

## Interim Budget 2019

### Highlights:

#### A. General Data:

1. India to become a \$5 trillion economy in next 5 years and a \$10-trillion economy in the next eight years from the \$2.3 Trillion Economy at present.
2. From being the 11th largest economy in the world in 2013-14, we are today the 6th largest economy in the world.
3. Current Account Deficit (CAD) to be 2.5% of the GDP.
4. Fiscal Deficit decreased to 3.4% in FY 2019. Target of 3% of fiscal deficit to be achieved by 2020-21.
5. Size of budget: 27.8 Lakh Crore (13.30% rise in total expenditure for 2019-20 BE).
6. Capital Expenditure for FY20 to be Rs 3.36 lakh crore.
7. FDI received in last 5 years: \$239 Billion.
8. Average inflation in 2017-18 was 4.6%
9. India's Debt to GDP ratio was 46.5% in year 2017-18. As per FRBM Act, the target is to bring it down to 40% by (2024-25).
10. The Government received over 1 lakh crore from disinvestment proceeds during 2017-18.

#### B. Taxation

1. Income Tax slabs will remain the same for FY 2019-20.
2. Full tax rebate for individuals with annual income less than Rs 5 lakhs per annum under 87A.
3. The maximum limit of the tax rebate increased to Rs. 12,500 from the present limit of Rs. 2,500.
4. TDS limit hiked from Rs 10,000 to Rs 40,000 on Post Office Savings and Bank Deposits.
5. TDS threshold on rent increased from Rs 1,80,000 to Rs 2,40,000
6. Standard Deduction for the salaried class increased from Rs 40,000 to Rs 50,000.
7. Tax collections increased significantly from 6.38 Lakh crore in 2013-14 to almost 12 lakh crore this year (18%). The number of returns filed have also increased from 3.79 crore to 6.85 crore showing 80% growth in tax base.
8. No tax on notional rent for second Self-occupied House under "Income from House Property" (up to two self-occupied house properties) to be considered for exemption.
9. Section 54 exemption now available on the second house property only if capital gains is less than or equal to Rs. 2 crores. This can be availed only once in a lifetime.

**C. Businesses, MSME and Real Estate:**

1. SMEs with earnings below Rs 5 Crores will soon file GST returns only once in 3 months.
2. The requirement of sourcing from SMEs by Government enterprises has been increased to 25% with 3% reserved for women-owned SMEs.
3. 'Business loans up to Rs. 1 crore in 59 minutes' scheme has been launched.
4. Renewed Focus on Internal trade and DIPP renamed to Department for Promotion of Industries and Internal trade.
5. Through Pradhan Mantri Kaushal Vikas Yojana, over 1 crore youth are being trained to help them earn a livelihood.
  - i. **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)** is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE).
  - ii. The objective of this Skill Certification Scheme is to enable a large number of Indian youths to take up industry-relevant skill training that will help them in securing a better livelihood.
6. Under MUDRA Yojana 15.56 crore loans have been disbursed amounting to Rs. 7,23,000 crores.
  - i. The **Mudra Yojana** is a financial initiative for facilitating MSMEs with sufficient funds to help them develop their business.
7. Government e-Marketplace (GeM), created by our Government two years ago, has transformed public procurement by making it fully transparent, inclusive and efficient. MSMEs have an opportunity to sell their products through GeM. Transactions of over Rs 17,500 crore have taken place, resulting in average savings of 25-28%. The GeM platform is now being extended to all CPSEs
  - i. **GeM** is a dedicated e market for different goods & services procured by Government Organisations / Departments / PSUs.

**D. Poverty Related:**

1. 10% reservation for EWS
2. Rs. 60,000 crores are being allocated for MGNREGA in Budget Expenditure 2019-20. Additional amount would be provided if required.
3. To provide food grains at affordable prices to the poor and middle classes, about Rs. 1,70,000 crores were spent in the year 2018-19 which is almost double the amount of Rs. 92,000 crores spent in the year 2013-14

**E. Women Empowerment:**

1. Providing cleaner fuel for rural women – out of the 8 crores promised free LPG connections, 6 crores has been delivered under Ujjwala Yojana.
  - i. **Pradhan Mantri Ujjwala Yojana (PMUY)** aims to safeguard the health of women & children by providing them with a clean cooking fuel – LPG, so that they don't have to compromise their health in smoky kitchens or wander in unsafe areas collecting firewood.
2. More than 7,000 beneficiaries of PM Mudra Yojana are women.

**F. Old Age:**

1. **'Pradhan Mantri Shram-Yogi MaanDhan'** scheme to provide pension to at least 10 crore labourers and workers in the unorganised sector with upto Rs. 15,000 monthly incomes.
  - i. It is a pension scheme for unorganised workers namely Pradhan Mantri Shram Yogi MaanDhan (PM-SYM) to ensure old age protection for Unorganised Workers.
  - ii. They will have to contribute Rs. 55-100 per month and the government will contribute the same amount.
  - iii. They will get Rs. 3000 pensions monthly after they are 60 years old.
2. Rs 35,000 crore allocated under the 'One Rank One Pension' scheme for Defence personnel.
3. NPS rules amended in December have been implemented with an increased Government contribution from 10% to 14%.

**G. Banking Sector:** *Outstanding loans of public sector banks increased from Rs 18 lakh crore to Rs 52 lakh crore.*

1. Prompt **4R approach** i.e. Recognition, Resolution, Recapitalisation and Reforms being followed under the Clean Bank Initiative.
2. 3 Banks- Bank of India, Bank of Maharashtra and Oriental Bank of Commerce have been removed out of the Prompt Corrective Action (PCA). 8 Banks are still within **PCA framework**.
  - i. Corrective Action or PCA is a framework under which banks with weak financial metrics are put under watch by the RBI.
3. IBC has helped recover Rs 3 lakh crore NPA.
4. Rs 2.6 lakh crore has been allotted for recapitalisation of Public Sector Banks (PSBs).

**H. Health:**

1. **'Ayushman Bharat'** - received an allocation of Rs. 6,400 crores, which is an increase of Rs. 4,000 crores.
2. Around 10 lakh people have so far benefitted from the free treatment under Ayushman Bharat.
3. Government is planning to set up the 22nd All India Institute of Medical Sciences (AIIMS) in Haryana. 14 of the 21 AIIMS are either operational or are being set up since 2014.

**I. Education:** *Budget allocation for education has been increased by 10%.*

1. The allocation for Higher Education Financing Agency (HEFA) has been reduced from Rs 2,750 crore last year to Rs 2,100 crore this year. But the actual amount spent for HEFA last year was just Rs 250 crore.
  - i. **Higher Education Financing Agency (HEFA)** is a joint venture of MHRD Government of India and Canara Bank for financing creation of capital assets in premier educational institutions in India as part of RISE by 2022. HEFA's scope is

greatly expanded to cover school education, educational institutes under Ministry of health etc.

2. To increase the digital intensity in education and move gradually from "black board" to "digital board".
3. Technology to be used to upgrade the skills of teachers through the recently launched digital portal 'Diksha'.
4. Almost doubled the allocation for research and innovation from Rs 350.23 crore to Rs 608.87.
5. **New Scheme: 'Revitalising Infrastructure and Systems in Education (RISE) by 2022'** with a total investment of Rs 1 lakh crore spread over next four years.
  - i. RISE was launched with an aim to increase investments in research and related infrastructure in premier educational institutions, including health institutions.
6. 25% additional seats in educational institutions to meet the 10% reservation for the poor.

#### J. Science and Technology

1. In order to take the benefits of Artificial Intelligence and related technologies to the people, a National Programme on 'Artificial Intelligence' has been envisaged by our Government.
2. National Centre on Artificial Intelligence would be set up as a hub along with Centres of Excellence.
3. The Government to make 1 lakh villages into Digital Villages over next five years.

**K. Agriculture:** *Share of the agriculture in the total union budget has been increased to 5.2%*

##### i. Crops:

1. Minimum Support Price (MSP) of 22 crops fixed at 50% more than the cost of crops
2. **Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)** has been allotted 75,000 crores for the benefit of around 12 crore small and marginal farmers.
  - a. It is an income support scheme.
  - b. It aims to provide direct income support of Rs 6000 annually to those farming households with cultivable land of upto 2 hectares.
3. The amount of interest subvention has been doubled.
4. Crop loans to farmers increased to Rs 11.68 lakh crore in the year 2018-19.
5. Under Kisan Credit Card scheme, farmers pursuing animal husbandry and fisheries will get 2% interest subvention. An additional 3% interest subvention will be provided for timely loan repayment.
6. Under National Disaster Relief Fund (NDRF), farmers affected by natural calamities will get 2% interest subvention. A prompt



repayment incentive of 3% will be given for the entire loan re-schedulement period.

## ii. Livestock:

1. Setting up of "**Rashtriya Kamdhenu Aayog**" to upscale sustainable genetic upgradation of cow resources and to enhance production and productivity of cows.
  - a. It was set up for the conservation protection and development of cows and their progeny.
2. Allocation for **Rashtriya Gokul Mission** increased to Rs 750 crore.
  - a. It is a focussed project under National Programme for Bovine Breeding and Dairy Development,
  - b. It aims to conserve and develop indigenous breeds in a focused and scientific manner
  - c. Rashtriya Gokul Mission was launched to enhance the productivity of the indigenous breeds of India through professional farm management and superior nutrition is immense, for this it is essential to promote conservation and development of indigenous breeds.
3. 2% interest subvention to Farmers for Animal husbandry and Fisheries activities; additional 3% in case of timely repayment.

## L. North East:

1. Arunachal Pradesh got its first airport recently.
2. Meghalaya, Tripura and Mizoram have been connected by rail route.
3. Container cargo movement to be encouraged by improving the navigation capacity of the Brahmaputra
4. Allocation for the North Eastern Areas is being proposed to be increased by 21% to Rs. 58,166 crores in 2019-20 BE over 2018-19 BE.

**M. Infrastructure:** *Operating Ratio of Railways to be expected to improve from 98.4% (17-18 AE) to 96.2% (18-19 RE) and to 95% (19-20 BE).*

1. **Vande Bharata Express (Train-18)** to be launched.
2. Under '**Saubhagya Yojana**', free electricity connection has been provided to almost every household. By March 2019, all willing families will get electricity connection.
3. The number of operational airports has crossed 100 with the commissioning of the Pakyong airport in Sikkim.
4. Domestic passenger traffic has doubled during the last five years.
5. India is the fastest highway developer in the world with 27 kms of highways built each day.
6. Under the Pradhan Mantri Gram Sadak Yojana, construction of rural roads has been tripled.
  - i. The **Pradhan Mantri Gram Sadak Yojana (PMGSY)**, was launched by the Govt. of India to provide connectivity to unconnected Habitations as part of a poverty reduction strategy.

**N. Entertainment Industry:**

1. Single window clearance for Indian film makers at par with foreigners
2. Regulatory provisions on movies and media to rely more on self-declaration.
3. To introduce anti-camcording provisions in the Cinematograph Act to control piracy

**O. Tribes**

1. A new committee under NITI Aayog to identify all the remaining De-notified nomadic and semi-Nomadic tribes.
  - i. The **Renke Commission and the Idate Commission** had earlier identified some denotified nomadic and semi-nomadic tribes.
  - ii. These communities are hard to reach, less visible, and therefore, frequently left-out. The Nomadic and Semi-Nomadic communities move from place to place in search of a livelihood.
2. Welfare Development Board to frame special strategies for the benefit of the hard- to-reach De-notified, Nomadic and Semi- Nomadic communities will be set up under the Ministry of Social Justice and Empowerment.

**P. Defence:**

1. The Government has announced substantial hike in the Military Service Pay (MSP) of all service personnel and special allowances given to Naval and Air Force personnel deployed in high risk duties.
2. Our Defence Budget will be crossing Rs. 3,00,000 crores for the first time in 2019-20.

**Q. New Schemes/Initiatives** (Not covered in previous subheadings):

- i. Special Industry initiative in J&K: 50 cr. NDRF: 1000 cr. Ministry of Home affairs: Rs. 1 Lakh cr. Hindi Language promotion: 78 cr. Grant-in aid to State/UT: Rs 5000 crores.

**R. Department / Ministries:**

1. Separate department for fisheries setup. India is the second largest fish producing nation in the world accounting for 6.3% of global production, registering an average annual growth of more than 7% in recent years.
2. Department of Industrial Policy and Promotion to be renamed as Department for Promotion of Industries and Internal Trade
3. Notable increase in budget allocation:
  - i. Highest ever budgetary allocation of Rs 3 lakh crores for Defence,
  - ii. Record allocation of funds at Rs 58,166 crores for North Eastern Areas.
  - iii. Capital Expenditure increased
  - iv. CSS allocation increased
  - v. Allocation for National Education Mission increased

- vi. Allocation for SC increased by 35%.
- vii. Allocation for ST increased by 28%.

#### **S. 10 dimensions for New India Vision 2030:**

1. To build physical as well as social infrastructure for a ten Trillion Dollar economy and to provide ease of living.
2. To create a Digital India reaching every sector of the economy, every corner of the country and impacting the life of all Indians
3. Making India a pollution free nation with green Mother Earth and blue skies. India will drive on Electric Vehicles with Renewables.
4. Expanding rural industrialisation using modern digital technologies to generate massive employment
5. Clean Rivers, with safe drinking water to all Indians, sustaining and nourishing life and efficient use of water in irrigation using micro-irrigation techniques.
6. Coastline and our ocean waters powering India's development and growth.
7. Aim for outer space- Gaganyaan, India becoming the launch-pad of satellites for the World and placing an Indian astronaut into space by 2022 reflect this dimension of our vision.
8. Making India self-sufficient in food, exporting to the world to meet their food needs and producing food in the most organic way.
9. Healthy society with an environment of health assurance and the support of necessary health infrastructure.
10. Transforming India into a Minimum Government Maximum Governance nation with proactive bureaucrats

#### **T. Trends to be noted from graphs/charts:**

1. **Food Subsidy** > Fertilizer Subsidy > Fuel Subsidy > Interest Subsidy > Other Subsidies
2. Direct Tax Collection has been increasing gradually since 2015-16

#### **U. Other Information:**

##### **1. Core of the Core Schemes**

- i. National Social Assistance Programme
- ii. Mahatma Gandhi National Rural Employment Guarantee Program
- iii. Umbrella Scheme for Development of Scheduled Castes
- iv. Umbrella Programme for Development of Scheduled Tribes
- v. Umbrella Programme for Development of Minorities
- vi. Umbrella Programme for Development of Other Vulnerable Groups