



India Union Budget 2020 Healthcare

The Finance Minister Smt. Nirmala Sitharaman envisages a holistic vision of healthcare that translates into wellness of the citizen!

Key announcements

Budget allocation

- A budget allocation of INR 69,000 crores has been made in health sector, inclusive of INR 6400 crores for **Ayushman Bharat**, Prime Minister Jan Arogya Yojana ('PMJAY')
- National Health Mission allocated INR 33,451 crores in 2020 with a slight increase from the allocation last year of INR 33651 crore, focussing on medical academic institutions
- Under Pradhan Mantri Swasthya Suraksha Yojana ('PMSSY'), the allocation saw a significant increase of 51% from INR 4000 crores in 2019 to INR 6020 crores in 2020
- Development of pharmaceutical industry with a whopping increase of budget estimate from INR 3.4 crore in 2019 to INR 42 crore in 2020-21

Stimuli for strengthening healthcare infrastructure

- Setting up hospitals under public private partnership ('PPP') with a focus on those areas which are not empanelled under PMJAY
- Setting up Viability Gap funding window for building hospital in PPP mode

Focus on usage of Artificial Intelligence (AI) and machine learning (ML)

- AI and ML shall aim to create and provide focussed preventive regime for diseases

Aiming on Tuberculosis elimination by 2025

Covering shortage of qualified medical doctors, specialist and improving skill sets of support staff

- Proposal to attach medical colleges to districts hospital in PPP mode; States attaching hospitals to medical colleges and providing land at concessional rates shall be eligible to receive Viable GAP Funding
- Resident doctor diploma courses to be offered under National Board of Examinations
- Medical special bridge courses shall be implemented to raise the skill level of support staff, nurses, care givers, para medical staff for serving abroad

Proposal to expand affordable and accessible medical supplies

- Easy accessibility of medical supplies with expansion of Jan Aushadhi Kendra Scheme to all districts offering 2000 medicines and 300 surgicals by 2024

Indirect tax

- Health cess imposed at the rate of 5% ad valorem on import of medical equipment's w.e.f. 2 February 2002. However inputs/ parts used for manufacturing such devices are exempt from such levy
- Customs duty exemption withdrawn on instruments for physically handicapped patients, used for joint replacements and spinal instruments
- Strict provisions introduced for verification and satisfying eligibility for claiming exemption under Free Trade Agreements

Impact

- Augmented collaboration between government and private players would provide an impetus for medical trainings
- Proposal to develop special bridge courses with Ministry of Health would bring the skill set of our para medical staff to that of the international standards
- Focus on use of AI and MI shall provide technology - based start -ups to develop their services offering on AI related healthcare
- Import of medical care and equipment shall become costly on account of levy of health cess, wherein the cost shall ultimately trickle down to the patients, thereby making medical services beyond reach for few
- Practical difficulties shall be foreseen with respect to additional stringent conditions for imports under FTA

For additional information or queries, please feel free to reach out to our tax partners:

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We trust that you will find our newsletter informative and useful.

Best regards,
Corporate Relations Desk
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