

BUDGET 2

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HIGHLIGHTS



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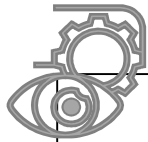




Focus on Infrastructure, Rural Development, Ease of living and Business

THE BUDGET 2019 – 20

- ✓ Vision for \$ 5 TN economy driven by Investments
- ✓ Strengthening Connectivity through enhanced infrastructure
- ✓ Enhancing ease of direct and indirect taxes
- ✓ Enhancing Capital Access



Vision \$ 5 TN

Driven by virtuous
Cycle of Investments

India on path to
becoming 6th largest
Economy

Achieve \$ 3 TN mark
by next year



Reform, Perform Transform Agenda

GST, IBC, RERA

Focus on Common Man

Mudra, Ujjwala,
Saubhagya,
Nal se Jal



Infrastructure Upgrade

Road: BharatMala

Air: UDAAN

Waterway: SagarMala

Rail: PPP: Improving
connectivity



Enabling Housing

Model Tenancy
Laws
PM Awas Yojana
Additional
deduction for
affordable housing



Tax Measures

Lower corporate tax
universe enhanced to
companies with
turnover of up to INR
400 crores
Aadhaar and PAN to
be **interchangeable**
for tax filing



PM Karam Yogi Maandhan

Pension Benefits
to retail traders
and Small
Shopkeepers

BUDGET 2019



HIGHLIGHTS OF BUDGET 2019

A. Measures to strengthen the MSME sector:

- 1. Pradhan Mantri Karam Yogi Maandhan Scheme**
 - ✓ Pension benefits of about INR 3 crores have been extended to retail traders and small shop keepers having annual turnover of less than INR 1.5 crores.
 - ✓ Enrollment in the scheme has been kept simple with requirement of Aadhar card, Bank account and a self – declaration.
- 2. Interest Subvention Scheme**
 - ✓ Provision of 2% interest subvention has been allotted on fresh or incremental loans of up to INR 1 crore. The Government has allocated INR 350 crores for the same for FY 2019 – 20.
 - ✓ This scheme is available to MSMEs having valid GSTN and Udyog Aadhar.
- 3. Payment Platform to facilitate easier and faster payments.**
 - ✓ A payment platform to be created for MSMEs to enable easier and faster government payments which will help them obtain government approvals without any delay due to government fees payment procedures.

B. Reforms for Start – Ups

- 1. Capital gain exemptions granted**
 - ✓ On sale of residential house for investment in start-ups till FY 2020 – 21.
- 2. No scrutiny in respect of:**
 - ✓ Valuation of share premiums for start – ups and investors.
 - ✓ Funds raised by start-ups.
- 3. Other reliefs:**
 - ✓ Relaxation of carry forward and set-off of losses.

C. Changes in FDI/ FP norms

- ✓ Streamlining of KYC norms for FPIs to make it more investor friendly without compromising cross - border understanding and compliance.
- ✓ Liberalization of FDI in aviation, media, animation

and insurance intermediaries.

- ✓ 100% FDI permitted to insurance intermediaries.
- ✓ Availability of investable stock for foreign investors.
- ✓ The statutory limit for FDI investments in companies proposed to be increased from 24% to sectoral foreign investment limit.

D. Direct Taxes

Changes in Tax Rates

- ✓ No change in personal income-tax slab in the budget.
- ✓ Effective Tax rate of 35% for individuals having taxable income within INR 2 – 5 crores and 42% for income above INR 5 crores.
- ✓ Corporate tax @ 25% for companies having turnover of up to INR 400 crores, up from INR 250 crores which will cover a 99.3% of companies in India.
- ✓ Income tax benefit of INR 1.5 lakhs has been granted on interest on loans taken to purchase electric vehicles.
- ✓ 2% TDS will be leviable on withdrawal of more than INR 1 crore in a financial year from bank account.

Interchangeable Aadhar and PAN

1. Aadhar can be used where PAN is not available. Even Income tax returns can be filed using Aadhar number.

E. Indirect Taxes

- ✓ Proposal to GST Council to lower tax on electric vehicles from 12% to 5%.
- ✓ Custom duty on gold has been increased from 10% to 12.5%.
- ✓ Excise duty on fuel has been hiked by INR 1.



HIGHLIGHTS OF BUDGET 2019

F. Reforms in Banking and Financial Sector:

1. Public Sector Banks Recapitalized

- ✓ State run banks to get INR 70,000 crore of capital to provide boost to credit.

2. NBFCs

- ✓ RBI to be bestowed with more regulatory powers over NBFCs.
- ✓ HFCs now under direct control of RBI
- ✓ Requirement of Debenture Redemption Reserve to be removed to allow NBFCs to raise funds in public issue.

3. CPSEs and other reforms

- ✓ Investment of INR 100 crore intended over next five years in infrastructure.
- ✓ Target set for FY 2019 – 20 for disinvestment receipts of INR 1,05,000 crores.

G. Enhancing Skilling & Education

1. A National Education Policy to transform India's higher education system to match global standards will be launched.
2. 80 livelihood business incubators and 20 technology business incubators would be set up in 2019-20 under ASPIRE to develop 75,000 skilled entrepreneurs in agro-rural industries.
3. 100 new clusters would be set up in 2019-20 under Scheme of Fund for Regeneration of Traditional Industries (SFURTI), which will enable 50,000 artisans to join the economic value chain.

H. Other notable points:

- ✓ Proposal to raise threshold limit of public shareholding in listed entities to 35% from 25%.
- ✓ NRI portfolio route to be merged with FPI for seamless investment in stock markets.
- ✓ Listing of Social enterprises and voluntary organization working for realization of social causes proposed to SEBI.
- ✓ New Space India Limited has been incorporated as new commercial arm of Department of

space to tap benefits of R&D carried out by ISRO.

- ✓ MDR charges on cashless payments have been waived off to encourage digital cash payments.
- ✓ Model tenancy law to be finalised and circulated to the states.
- ✓ Securities Transaction Tax to be limited to the difference between settlement and strike price of options.

Acquisory's view:

The union budget presented by the Finance Minister has a clear focus and emphasis on encouraging MSMEs; rural development; facilitating ease – of – doing business especially for start – ups; infrastructure upgrade; enabling housing and improving ease of living; and transforming and strengthening the financial sector.

In this budget we see major efforts to improve the credit situation by reforming liquidity norms and the banking structure and easing liquidity stress on NBFCs.

This union budget also presented welcoming stance for FDI and widening of participation in the capital markets.

It is encouraging to see, that the budget emphasized on skilling and education. Close to 100 million people are expected to be added to India's working population between 2021 and 2031, so, reforms proposed for the education sector is expected to transform India into a knowledge economy with significantly improved skill of the workforce.

However, numerous expectations of the industry such as infrastructure status for real estate, extension of the sunset clause on SEZs, GST rationalization on key input materials have remained unfulfilled. We hope future budgets will address these concerns.



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- Compliances
- Accounting & Reporting
- Regulatory Compliance Audits
- Financial Audits
- FEMA / RBI Regulatory Compliances
- RERA Compliance
- Secretarial

IT Risk, Forensics

- Information Security Management Services
- Forensics
- Technology Risk Solution
- Security Risk Management
- Creative Training Solution

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