

05 July 2019: UPSC Exam PIB Summary & Analysis

Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI)

Context:

Finance Minister Nirmala Sitharaman said while presenting the Union Budget 2019 – 20 that the government aims to establish more Common Facility Centres (CFCs) under the ‘Scheme of Fund for Upgradation and Regeneration of Traditional Industries’ (SFURTI).

Key Points:

- SFURTI aims to set up more Common Facility Centres for generating sustained employment opportunities.
- SFURTI envisions 100 new clusters in 2019-20 to help 50,000 artisans economically.
- 10,000 new Farmer Producer Organizations to be formed to ensure economies of scale for farmers over the next five years.
- This will facilitate cluster based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities.
- The focused sectors are Bamboo, Honey and Khadi clusters.
- The Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) has been consolidated for setting up of Livelihood Business Incubators (LBIs) and Technology Business Incubators (TBIs).
- ASPIRE contemplates setting up 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) in 2019-20 to develop 75,000 skilled entrepreneurs in agro-rural industry sectors.
- Pradhan Mantri Matsya Sampada Yojana to establish a robust fisheries management framework.
- This will address critical gaps in strengthening the value chain, including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.
- The minister said that the government will support private entrepreneurship in driving value-addition to farmers’ produce from the field and those from allied activities, like Bamboo and timber from the hedges for generating renewable energy.

Start-ups and their investors filing requisite declarations not to be subjected to any scrutiny regarding valuations of share premiums

Context:

With a view to resolve the ‘Angel Tax’ issue, the Finance Minister announced in the Union Budget 2019-20 that Start-ups and their investors who file requisite declarations and provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premiums.

Key Points:

- The Minister announced that the issue of establishing identity of the investor and source of his funds will be resolved by putting in place a mechanism of e-verification.
- This will remove any kind of scrutiny from the Income Tax Department.

- Special Administrative arrangements shall be made by Central Board of Direct Taxes (CBDT) for pending assessments of start-ups and redressal of their grievances.
- In the current set-up, start-ups are not required to justify fair market value of their shares issued to certain investors including Category-I Alternative Investment Funds (AIF).
- The Budget proposes to extend this benefit to Category-II Alternative Investment Funds also, thereby removing them from the scope of income tax scrutiny.
- Other proposals in this regard:
 - Relaxation of some of the conditions for carry forward and set off of losses in the case of start-ups.
 - Extension of the period of exemption of capital gains arising from sale of residential house for investment in start-ups up to 31.3.2021 and relax certain conditions of this exemption.
- **TV Programme Exclusively for Start-ups**
 - There was also a proposal to set up a television programme exclusively for start-ups within the Door Darshan bouquet of channels.
 - This shall serve as a platform for promoting start-ups, discussing issues affecting their growth, matchmaking with venture capitalists and for funding and tax planning.
 - This channel shall be designed and executed by start-ups themselves.
- **Mega Investment in Sunrise and Advanced Technology Areas**
 - GOI will launch a scheme to invite global companies through a transparent competitive bidding to set up mega-manufacturing plants in sunrise and advanced technology areas.
 - The proposed areas are:
 - Semi-conductor Fabrication (FAB)
 - Solar Photo Voltaic cells
 - Lithium storage batteries
 - Solar electric charging infrastructure
 - Computer Servers, Laptops, etc.

Benefits to be provided such as investment linked income tax exemptions under section 35 AD of the Income Tax Act, and other indirect tax benefits.