Centre for Public Interest Litigation, a plea was also made for a reopening and reinvestigation of the murder which the CBI had claimed was in retaliation for the 2002 riots. The NGO had claimed that the accused were wrongly charged while the culprits were let off. A bench of Justice Arun Mishra and Vineet Saran found no merit in the claims and slapped a ₹50,000 fine on the NGO.

The HC had said "what clearly stands out from the record of the present case is that the investigation in the case of murder of Haren Pandya has all through been botched up and blinkered and has left a lot to be desired".

Samanwaya.Rautray@timesgroup.com

SC Issues Notices to Govt and UIDAI on Aadhaar Ordinance

NEW DELHI: The Supreme Court on Friday issued notices to the central government and the Unique Identification Authority of India (UIDAI), seeking their response on a petition that challenges the Aadhaar ordinance on two counts: it allows private entities to use Aadhaar and banks to seed accounts with the biometric ID number, contrary to a top court ruling capping its use.

Samanwaya.Rautray@timesgroup.com

Jaishankar, Thakor Win Gujarat RS Polls

Gandhinagar: The BJP retained both Rajya Sabha seats in Gujarat for which voting was held in a by-poll, which saw cross-voting by two rebel Congress members.

The BJP candidates, foreign minister S Jaishankar and Jugalji Thakor, were anyway expected to have a cakewalk, as the party had the requisite strength in the house with the Election Commission issuing separate notifications for the two vacancies. The seats fell vacant after BJP chief Amit Shah and Smriti Irani won the Lok Sabha elections. Apart from its 100 MLAs, two members of Chhotu Vasava's Bharatiya Tribal Party, NCP's Kandhal Jadeja and the two Congress rebels voted for BJP.

BJP'S VOTES
Apart from its 100 MLAs, two MLAs of Vasava's party, NCP's Jadeja and two Cong rebels vote for BJP

Radhanpur MLA Alpesh Thakore and his protege, Vayad legislator Dhavalsinh Jhala, had severed all ties with Congress ahead of Lok Sabha polls but refrained from resigning from the assembly despite several attempts by the party to get them disqualified.

DP.Bhattacharya@timesgroup.com

MDMK Supremo Vaiko Convicted in Sedition Case

CHENNAI: MDMK chief Vaiko, who is set to file his nomination for contesting the Rajya Sabha polls, was on Friday convicted by a court here in a 2009 sedition case and sentenced to undergo simple imprisonment for a year. Special Court for trial of MPs and MLAs Judge J Shanthi held Vaiko guilty of sedition as his speech came under the scope of creating disaffection against the government.

PTI

EAST CENTRAL RAILWAY

TENDER NOTICE

Tender Notice No. SNT-RE-DNR-112B, Dt, 03.07.2019, Open e-tenders in single packet system are invited by Dy. Chief Signal & Telecom. Engineer, Railway Electrification, Danapur for & on behalf of the President of India for the work of- **Sl.No. 1. Name of the work with its Location:** Work of trenching & laying of 6 Quad Telecom. Cable, PIJF Cable & OFC Cable, Backfilling, Jointing, Termination and Testing of OFC, 6 Quad & PIJF cable etc. and Installation & Commissioning of Way Station Equipments, Head Quarter Control Equipment with Power Supplies, Emergency Sockets etc. in SP/SSP/TSS/ Adjacent Sidings and Adjacent Block Section to provide Communication and to clear Induction Zone in connection with Electrification in Giridih-Nawadih-Koderma section of East Central Railway and some minor signalling modification works at stations to make the section RE fit. **Sl.No. 2. Approximate Cost of Work:** Rs. 11011556.62 (Rs. One Crore ten lakh eleven thousand five hundred fifty six and paise sixty two only). **Sl.No. 3. Earnest money:** Rs. 205100.00 (Rs. Two Lakh Five Thousand One Hundred only) **Sl.No. 4. Tender closing date and time:** 26.07.2019 up to 12.00 hrs. **Sl.No. 5. Website particular and notice board location where complete details of tender can be seen: (https://www.ireps.gov.in);** Notice Board at the office of Chief Project Director, Railway Electrification, Danapur, Near Jagjeevan Stadium, PO Khagaul, District-Patna, PIN-801105. NOTE: - Original/revised bids are to be submitted online up to closing date and time on IREPS website only. Manual offers are not allowed against this tender and any such manual offer received shall be summarily rejected. Tenderer should get the digital signing certificate and register them on this website to participate in the tender.

Dy. CSTE/RE/Danapur
Railway Electrification, Danapur
PR/657/RE/S&T/T/19-20/56

EAST CENTRAL RAILWAY

OPEN E-TENDER NOTICE

OPEN E-TENDER NOTICE NO.-04SEE 19-20

The DRM (Engg.)/SEE for and on behalf of the President of India invites Open E-Tender for the following works. The last date of online E-tendering is 02.08.2019 up to 13:00 hrs. All information and tender documents related to E-tender is available on website - **www.ireps.gov.in.**

Name of work with Item : No. 1. At Naugachia : Provision of 30 bedded barrack for RPF along with other amenities. **Approx Cost (In Rs.) :** 1,74,04,775.27, **Earnest Money (In Rs.) :** 2,37,000/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 5,000/- **2.** Repair of colony road by released/ unserviceable PSC sleepers under jurisdiction of DEN/III/SEE. **Approx Cost (In Rs.) :** 20,99,402.92, **Earnest Money (In Rs.) :** 42,000/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 3,000/- **3.** Improvement of Binod Bhawan at Barauni. **Approx Cost (In Rs.) :** 36,64,633.05, **Earnest Money (In Rs.) :** 73,300.00/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 3,000/- **4.** Hiring of non AC road vehicle for administrative use of DEN/III/SEE for 24 hours for the period of 24 months. **Approx Cost (In Rs.) :** 9,36,590.00, **Earnest Money (In Rs.) :** 18,700.00/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 2,000/- **5.** Katihar - Barauni Section : Through Ballast Renewal of Track including 300mm Deep Screening- 31.03 Kms. **Approx Cost (In Rs.) :** 1,26,07,686.62, **Earnest Money (In Rs.) :** 2,13,000/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 5,000/- **6.** Between Bachhwara (ex.)-Hajipur (ex.) Section : Repair to LC road between Bachhwara (ex) - Hajipur (ex) under SSE/W/Shahpur Patoree. **Approx Cost (In Rs.) :** 1,72,41,758.53, **Earnest Money (In Rs.) :** 2,36,200/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 5,000/- **7.** At Sonpur : Construction of crane shed at Sonpur yard. **Approx Cost (In Rs.) :** 2,30,40,079.80, **Earnest Money (In Rs.) :** 2,65,200/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 10,000/- **8.** Water treatment and Recycling plant in coaching depot at Muzaffarpur and Barauni. **Approx Cost (In Rs.) :** 2,18,40,952.93, **Earnest Money (In Rs.) :** 2,59,200/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 10,000/- **9.** At Sonpur : Repairs to damaged beams, sunshades and ceiling of DRM's office including sewerline, drainage arragments and improvements to campus and parking stand at Sonpur. **Approx Cost (In Rs.) :** 1,27,64,671.34, **Earnest Money (In Rs.) :** 2,13,800/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 5,000/- **10.** Zone No. 21 : Zonal Works in Section : [NRPA Freight Depot area] under SSE/W/Line/MFP P.E. 30.06.20. **Approx Cost (In Rs.) :** 21,00,000.00, **Earnest Money (In Rs.) :** 42,000/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 3,000/- **11.** Hajipur - Chhapra Gramin (ex) Section : Provision of Toilet facilities in 42 Nos. Level Crossing under jurisdiction of SSE/W/HJP. **Approx Cost (In Rs.) :** 61,00,268.52, **Earnest Money (In Rs.) :** 1,22,000/-, **Cost of Tender Document (In Rs.) (Non refundable) :** 5,000/-. The above tender notice is available on website www.ireps.gov.in RIGHT OF RAILWAY TO DEAL WITH TENDER : Railway Administration reserves the right to postpone/modify or to cancel any one or all the tenders without assigning any reasons.

Divisional Railway Manager/Engg.
E.C. Railway, Sonpur
PR/00666/SEE/ENGG/ T/19-20/100

EAST CENTRAL RAILWAY

E-TENDER NOTICE

The Divisional Railway Manager (Engg)/E.C. Railway/Samastipur for and on behalf of the President of India invites Open Tender from Experienced and financially capable tenderers for the following works **in E-Tendering mode of IREPS web portal of Indian Railways:-**

Sl. No. 1. Tender Notice No. : TC-147-SPJ-2019 **Name of work :** Provision of 3.0m wide FOB at IMLI Station. **Tender Value. (In Rs.):** 1,64,10,119.60 **Earnest Money (In Rs.) :** 2,32,100/- **Cost of Tender documents (in Rs) :** 5,000/- **Completion period of the work :** 06 Months **Sl. No. 2. Tender Notice No. :** TC-148-SPJ-2019 **Name of work :** Provision of 3.0m wide FOB at Badlaghat Station. **Tender Value. (In Rs.):** 1,64,10,119.60 **Earnest Money (In Rs.) :** 2,32,100/- **Cost of Tender documents (in Rs) :** 5,000/- **Completion period of the work :** 06 Months **Sl. No.3. Tender Notice No. :** TC-149-SPJ-2019 **Name of work :** Provision of 3.0m wide FOB at Koparia Station. **Tender Value. (In Rs.):** 1,64,10,119.60 **Earnest Money (In Rs.) :** 2,32,100/- **Cost of Tender documents (in Rs) :** 5,000/- **Completion period of the work :** 06 Months **Sl. No.4. Tender Notice No. :** TC-150-SPJ-2019 **Name of work :** Provision of 3.0m wide FOB at Singhiaghat Station. **Tender Value. (In Rs.):** 1,64,10,119.60 **Earnest Money (In Rs.) :** 2,32,100/- **Cost of Tender documents (in Rs) :** 5,000/- **Completion period of the work :** 06 Months **Sl. No.5. Tender Notice No. :** TC-151-SPJ-2019 **Name of work :** Provision of 3.0m wide FOB at Bhagwanpur Desu Station. **Tender Value. (In Rs.):** 1,64,10,119.60 **Earnest Money (In Rs.) :** 2,32,100/- **Cost of Tender documents (in Rs) :** 5,000/- **Completion period of the work :** 06 Months. **1. Last Date & time for receiving of Tender in E-Tender mode on IREPS web portal:-** 29/07/2019 upto12.00 hours. **2. Opening Date & time for E-Tender :** 29/07/2019 after 12.00 hours. **3. Website particulars where complete details of tender & tender document can be seen on Website**: www.ireps.gov.in **4. Amendments/modifications if any shall not be published in the newspapers but the same shall be uploaded in the website :** www.ireps.gov.in

Sr. Divisional Engineer/Co-ord
East Central Rail/Samastipur
PR/00664/SPJ/ENGG/ T/19-20/68

EAST CENTRAL RAILWAY

NOTICE INVITING E-TENDER

E-Tender Notice No. RE-DNR-Engg-Gr-234-WT-02A Date-03.07.2019

On behalf of the President of India, Chief Project Director, Railway Electrification, Danapur, invites open & sealed tender for the following work from experienced, financially and technically sound contractors, to be opened on 26.07.2019.

1. Name of the work & its location : Construction of 3 Nos. TSS at Raxaul, Bargania and Bajpati including all associated works viz. Retaining wall, Approach road in connection with Railway Electrification of Raxaul-Darbhanga- Samastipur section of Group 234 in Samastipur division of E.C. Railway. **2. Approximate cost of the work :** Rs. 2,46,77,240.91/- **3. Earnest Money to be deposited:** Rs. 2,73,400.00/- **4. Date for submission of the tender and opening of E-Tender :** For submission :- From 12.07.2019 & up to 11:00 Hours on 26.07.2019. Tender will be opened at 11:30 Hrs on 26.07.2019. **5. Website particulars, Notice board location where complete details of e-tender can be seen and address of the office from where the tender form can be purchased etc. :** website http://ireps. gov.in/ Notice board location & Add. of the office:- Office of the Chief Project Director (Engg), Railway Electrification, Danapur (Near Jagjeevan Stadium), PO-Khagaul, Patna-801105, (Bihar)

Chief Project Director (Engg.)
Railway Electrification, Danapur
PR/00667/RE/ENGG/ T/19-20/44

NLC India Limited

'Navratna' - Government of India Enterprise
Regd. Office : First Floor, No.8, Mayor Sathyamurthy Road, FSD, Egmore Complex of Food Corporation of India, Chetpet, Chennai - 600 031.
Corp. Office : Block-1, Neyveli-607 801, Cuddalore District, Tamil Nadu.
CIN No.: L93090TN1956GOI003507, Website: www.nlcindia.com

CREATING WEALTH FOR WELLBEING

BRIEF NOTICE INVITING BID THROUGH 'e' TENDER

Online Bids in English are invited by NLC India Limited, Neyveli for the following:

Tender No.CO CONTS / 0020H / TPS-I Switchyard Modification works / e-conts / RT / 2019, Dt: 04.07.2019.

Name of the work: Supply of 220KV / 33KV, 63 / 75MVA Power Transformers-2 nos, Construction of new switchyard control building with SCADA facility and other modification / retrofitting works at Thermal Power Station-I Switchyard.

B.G. Amount: ₹ 24,00,000/- Tender Fee: ₹ 10,000/-(Non-refundable)

Tender documents sale period: 08.07.2019 to 07.08.2019

Last Date & Time for receipt of Bid: 08.08.2019 upto 14.30 Hrs.(IST)

Date & Time of Bid opening (Part-I): 08.08.2019 at 15.00 Hrs.(IST)

Pre-Bid Conference: 11.00 hrs. on 18.07.2019.

For further details such as Qualifying Requirements, Detailed scope of work etc., please visit our website: **www.nlcindia.com** or Central Public Procurement Portal (CPPP) of Government of India website: **www.eprocure.gov.in** or contact the **Chief General Manager / Contracts, NLC India Ltd., Corporate Office, Block-1, Neyveli - 607801, Cuddalore District, Tamil Nadu, India. Telephone No. : 04142-252210, & 251620 Fax No. 04142-252026, 252645 /252646**. email id: **gmconts_co@nlcindia.in / cgmconts_co@nlcindia.in / gmcontsco@gmail.com**

NOTICE INVITING TENDERS FOR SUPPLIES (e-Tender Notices Sl.No.1 & 2)

Sl.No.	Tender Ref./Scope of supplies & Qty. Reqd.
1.	**UNIT: MM COMPLEX: ENQ / 19-20 / 000878 / MM19 (01), dt. 28.06.2019.** Procurement of Low cement Refractory castable, Plastic ramming mass and Insulating Refractory Castable **(five items). Due date of opening:** 19.07.2019
2.	**PTE:ENQ/19-20/000782/MM18(03) dt:03.07.2019:** Procurement of: NAPTHANIC BASED EHV QUALITY TRANSFORMER OIL AS PER IS:335/1993 (with latest amendments) **Qty.:281450 Litres. Due date of opening:** 02.08.2019

FOR e-TENDER DOCUMENTS/DETAILS/CORRIGENDUM VISIT: www.nlcindia.com

NEYVELI BOOK FAIR 5th JULY TO 14th JULY 2019

न्यूक्लियर पॉवर कॉर्पोरेशन ऑफ इंडिया लिमिटेड
Nuclear Power Corporation of India Ltd.

(भारत सरकार का उद्यम) (A Government of India Enterprise)

Directorate of Finance

Project Finance Group, Directorate of Finance, 8th Floor, V.S. Bhawan, Anushaktinagar, Mumbai-400094, Tel.: 022-2599 3000.

NOTICE FOR INVITING QUOTE FOR TERM LOAN FOR ₹ 2000 CRORE

NPCIL invites quotes for the Domestic Term Loan of ₹ 2000 Crore from all Banks except Foreign Banks. Complete Request for Quote (RFQ) document is available on website: **www.npcil.nic.in** (Path: Home Page >>Tender/Orders >> Offline-Live Tenders). Changes, if any shall be notified only on website. Last date of Submission of Quote is 15/07/2019 up to 11:00 Hrs. Quotes will be opened on 15/07/2019 at 11:30 hrs. NPCIL reserves the right to reject any or all the quotes without assigning any reason thereof.

Date: 06/07/2019
Place: Mumbai

Dy. General Manager (Finance) PFG

"स्वच्छ रहो, स्वस्थ रहो"
एनपीसीआईएल, भारत सरकार द्वारा चलाए गए स्वच्छ भारत मिशन को प्रोत्साहित करता है।
एनपीसीआईएल की देन – प्रदूषण रहित विद्युत एवं हरित वातावरण

NORTH WESTERN RAILWAY

Open Tender through E-Tendering 2019-20

CWM/Carriage & Wagon workshop, Bikaner, North western railway acting for and on behalf of the President of India invites E-Tender No. **11-MECH-BKNW-PAINTW-19-20** Contractors will be able to submit their original/revised offer up to closing date and time only. Manual offers shall not be accepted against this tender and any such manual offer received shall be ignored. Details are as under. **1. Name of work : Painting of BG Wagons at C&W Workshop Lalgarh Bikaner for a period of Two years. 2. Estimated Cost of work :** Rs 5747016/-. **3. Address of the NIT issuing office:** Chief Workshop Manager Carriage & Wagon Workshop Lalgarh, Bikaner (Raj.)-334004. **4. Earnest money to be deposited:** Rs.115000/- (Only through online as mention on IREPS portal In favor of AFA (W&S) Bikaner. **5. Tender Document Cost :** Rs. 5000/- (Only through online as mention on IREPS portal In favor of AFA (W&S) Bikaner. **6. Last Date and time for submission and opening of E-tender :** 30.07.2019 up to 14.30 PM E-Tender will be opened at 15.30 PM on same day. **7. Website particular where complete details of e-tender can be seen and participated: www.ireps.gov.in.** (Note- This is E-tender so tenderer can participate through e-tendering process only on mentioned website). **632-AD/19**

Please join us on / NWRailways

EAST CENTRAL RAILWAY

E-Tender Notice

Advertisement of e-Tender
Notice No.- TRD/SEE/ET/19-20/3

The undernoted e-tender notice sent to you for Advertisement in News Papers as per existing rules.

01. Name of work with its location : Manning of 132KV/25KV TSS at Ramdayalu nagar, Bachhwara, Khagaria, and Hajipur in Sonepur division for Two (2) years (730 days). **02. Approx. Cost of the work (Rs.) :** Rs. 1,69,79,916.80/- **03. Earnest Money to be deposited (Rs.) :** Rs. 2,34,900/- **Cost of tender forms:** Rs. 5,000.00/- **04. Date & time for submission of e-tender and opening of e-tender :** Submission of e-tenders: 02.08.2019 till 13.00 hrs. Opening of e-tenders: On 02.08.2019 at 13.00 Hrs. In the office of the Sr. Divl. Electrical Engineer (TRD) Office, DRM Office, E.C. Railway, Sonpur. **05. Website particulars and notice board location where complete details of e-tender can be seen. WEBSITE:** http://www.ireps.gov.in NOTICE BOARD : DRM Office Campus, E.C.Railway, Sonpur.

Divisional Electrical Engineer(IC) /TRD
East Central Rail/Sonpur
PR/00665/SEE/ENGG/ T/19-20/36

OFFICE OF EXECUTIVE ENGINEER PROVINCIAL DIVISION, P.W.D MATHURA

E-Tender Notice

Letter No. 1944/A-7/2019-20 **Date: 01.7.19**

1- The Executive Engineer, Provincial Division, P.W.D, Mathura on behalf of Governor of Uttar Pradesh invites the Percentage rate bids from the eligible and approved Contractors registered with UP, PWD, Building work. The Bidder may submit bids for any or all of the works. Bidders are advised to note the minimum qualification criteria specified in Clause 4 of the Instructions to Bidders to qualify for the award of the contract.

Sl. No.	Dist.	Name of work	Estimated Cost (Rs. In lacs)	Bid Security (Rs. in lacs)	Cost of bid Documents	Time of Completion (with raining season)	Address of Executive Engineer Executing the work	Address of Superintending Engineer	Address of Chief Engineer	Category of Contractor
1	2	3	4	5	6	7	8	9	10	11
1	Mathura	Construction work of 4 Lab (Physics, Chemistry, Botany, Zoology) building of RCA Girls (PG) College Vrindavan gate in distt. Mathura	39.00	3.90	836.00	09 Month	Ex. Er. Provincial Division PWD Mathura	Superintending Engineer Agra Circle PWD Agra	Chief Engineer Agra Zone PWD Agra	Class A to D

2. Bid document website **http://etender.up.nic.in available** from **07.07.2019 to 12.07.2019 upto 12:30 Hours.** Technical Bid received online will be opened **12.07.2019 at 03:00 Hours** 3. The bidders are required to submit Original receipt of internet Banking of E-tender portal Account as per G.O. No.-742/78-2-2018-42 I.T./2017 T.C., I.T. & Electronics Section-2 Dated-03.12.2018 follows as: (1) Online Tender Cost towards the cost of bid document (As per Column 6) by Internet Banking of E-tender portal Account (Non Refundable). (2) Online Bid security (As per Column 5) in favour of **designation of Column 8** by Internet Banking of E-tender portal Account. 4. Tender Notice all information are available on website **http://etender.up.nic.in**

(Sudarshan Kant Verma)
Executive Engineer
Provincial Division, PWD, Mathura

UPID 141764/02.07.2019 www.upgov.nic.in

Karnataka Soaps & Detergents Limited

An ISO-9001:2015 & 14001:2015 Company

(A Government of Karnataka Undertaking)
Sandal City: P.B. No. 5531, Bengaluru-Pune Highway,
Bengaluru - 560 055. Ph: 080-23378715, 23371103 Fax: 23375102, 23370498
e-Mail: **ksdl.dgmmtls@gmail.com**

Date: 04.07.2019

NOTICE INVITING TENDER

Tenders are invited by **KS&DL** in two cover system through e-Procurement Portal **(Website https://eproc.karnataka.gov.in)** with respect to supply of the following Materials/Services.

Sl. No.	Tender Number	Tender Name	Qty.	Published Date	Last date for Bid Submission
1	KSDL/AGM(Mtls)/ 2019-20/13	Engaging of Contract Workers on ARC basis in all the Production lines in SEP for production of MSS-75g/ MSS-125g, MS Gold 125g, MS Baby-75g & SBT(S), SBT (T)/(Reg/ CO/(Export)/ SGT-20g and other Product on Tonnage Basis at Finishing Lines.	Services	27.06.2019	26.08.2019
2	KSDL/AGM(Mtls)/ 2019-20/14	Engaging of Contract Workers on ARC basis for Raw Material Shifting, Finished Boxes Shifting, and Carton Preparation, Soap Noodles elevation etc.	Services	28.06.2019	29.07.2019
3	KSDL/2019-20/ IND3848	Procurement of MST 50g Containers with Cap	1600000 Nos	28.06.2019	29.07.2019
4	KSDL/2019-20/ IND3849	Procurement of MST 50g Shrink Sleeves	1600000 Nos	28.06.2019	29.07.2019
5	KSDL/2019-20/ IND3850	Procurement of Hologram Stickers	1600000 Nos	28.06.2019	29.07.2019
6	KSDL/2019-20/ IND3851	Procurement of MST 50g CB with Honey comb partition & top Plate	16000 Sets	28.06.2019	29.07.2019
7	KSDL/2019-20/ IND3852	Procurement of CBs of Jasmine/ Rose Regular 8"12sticks x 20doz	21000 Nos	29.06.2019	29.07.2019
8	KSDL/2019-20/ IND3853	Procurement of Cartons of Jasmine/ Rose Regular 8" 12 sticks x 20doz	5000000 Nos	29.06.2019	29.07.2019
9	KSDL/2019-20/ IND3854	Procurement of PP Pouches 1 1/2"x 9 1/2"	3600 Kgs	29.06.2019	30.07.2019
10	KSDL/2019-20/ IND3855	Procurement of PP Doz Covers for regular 8" 12sticks x 20doz	2500 Kgs	29.06.2019	30.07.2019
11	KSDL/2019-20/ IND3856	Procurement of Laboratory chemicals & Glassware on ARC Basis	Item Wise	02.07.2019	01.08.2019
12	KSDL/2019-20/ IND3857	Procurement of New Power Tiller with Trailer	Item Wise	03.07.2019	02.08.2019

Please visit KS&DL website: **https://www.mysoresandal.org** for further details. For any queries/clarification, contact the undersigned.

Sd/- Asst. Gen. Manager (Materials)

COCHIN SHIPYARD LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

EXPRESSION OF INTEREST

04 Jul 2019

Expression of Interest are invited for participation in Partial Turnkey Offloading of Ship Repair works at Cochin Shipyard Mumbai Ship Repair Unit (CMSRU) at Mumbai Port Trust on behalf of Cochin Shipyard Ltd so as to reach Chief General Manager (Ship Repair) on or before 15.00 Hrs 01 Aug 19. For further details of EOI, please visit Cochin Shipyard Website **www.cochinshipyard.com** and Govt website **http://tenders.gov.in/department.asp**

"Hindi version of this advertisement is published in the website (www.cochinshipyard.com) of CSL"

Sd/-
Chief General Manager (SR)

BANGALORE DEVELOPMENT AUTHORITY

T. Chowdaiah Road, Kumara Park West, Bengaluru - 560 020

No. BDA/EE/South Divn/Ten/2640/T-638/2019-20/Call-2 Date: 03.07.2019

NOTICE INVITING REQUEST FOR PROPOSAL (RFP)

(Through GoK e-Procurement platform https://eproc.karnataka.gov.in)

Tenders are invited through GoK e-Procurement platform for the following work in two cover system by the Executive Engineer, South Division, BDA Complex, BSK 2nd Stage, Bengaluru - 70 on behalf of the Commissioner, BDA, Bengaluru from eligible tenderers. **Name of the work: Proposal for BDA Shopping Complex at BSK 6th Stage, Bengaluru under Public Private Partnership (PPP) mode.**

For further details, please log on to **https://eproc.karnataka.gov.in** or call e-Procurement Help desk on 080-22371090 / 22340060.

Sd/- Executive Engineer, South Division, BDA, Bengaluru

NORTH EASTERN RAILWAY

E-Tender Notice No.4 of Year 2019-20

E-Tenders are invited by Divisional Railway Manager (S&T), N.E. Railway, Izatnagar for and on behalf of the President of India for the following works:

Description of works	Approx. value	EMD Money
S.N.1: Zonal maintenance Contract to Carry Out repairs of signalling assets in section of SSE (Sig.)/FGR & SSE (Sig.)/MRT under jurisdiction of ADSTE/FGR in IZN Division for a period of 12 months.	₹62,09,204.83 Cost of Tender Form: ₹5,000/- Completion Period: **12 Months**	₹1,24,200/-
S.N.2: Zonal maintenance Contract to Carry Out repairs of signalling assets in section of SSE (Sig.)/IZN under Jurisdiction of DSTE/IZN in Izzatnagar Division for a period of 12 months.	₹48,52,549.15 Cost of Tender Form: ₹3,000/- Completion Period: **12 Months**	₹97,100/-
S.N.3: Zonal maintenance Contract to Carry Out repairs of Signalling Assets in Section of SSE (Sig.)/LKU & SSE (Sig.)/PBE under jurisdiction of ADSTE/IZN in Izzatnagar Division for a period of 12 months.	₹59,41,296.65 Cost of Tender Form: ₹5,000/- Completion Period: **12 Months**	₹1,18,800/-

Date & Time of closing of E-tenders: 06.08.2019 at 15.00 Hrs.

Note: • Manual offers are not allowed against this tender and any such manual offer received shall be ignored. • The tender can be viewed at website **http://www.ireps.gov.in.** • The tenderer/bidders must have Class-III Digital Signature Certificate & must have register on IREPS portal. • All relevant papers must be uploaded at the time of participating in e-tendering.

CPRO/Signal-38 **Div. Signal & Telecom. Engineer, N.E. Railway/Izatnagar**

About any passenger amenity complain SMS on Mobile No. 09794845955

"DO NOT TRAVEL WITH INFLAMMABLE ARTICLE IN TRAIN"

EAST CENTRAL RAILWAY

E-TENDER NOTICE

No. Com-Enquiry-MGS-19R, Mughalsarai, Dated : 02.07.2019

On behalf of president of India, DRM (Commercial), E.C. Railway, Mughalsarai invites e-tender for under mentioned work. Detail is as under :-

1. Name of work with its location and completion period. : Award of contract for manning of enquiry offices for 14 stations and handling of twitter cell & passengers helpline number 138 over Mughalsarai division for 1096 days (03 years), **2. Approx. cost of the work (including GST) :** Rs. 8,50,83,773.28, **3. Earnest money :** Rs. 5,75,400/-, **4. Date & Time for uploading of tender :** E-Tender uploaded online upto 25.07.2019 at 15.00 hrs., **5. Website particular where complete details available. :** Available at **www.ireps.gov.in** and manual tender will not be accepted.

Divnl. Railway Manager (C)
E. C. Railway, Mughalsarai
PR/656/MGS/COML/T/19-20/28

EAST CENTRAL RAILWAY

TENDER NOTICE

Tender Notice No. SNT-RE-DNR-114 Dt, 02.07.2019, Open e-tenders in single packet system are invited by Dy. Chief Signal & Telecom. Engineer, Railway Electrification, Danapur for & on behalf of the President of India for the work of- **Sl.No. 1. Name of the work with its Location:** Work of trenching, laying of 6 Quad Telecom. Cable, PIJF Cable & OFC, Backfilling, Splicing Jointing and termination and Testing of OFC, 6 Quad & PIJF cable etc. and Supply, Installation, & Commissioning of SDH/Add Drop MUXs and other associated equipments including Supply, Installation, Testing & Commissioning of Way Station Equipments, Head Quarter Control Equipment with Power Supplies, Emergency Sockets etc. in SP/SSP/TSS/ Adjacent Sidings and Adjacent Block Section to provide Communication and to clear Induction Zone in connection with Electrification in Muzaffarpur - Sitamarhi section of East Central Railway. **Sl.No. 2. Approximate Cost of Work:** Rs. 11085670.33 (Rs. One Crore Ten Lakh Eighty Five Thousand Six Hundred Seventy and Paise Thirty Three only). **Sl.No. 3. Earnest money:** Rs. 205400.00 (Rs. Two Lakh Five Thousand Four Hundred only) **Sl.No. 4. Tender closing date and time:** 12.08.2019 up to 12.00 hrs. **Sl.No. 5. Website particular and notice board location where complete details of tender can be seen: (https://www.ireps.gov.in);** Notice Board at the office of Chief Project Director, Railway Electrification, Danapur, Near Jagjeevan Stadium, PO Khagaul, District-Patna, PIN-801105. NOTE: - Original/revised bids are to be submitted online up to closing date and time on IREPS website only. Manual offers are not allowed against this tender and any such manual offer received shall be summarily rejected. Tenderer should get the digital signing certificate and register them on this website to participate in the tender.

Dy. Chief Sig. & Tele. Engineer
Railway Electrification, Danapur
PR/658/RE/S&T/T/19-20/56

GOVERNMENT OF NCT OF DELHI
TRANSPORT DEPARTMENT
5/9, UNDER HILL ROAD, DELHI-110054

Notice Inviting e-Tender
Tender ID No. 2019_TD_175692_1

REQUEST FOR PROPOSAL (RFP) FOR SELECTION OF AGENCY FOR DESIGN, IMPLEMENTATION AND MANAGEMENT OF IP CCTV AND AUTOMATIC VEHICLE TRACKING SYSTEM IN DTC AND CLUSTER SCHEME BUSES

Transport Department, Government of NCT of Delhi invites Request for Proposal (RFP) for selection of agency for design, implementation and management of IP CCTV and Automatic Vehicle Tracking System in about 5,000 DTC and Cluster scheme buses through e-procurement portal of Government of NCT of Delhi (**https://govtprocurement.delhi.gov.in**) from suitable business entities.

The Bid document can be downloaded from the e-procurement portal of GNCTD and website of Transport Department from **6th July, 2019.** The Bid security of amount of Rs. 2,00,00,000/-, as per details given in RFP, in the form of original bank guarantee shall be submitted to **Deputy Commissioner (Cluster), Transport Department, GNCTD, Room No. 127, New Block, 5/9, Under Hill Road, Delhi - 110054,** so as to reach on or before **1500 hours** on **1st August, 2019 ("Last date and time for Bid Submission").**

Pre-bid meeting will be held on **15th July, 2019 at 1500 hours,** in the Conference Room of Transport Department, Government of NCT of Delhi, 2nd Floor, 5/9, Under Hill Road, Delhi-110054. Queries should reach to Transport Department by **12th July, 2019.**

Deputy Commissioner (Cluster)
Transport Department
Government of NCT of Delhi
E-mail: dcotpt4.delhi@gov.in

DIP/Shabdarth/0343/19-20

personal

CHANGE OF NAME

I, Aniruddha Krishna Wattal s/o Gopal Krishna Wattal, having permanent residence at D-13 Lawyers' Colony, Agra,UP, hereby solemnly affirm that both Aniruddha Wattal & Aniruddha Krishna Wattal are my names. Henceforth I shall be known as Aniruddha Krishna Wattal.

I Rakshita Anshu D/o Pradeep Kumar Verma R/o 17/06, Gulmohar Road, Shipra Suncity, Windsor Lane, Indirapuram, Ghaziabad (UP) -201014 declare that I got divorce from husband vide court decree in HMA suit no. 860/15 dt. 8/10/2015 & have changed my minor daughter name from NISHTHA D.O.B. 03/03/ 2005 to NISHTHA NISHU for all future purposes.

I, Lakshya Tandon S/o Manu Tandon R/o 708 Naveen Kunj apartment , Sec 1A , Dwarka Delhi- 45 have changed name to Laksh Tandon for all future purposes.

I, Shelley Srivastava W/O. Ravi Swaroop R/o T17/ 2106 Paras Tierea, Sec-137, Noida UP-201305 have changed my name to Shelly Srivastava for all purposes.

I, Anokha Joshi w/o Vijay Anand Joshi r/o H.No.4013,K-Block Sainik Colony Part 2 ,Sector -49 Faridabad Haryana-121001 have changed my name to Anokha Baig Joshi for all purposes

I, Jai Prakash R/o 39/1, G-Blk Prem Nagar, Najafgarh, ND-43, have changed my minor daughter's name from Sneh to Sneh Siwhan for all future purposes.

I, Mohini Mishra W/O Kuldeep Singh D/O Dwarika Nath Mishra R/O Flat No.104, Plot No. C-15/16, Gali No. 6, Raja Puri, Delhi 110059, have changed my name from Mohini Kumari to Mohini Mishra for all future purpose. i will known as Mohini Mishra for all future purposes.

I Manju Rani W/O, Jyoti Swaroop Sharma R/o 61/4 1st Floor Back Side Ashok Nagar, Tilak Nagar, New Delhi 110018 have changed my name to Manju Sharma for all purposes.

I Ashok Kumar S/o Gurdass Man Sharma R/o 173-d LIG DDA Flats, Motia Khan, Jhandewalan Road, Delhi-55 have changed my name to Ashok Sharma for all purposes.

I, Vivekanand S/o Birendra Kumar Pandey R/o Gram-Rudpai, P.O. Shambhuganj, Banka, Bihar have changed my name to Viveka Nand.

I Manoj S/o Murari Lal, R/O Flat no.15, Second Floor, Plot No.282, Street No.39, Vipin Garden Extn., New Delhi-110059, Have changed my name from Manoj to Manoj Jariya for all purpose

I, Mridul Chomal S/o Sanjeev Chomal R/o G-163, Sector-10, Faridabad have changed my name to Mridual Chomal.

I, Disha D/o Neeraj Khurana R/o H.No. 129/22, Jawahar Colony, NIT Faridabad have changed my name to Disha Khurana for all purposes.

I, Badal S/o Shri Suman R/o H.No. 10563, Gali No. 37, Sanjay Colony, Sector-23, Faridabad have changed my name to Badal Kumar Jha S/o Suman Jha for all future purposes.

I, Rozy Kaur W/o Baljeet Singh R/o A-22,Uday Vhr,T/F,Nilothi Extn, Nangloi,ND-41 corrected my Birthname wrongly spelled in my matriculation certificate as Rozy Kour instead Rozy Kaur

I Sunil Kumar S/o Hari Ram R/o G-59, Nanak Pura, Moti Bagh-II, Chanakya Puri, New Delhi -110021 have changed my name to Sunil Rathi for all future purposes.

I, Mritunjay Kumar Pandey S/o Sh. Virendra Nath Pandey R/o 2726, Sec- 62, Ballabgarh, Faridabad have changed my name to Mritunjay Pandey for all purposes.

I Ruma Kumari W/o Ashok Kumar Gupta R/o 16-B, Anubhav Apartments, Sector-13, Rohini, Delhi-110085 have changed my name to Ruma Gupta for all future purposes.

I, Jatin S/o Chander Mohan R/o B-2-68 Lajpat Nagar New Delhi 110024 have changed my name to Jatin Kumar for all future purposes.

I, Dhiraj Kumar S/o Shri Ram Kumar Rajora R/o D-90, J.J. Colony Dwarka, Sector -7, New Delhi - 110075 have changed my name to Dhiraj Kumar Rajora for all future purposes.

I Mehak Dua D/o Anil Kumar Dua R/o A-1/A, 3rd Flr, Rama Road, Adarsh Nagar, Delhi-33 have changed my name to Mahak Dua Permanently.

LOST & FOUND

I, Aman Sahu S/o Dileep Sahu R/o 1813, Block-J,Jahangir Puri, Delhi - 110033 have lost my original 10th Class certificate (Roll No. 8695987, Year - 2017) issued by CBSE, Finder may Cont: 9667032927

IT is notified for information that my Original Qualifying Examination certificates of main secondary, senior secondary certificate of year 2005 & 2007 of class 10th Roll no.6157566 & class 12th Roll no.6249008 respectively, issued by CBSE have been actually Lost. Nishaank Mehta,208A, BP1,DLF Phase 2,Gurgaon / 7307446969

I, Navneet Gupta and Nishu Gupta R/o 735, Sec-17, Faridabad do hereby inform that original conveyance deed no 2534 dated 23.05.05, original construction permission memo no 10200 dated 06.11.92 and re-allotment letter memo no. 23440 dated 24.08.05 have been lost. If found please send above address .

To Market, to Market, with the Khans

THE SUPERSTARS of the movies offer their take on money – filmy style

etpanache@timesgroup.com

SALMAN KHAN

WANTED

"Tu ladki ke peeche bhagega, ladki paise ke peeche bhagegi ... tu paise ke peeche bhagega, ladki tere peeche bhagegi."

[You'll run after the girl, the girl will run after money. You run after money, the girl will run after you.]

WANTED

"Main sirf money bhai ke liye kaam karta hoon."

[I only work for Mr Money]

SHAH RUKH KHAN

PARDES

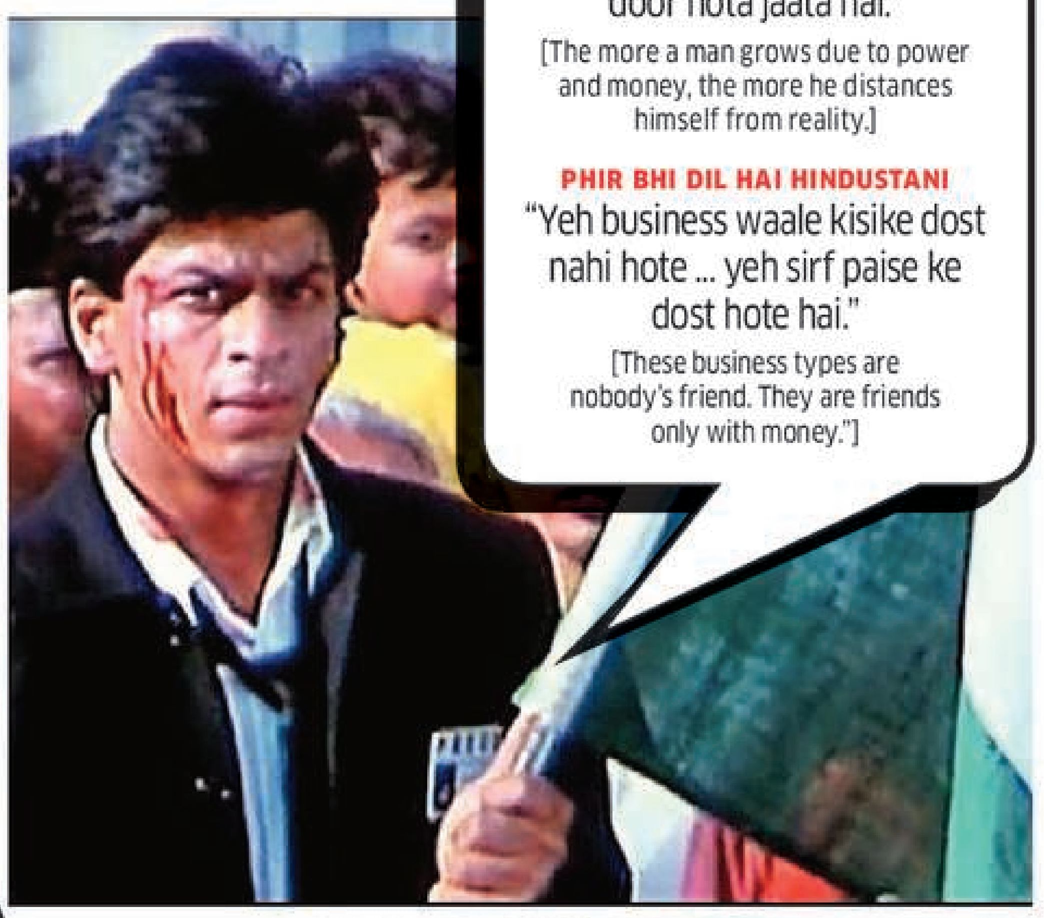
"Jab aadmi daulat aur taqat ki wajah se jitna bada hota jaata hai ... utna hi sach aur asliyat se door hota jaata hai."

[The more a man grows due to power and money, the more he distances himself from reality.]

PHIR BHI DIL HAI HINDUSTANI

"Yeh business waale kisike dost nahi hote ... yeh sirf paise ke dost hote hai."

[These business types are nobody's friend. They are friends only with money.]



SARA ALI KHAN

KEDARNATH

"Panditji, iss baar aap hisaab par baithana. Yeh dal roti banana aurto ke kaam nahi karenge hum."

[Father, this time put me in charge of accounts. I won't do the usual womanly tasks like making dal roti.]

AAMIR KHAN

DAULAT KI JUNG

"Lalach ki zameen par daulat ki fasal kabhi nahi ughti."

[Wealth will never grow on the soil of greed]

RANGEELA

"Le tu bhi bohni kar. Do rupaya diya usko."

[Here, you too start your day on a good note. To girlfriend: "I gave him two rupees."]

Tax Effect

Learning to file taxes is an important life lesson. Young business leaders share the first time they paid tax, and when they felt its impact

Masoom.Gupte@timesgroup.com, Glynda.Alves@timesgroup.com

KAUSHAL DUGAR, Founder, Teabox

"I paid tax for the first time in 2007, after joining the workforce, straight out of college, in Singapore. The whole process of computation and calculation of taxes was an easy, five-minute job there. You could pay your taxes online, using a credit card, debit card or through online banking. In India, I paid taxes for the first time in 2013. I remember the process being so complicated in comparison. The first time I was doing taxes here, it was all last minute, taking a look at all the sections and deductions available.

As a taxpayer, I feel pleased when I see government schemes and policies making a difference at the ground level. I have been travelling in the country and seeing the regional air connectivity scheme introduced by the government make a difference. I feel at such times that the tax money is being used well."

RADHIKA GHAI, Co-founder, ShopClues

"As a child, I had been raised with a strong sense of purpose and responsibility. Being independent was something that we were prepared for and being financially responsible was a huge part of that.

The first time I paid tax was a turning point in my life. It is the moment when you finally transition from child to adult. On the flip side, as you are young, you have lots of spending plans too, so every penny matters. I remember the bitter-sweet moment when the first post-deduction salary came into my account."

NIKHIL KAMATH, Co-founder, Zerodha

"I was probably 17 or 18 years old when I paid tax for the first time. I used to work at a call centre at the time (around 15 years back), and the company would deduct the tax amount from the salary as per the slab rate applicable then. I was making somewhere around ₹8,000 - ₹9,000, and the tax being deducted was probably ₹1,000 or so.

As for feeling the impact of the taxes, I feel that taxes that one pays for direct income are fairly straightforward. One is happy to pay tax on the final income. It's the secondary taxes like the Securities Transaction Tax (STT) that add an incremental cost to doing business. These ancillary taxes are detrimental overall, and one feels the impact while carrying out every transaction."

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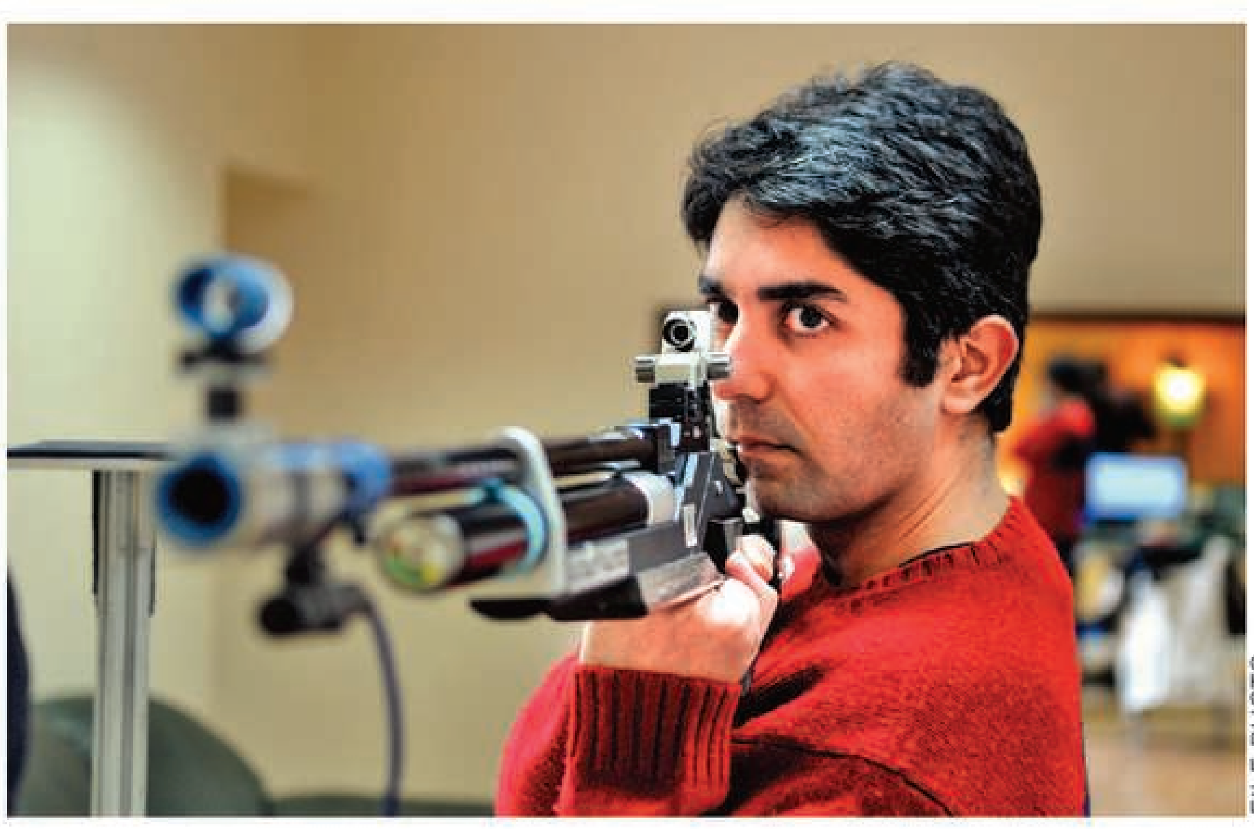

FILE PHOTO

An Olympian's Tips to Reach a Fiscal Target

Gold medallist and entrepreneur Abhinav Bindra discusses his relationship with money and how to hit bull's eye

rohan.abraham @timesgroup.com

On following the Budget closely as a sportsman-turned-entrepreneur

The Budget is something I believe every Indian should pay attention to, as it affects all our lives. Being an entrepreneur, I look to see what the Budget signifies in terms of the government's commitment to sport and healthcare, two sectors that impact the work I do at my performance centre.

On managing training expenses back then while being a professional shooter

I received a great amount of support from the Mittal Sporting Trust, as well as contributions in kind from shooting equipment manufacturers. Other than that, I was fortunate to have a family that supported me and managed expenses that I could focus solely on the sport.

On striking a balance between expenses and investments

The primary goal is to work within my means, and place investments in initiatives that I care about, and have the faith in them to reap rewards in the long run. I understand that such concepts involve patience, and I am willing to see them through, provided the cause and dedication of the stakeholders remain undeterred.

On the tax reforms implemented in the past few years

I am optimistic about how these reforms can benefit the average Indian in the long run. In many cases, the idea is great. What remains to be seen is how the government can manage execution and adaptability to ensure the goals are met, and the country benefits as a whole.

Sectors the government should focus on

I have seen a renewed commitment to sport from the government, which is heartening. Sports in India need investment. And CSR funding from big corporations is critical. My foundation, which uses sports science and technology to help grassroots athletes of various sports gain physical self-awareness, is just one of the many causes that both the government and corporations ought to focus on and contribute in whatever way possible.

On improving income tax collections

It is important that as people have been provided a platform to thrive in this country, a platform should be established to see that no one is left behind. The logistics of it, I still think need to be formulated better.

On transforming budgetary allocation for sports into tangible results like Olympic medals

By ensuring that more corporations and well-wishers understand the effect that their contributions can generate, the government can look to organisations in the sector to step up and leverage that interest into creating world champions. The talent is there. The support has been vastly increasing, but it can be a lot more.

'Laughing (or Crying) Your Way to the Bank'

Highlights of the Budget with a light-hearted twist

Vikram Poddar

- Budget 2019 has allocated ₹400 crore towards education institutions. The FM said that India finally has three of its institutions in the top 200 of the QS world university rankings. What they missed out was India's no.1 institution, which is Whatsapp University.

- More taxes for the super rich in this Budget. An additional surcharge for people having income more than ₹5 crore makes their income taxable at 42 per cent. Due to this, for a change, people from South Bombay are claiming to be from Andheri.

- The government is promoting purchase of electric vehicles by slashing GST rates on them as well as giving an additional rebate of ₹1,50,000. Now you can expect your annoying roommate to ask you questions like, "Bro, Wagon R *ka charger hain, kya? Patli pin wala.*"

- The government has furthered its plans of boosting their 'Startup India' initiative by launching a TV channel dedicated to startups. In true startup fashion, the TV channel will not make any profits.

- More duties to be levied on tobacco products. Cigarettes have become so expensive that now they will be shared one by two. Passive smoking will also be chargeable at ₹2 per minute.

- The government has imposed a TDS of 2 per cent on cash withdrawals above ₹1 crore. So, now dance bars will start giving Paytm codes along with *chakna*.

The writer is an investment banker-turned-corporate comedian and CEO of BoredRoom Comedy.

Halwa Transaction

Sweeten up the Budget announcements with chef Pooja Dhingra's special halwa recipe

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Dhingra's Halwa

Ingredients: Half a cup of ghee, 1 cup semolina, 2 cups hot milk, 1 pinch of saffron dissolved in 30 ml of warm water, 3/4th cup sugar, 10 roasted almonds peeled and sliced, 10 raisins, 10 roasted cashews (crushed), and 1/2 tsp cardamom powder.

How to:

1 In a medium-sized *kadai*, roast the semolina in the ghee.

2 When the semolina turns brown and is fragrant, switch off the flame and slowly pour in the hot milk. Be sure to continuously stir while pouring the milk.

3 Add the sugar, saffron, almonds, cashew and cardamom and keep stirring till the milk absorbs and the halwa starts leaving the sides of the pan.

On a budget? We've got you covered

Budget Halwa

Ingredients: Half cup of ghee, 1 cup semolina, 2.5 cups hot water, 3/4th cup sugar, 1/2 tsp cardamom powder

How to:

1 In a medium-sized *kadai*, roast the semolina in the ghee.

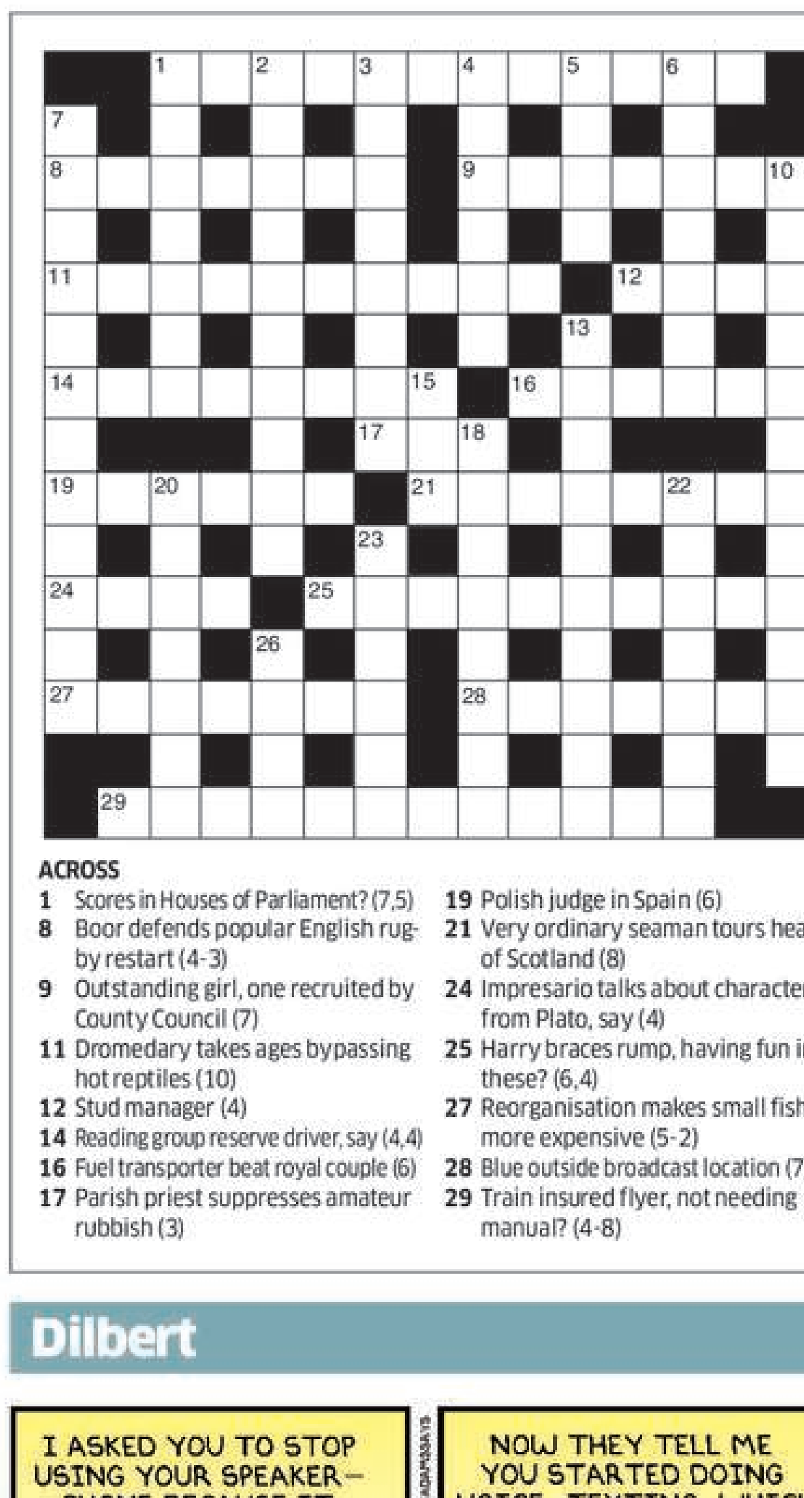
2 When the semolina turns brown, switch off the flame and slowly pour the hot water. Stir continuously while pouring the water. Switch to low-medium flame and add the sugar and cardamom.

3 Keep stirring till it is absorbed and the halwa starts leaving the sides of the pan.

What is the Halwa Ceremony?

Finance Minister Nirmala Sitharaman, Minister of State for Finance Anurag Thakur and senior officials of the ministry observe the 'Halwa' ceremony (and give it a quick stir) to mark the launch of the formal printing of documents relating to the Union Budget 2019-20. The halwa is then served to the staff. After that, officials and support staff directly associated with the Budget-making and printing process are required to stay in the ministry and remain cut off from their families till the presentation of the Budget in the Lok Sabha.

Crossword 7452



DOWN

1 Adjusting VAT once leads to change in Mexico (7)
2 Teenager makes fuss over the French perfume (10)
3 Wild flower, less cold and flatter (6,2)
4 Modern Anglicans hire clothing (6)
5 River in the countryside opening out (4)
6 Popular cattle available for sale (2,5)
7 Fruit tablets no longer available? (12)
10 When in Switzerland notice machine in shop (4,8)
13 Doctor used it with care, stopped bleeding (10)
15 Exclude lawyers (3)
18 Deliriously happy, a person calls from it (8)
20 Powerful people start to flag at musical (3,4)
22 How idiots behave in an East Anglian bishopric (7)
23 Woolly contestant at Badminton? (6)
26 Swerve off course, avoiding leading pair (4)

ACROSS

1 Scores in Houses of Parliament? (7,5)
8 Boor defends popular English rugby restart (4-3)
9 Outstanding girl, one recruited by County Council (7)
11 Dromedary takes ages bypassing hot reptiles (10)
12 Stud manager (4)
14 Reading group reserve driver, say (4,4)
16 Fuel transporter beat royal couple (6)
17 Parish priest suppresses amateur rubbish (3)
19 Polish judge in Spain (6)
21 Very ordinary seaman tours heart of Scotland (8)
24 Impresario talks about character from Plato, say (4)
25 Harry braces rump, having fun in these? (6,4)
27 Reorganisation makes small fish more expensive (5-2)
28 Blue outside broadcast location (7)
29 Train insured flyer, not needing manual? (4-8)

SOLUTION TO No. 7451

ACROSS: 1 Recover. **5** Onside. **9** Senator. **10** Liaison. **11** Oar. **12** Anniversary. **13** Entry. **14** Deodorise. **16** Cold sores. **17** So far. **19** Ultraviolet. **22** Cab. **23** Cloning. **24** Reprint. **26** Escudo. **27** Arsenic.
DOWN: 1 Restore. **2** Congratulations. **3** Vet. **4** Rerun. **5** Oblivious. **6** Stair. **7** Dissatisfaction. **8** Enzyme. **12** Abyss. **14** Derring-do. **15** Onset. **16** Clutch. **18** Robotic. **20** Adieu. **21** Larva. **25** Pas.

Dilbert

by S Adams