

# India Union Budget 2019-20

## Point of View

### Healthcare



#UnionBudget2019 #KPMGBudgetLIVE

## Key announcements for the sector

- The interim budget 2019 raised the allocation for health from INR55,949 crore to INR63,300 crore, by nearly 13 per cent. The revised plan outlay stands at INR64,999 crore, 16.18 per cent higher than the previous year
  - Scheme specific outlay for National Health Mission stands at INR33,651 crore, up by 7.9 per cent, from INR31,187 crore in the previous year
  - Combined allocations under Pradhan Mantri Swasthya Suraksha Yojana and Rashtriya Swasthya Bima Yojana increased by nearly 60 per cent, from previous INR6,525 crore to INR10,556 crore
- Funding for Integrated Child Development programme (maternal and child nutrition) increased by 18 per cent from the previous year allocation of INR23,357 crore to this year's allocation of INR27,584 crore
- National Research Foundation to be established to coordinate and centralise grant disbursements for various research activities by different ministries. This consolidation would prevent replication and help optimisation of research across all sectors, including healthcare and medical research.

### Direct tax

- To reduce the corporate tax rate of a domestic company with turnover of INR400 crore or less in FY 2017-18 to 25 per cent
- To remove the restriction on carry forward of losses on account of change in shareholding of a closely held company, its subsidiary and the subsidiary of such subsidiary where –
  - The National Company Law Tribunal (NCLT), on a petition moved by the Central Government, has suspended the Board of Directors of such company and has appointed new directors, and
  - A change in shareholding of such company, and its subsidiaries and the subsidiary of such subsidiary, has taken place in the previous year pursuant to a resolution plan approved by NCLT.
- For calculating book profits for computation of minimum alternate tax, the aggregate amount of unabsorbed depreciation and loss (excluding depreciation) brought forward shall also be allowed to be reduced in cases of the above-mentioned companies
- Secondary adjustment provisions rationalised retrospectively – option to pay 18 per cent (plus 12 per cent surcharge) 'on excess money or part thereof' (instead of getting money to India)
- Cancellation of 12AA registration of not-for-profit entities permitted in cases where compliance with other laws has not been undertaken and order ascertaining finality has been obtained.

### Indirect tax

- To promote domestic manufacturing exemption from BCD is provided to raw materials, parts and accessories for use in the manufacture of artificial kidney, disposable dialysers and micro barriers of artificial kidney.

## Implications for the sector

No new schemes or initiatives have been announced in the current year. However the Government seems to be following through its commitment in increasing healthcare allocation, with a steep increase of more than 16 per cent in healthcare. Additionally, the finance minister announced an estimated capital investment of INR100 lakh crore of social infrastructure, of which health services are expected to get a fair share.

- The increased allocation to PMSSY and RSBY points not only towards the improvement in penetration of the PMSSY, but also indicates a possibility in revision of reimbursements provided to the healthcare providers under the scheme. Inclusion of more complex procedures, with tiered reimbursement frameworks (based on a facility index) is likely to be introduced
- Promoting indigenous manufacturing in general (and medical devices and equipment, in particular) remains a priority for the Government. Various tax regulations have been simplified (and made more transparent) along with reducing 25 per cent of corporate tax applicability to companies with annual turnover of up to INR400 crore (from previous INR250 crore)
- Concerted efforts to improve quality of higher education and focus on 'Study in India' initiative. Under this initiative, medical colleges in India may receive a specific boost to attract foreign and international students.

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