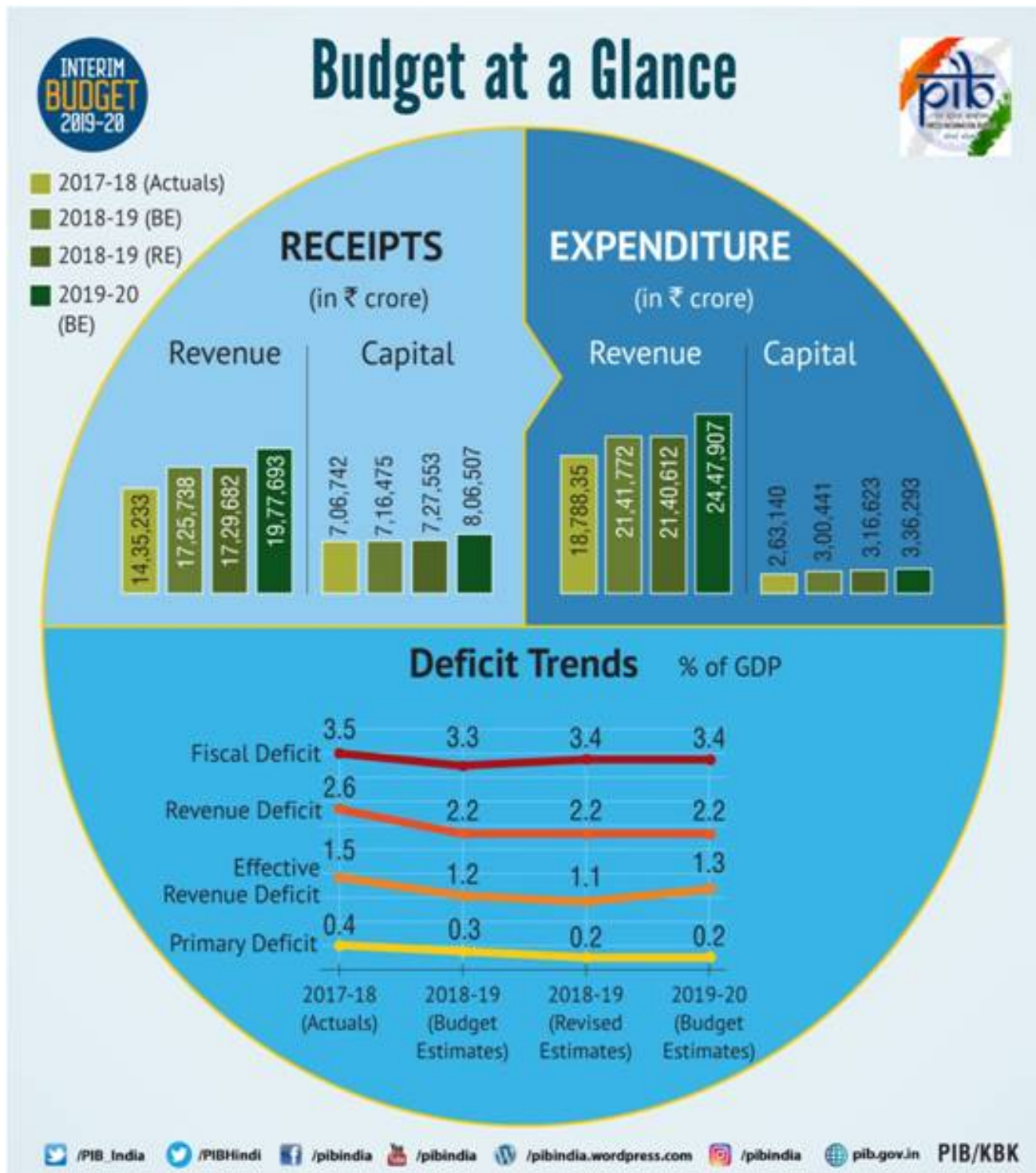


Summary of Interim Budget 2019-20

The most concise and
comprehensive summary
of Interim Budget 2019-20

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Interim Budget

- The budget for the year approved by Parliament gives the government spending rights only till the end of the financial year ending March 31.
- If for any reason the government is not able to present a full budget before the financial year ends, it will need parliamentary authority for incurring expenditure in the new fiscal year until a full Budget is presented.
- Through the interim Budget, Parliament passes a vote-on-account that allows the government to meet the expenses of the administration until a full Budget is presented.
- Through the interim Budget, Parliament passes a vote-on-account that allows the government to meet the expenses of the administration until the new Parliament considers and passes the Budget for the whole year.
- In an election situation, the vote-on-account is usually for a four-month period.
- In an interim Budget, the vote-on-account seeks parliament's nod for incurring expenditure for part of a fiscal year.
- However, the estimates are presented for the entire year, as is the case with the regular Budget.
- Also, the incoming government has full freedom to change the estimates completely when the final Budget is presented.

Introduction

“With the comprehensive ten-dimensional Vision, India will create an ideal place where poverty, malnutrition, littering and illiteracy would be a matter of the past. India would be a modern, technology driven, high growth, equitable and transparent society.” said Union Minister for Finance, Corporate Affairs, Railways & Coal, Shri Piyush Goyal while presenting the Interim Budget 2019-20.

“India is poised to become a five trillion-dollar economy in the next five years and aspires to become 10 trillion-dollar economy thereafter.”

The dimensions of **Vision-2030** outlined are as follows-

1. To create physical and social infrastructure for ten trillion-dollar economy and to provide ease of living.
2. Digital India led by the youths with innumerable start-ups and millions of jobs.
3. To make India pollution free by focusing on Electric Vehicles and renewables.
4. Rural industrialization using modern technologies to generate massive employment.
5. Clean rivers, with safe drinking water to all Indians and efficient use of water in irrigation using micro-irrigation techniques.
6. Besides scaling up Sagarmala, India's coastline and ocean waters will power development.
7. Through our space programme – Gaganyaan, India becoming the launch-pad of satellites for the World
8. Self-sufficiency in food production and producing food in the most organic way.
9. A healthy India by 2030 and a distress free health care and wellness system for all. Ayushman Bharat and women participation would be an important component in it.
10. Employees working with elected Government, transforming India into Minimum Government Maximum Governance nation.

I. Major Schemes

Following are the major schemes that have been taken by the government of India and are announced during the interim budget 2019-20

1. “Pradhan Mantri KisanSamman Nidhi (PM-KISAN)”

- The objective of this scheme is to extend direct income support at the rate of Rs. 6,000 per year to farmer families, having cultivable land upto 2 hectares, with an outlay of Rs.75,000 crore for the FY 2019-20 and Rs.20,000 crore in the Revised Estimates of FY 2018-19.

- Under this Government of India funded Scheme, Rs.2,000 each will be transferred to the bank accounts of around 12 crore Small and Marginal farmer families, in three equal instalments.
- This programme would be made effective from 1st December 2018 and the first instalment for the period upto 31st March 2019 would be paid during this year itself.

2. Creation of a separate Department of Fisheries

- To provide sustained and focused attention towards development of Fisheries, the Government has decided to create a separate Department of Fisheries.
- It has been decided that through the measure, the Government wants to promote further growth over 7% to promote livelihood of about 1.45 crore people dependent on the sector.

3. Interest subvention to the farmers pursuing the activities of animal husbandry and fisheries availing loan through KCC

- It was announced that 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through Kisan Credit Card.
- Further, in case of timely repayment of loan, they will also get an additional 3% interest subvention.

4. Allocation of Rs.750 crore for Rashtriya Gokul Mission

- This allocation has been announced for the current year itself i.e., for 2018-19.
- The mission launched in the year 2014 aims to conserve and develop indigenous breeds in a focused and scientific manner

5. Setting up of "Rashtriya Kamdhenu Aayog"

- This is to upscale sustainable genetic upgradation of cow resources and to enhance production and productivity of cows.
- The Aayog will also look after effective implementation of laws and welfare schemes for cow.

7. Pradhan Mantri Shram-Yogi Maandhan

- The objective of the scheme is to provide pensionary benefits to at least 10 crore labourers and workers in the unorganised sector
- As per the assumptions of the Gol, within next five years it would be one of the largest pension schemes of the world.
- A sum of Rs.500 crore has been allocated for the Scheme. Additional funds will be provided as needed.
- The scheme will also be implemented from the current year i.e., from 2018-19.

II. Tax Benefits

1. Full tax rebate under section 87A of the Income Tax Act for Individual taxpayers having taxable annual income up to Rs.5 lakhs

- If the net taxable income after availing all the deductions under section 80C to 80U of the Income tax act does not exceed Rs 5 lakh, then the person will not be required to pay any tax.
- However, if the net taxable income (after availing deductions under section 80C to 80U), exceeds Rs 5 lakh then taxes will be calculated as per the current tax structure.
- Also, the persons having gross income up to Rs. 6.50 lakhs are not required to pay any income tax if they make investments in provident funds, specified savings and insurance etc.
- Since this is a rebate and not a slab change, it will not impact the tax incidence of those with larger incomes though it will have some impact for those whose salaries are under Rs 10 lakh as they can add home loans and tuition fees to get additional benefits.

2. Additional deductions

- This includes interest on home loan up to Rs. 2 lakhs, interest on education loans, National Pension Scheme contributions, medical insurance and medical expenditure on senior citizens etc.
- Thus, tax benefit of Rs. 18,500 crores is proposed to be provided to an estimated 3 crore middle class and small taxpayers comprising self employed, small business, small traders, salary earners, pensioners and senior citizens.
- Let us understand this with a small example:

Particulars	Until AY 2018-19	From AY 2019-20	From AY 2020-21
Gross Salary (in Rs.)	8,00,000	8,00,000	8,00,000
(-) Transport Allowance	19,200	Not Applicable	Not Applicable
(-) Medical Allowance	15,000	Not Applicable	Not Applicable
(-) Standard Deduction	Not Applicable	40,000	50,000
Net Salary	7,65,800	7,60,000	8,50,000

Note: As per the available tax sops, one can reap more benefits. E.g.: Additional deductions such as interest on home loan up to Rs. 2 lakhs, interest on education loans, National Pension Scheme contributions etc.

3. For salaried persons, Standard Deduction is being raised from the current Rs.40,000 to Rs.50,000 (under Section 16(ia) of The Income Tax Act, 1961).

- This will provide additional tax benefit of Rs. 4,700 crores to more than 3 crore salary earners and pensioners.

4. Exemption on levy of income tax on notional rent on a second self-occupied house (proposed amendment to Section 23 of The Income Tax Act, 1961)

- Currently, income tax on notional rent is payable if one has more than one self-occupied house.
- The benefit of rollover of capital gains under Section 54 of The Income Tax Act, 1961 will be increased from investment in one residential house to two residential houses for a tax payer having capital gains up to INR 2 crores. This benefit can be availed once and cannot subsequently exercise the same.

5. TDS threshold

- TDS on interest earned on bank/post office deposits has been raised from Rs.10,000 to Rs.40,000 (proposed amendment to Section 194A(3)(i) of The Income Tax Act, 1961)
- TDS threshold for deduction of tax on rent is proposed to be increased from Rs. 1,80,000 to Rs.2,40,000 for providing relief to small taxpayers (proposed amendment to Section 194I of The Income Tax Act, 1961).

6. GST related sops

- GST burden on home buyers to be reduced - Accordingly the GST Council was moved to appoint a Group of Ministers to examine and make recommendations in this regard at the earliest.
- Also, very soon, businesses comprising over 90% of GST payers will be allowed to file quarterly return.

- An exemption from GST is granted to small businesses by increasing the turnover limit from INR 20,00,000/- to INR 40,00,000/- for small traders, manufacturers and service providers.

7. Extension on the benefit of deduction of an amount equal to hundred per cent of the profits and gains derived from the business of developing and building housing projects under Section 80-IBA of The Income Tax Act, 1961

- This is being extended for one more year i.e. to the housing projects approved by the competent authority till 31st March, 2020.

8. Results of the Simplification of Direct Tax system

Increase in tax collections significantly from INR 6,38,000 Crores in 2013-14 to almost INR 12,00,000 Crores this year and also the number of returns filed have increased from 3.79 Crores to 6.85 Crores showing 80% growth in tax base.

9. Initiatives for digitization of Tax System

- All Assessment and verification of the Income Tax returns will be done electronically by an anonymized tax system without any intervention by tax official, to bring transparency in the system and to save lots of hardship to taxpayers.
- All income tax returns to be processed within 24 hours (from 63 days currently while expediting refunds) and refunds to be issued simultaneously.
- The time frame suggested for developing such a robust system is almost two years, for which, India's second largest IT services firm Infosys has been selected to implement the Integrated e-filing and Centralized Processing Center 2.0 Project of the Income Tax Department.
- This is a Rs 4,242 crore project for the next-generation income tax filing system, which will cut down the processing time for returns to just one day.

III. Major achievements

1. Reduction in Inflation

- Inflation has been successfully brought down to 4.6% over last five years, in fact Inflation in December 2018 was down to 2.19% only.
- The average rate of inflation during previous five years 2009-2014 was a backbreaking 10.1%.

2. Reduction in fiscal deficit

- The fiscal deficit has been brought down to 3.4% in 2018-19 RE from the high of almost 6% seven years ago.
- The Current Account Deficit (CAD), against a high of 5.6% six years ago, is likely to be only 2.5% of GDP this year.

3. Growth and FDI

- A stage for high growth in decades to come, has now been set, after a wave of next generation path breaking structural reforms over the last five years, including introduction of Goods and Services Tax (GST) and other taxation reforms.
- The country witnessed its best phase of macro-economic stability during the last five years.
- India is the fastest growing major economy in the world with an annual average GDP growth during last five years higher than the growth achieved by any Government since economic reforms began in 1991.
- From being the 11th largest economy in the world in 2013-14, India is today the 6th largest in the world.
- With such a stable and predictable regulatory regime, growing economy and strong fundamentals, India could attract massive amount of as much as \$239 billion of

Foreign Direct Investment (FDI) during the last 5 years, when most of the FDI was allowed to come in through the automatic route.

IV. Allocations for major Schemes and achievements of the schemes

- An allocation of Rs.60,000 crores is done for **MGNREGA** in Budget Estimates 2019-20 and additional allocations will be made, if required.
- **Pradhan Mantri Gram Sadak Yojana (PMGSY)** is being allocated Rs.19,000 crore in BE 2019-20 as against Rs.15,500 crore in RE 2018-19. During the period 2014-18, a total number of 1.53 crore houses have been built under the Pradhan Mantri Awas Yojana.
- By March, 2019, all households will be provided with electricity connection. Till now, 143 crore LED bulbs have been provided in a mission mode which has resulted in saving of Rs.50,000 crore for the poor and middle class.
- Through the world's largest healthcare programme, Ayushman Bharat, medical treatments being provided to nearly 50 crore people in the country, around 10 lakh patients have already benefited through free treatment for medical treatment which would have otherwise cost them Rs. 3,000 crores.
- Lakhs of poor and middle-class people are also benefiting from reduction in the prices of essential medicines, cardiac stents and knee implants, and availability of medicines at affordable prices through Pradhan Mantri Jan Aushadhi Kendras.
- 14 of the 21 AIIMS operating or being established in the country presently have been announced since 2014.
- It has been also proposed during the budget speech that the 22nd AIIMS would be set up in Haryana.
- Allocation for Integrated Child Development Scheme (ICDS) is being increased from Rs.23,357 crore in RE 2018-19 to Rs.27,584 crore in BE 2019-20.
- A substantial increase is proposed in the allocation for welfare of the Scheduled Castes and Scheduled Tribes. The allocation of Rs.56,619 crore made in BE of

2018-19 for Scheduled Caste, further increased to Rs.62,474 crore in RE and again is proposed to be enhanced to Rs.76,801 crore in BE for 2019-20, an increase of 35.6% over BE of 2018-19.

- For the Scheduled Tribes also, proposed allocation in 2019-20 BE is Rs.50,086 crore as against Rs.39,135 crore in BE 2018-19, an increase of 28%.
- A Welfare Development Board will be set up under the Ministry of Social Justice and Empowerment to frame special strategies for the benefit of the hard-to-reach De-notified, Nomadic and Semi-Nomadic communities. A Committee under NITI Aayog will also be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic communities that are not yet formally classified.
- Under the Ujjwala Yojana which is aiming at a delivery of 8 crore free LPG connections, more than 6 crore connections have already been given and the remaining will get free gas connections by next year.
- A National Artificial Intelligence Portal will be developed soon as a part of the National Programme on 'Artificial Intelligence'.
- The Department of Industrial Policy and Promotion will now be renamed as the Department for Promotion of Industries and Internal Trade.
 - The newly named department will work under the Union Ministry of Commerce. The order issued by the President states that department would deal with matters related to start-ups, facilitating ease of doing business among others.
 - The subject matter of internal trade which was under the ambit of the Ministry of Consumer Affairs has been transferred to the newly named department
 - With this new mandate, both internal and external trade has been brought under a single Ministry (Ministry of commerce and industry). This will ensure better coordination and help in promoting the growth of both segments of the trade.
- The Government e-Marketplace (GeM), created two years ago, resulted in average savings of 25-28% and the platform will now be extended to all CPSEs. Transactions of over Rs. 17,500 crores have taken place so far.

- For the first time, the country's Defence Budget will be of over Rs.3 lakh crore.
- The domestic air traffic passengers have doubled during the last five years, leading to large number of jobs also being created.
 - The number of operational airports has crossed 100 with the commissioning of the Pakyong airport in Sikkim.
 - Arunachal Pradesh came on the air map recently.

V. Railway Budget

- Capital support from the budget for Indian Railways is proposed at Rs.64,587 crore in 2019-20 (BE).
 - The Railways' overall capital expenditure programme is of Rs. 1,58,658 crores.
 - The Operating Ratio of railways is expected to improve from 98.4% in 2017-18 to 96.2% in 2018-19 (RE) and further to 95% in 2019-20 (BE).
 - Considered to be the safest year with minimal train mishaps.
 - All unmanned level crossings on broadband network eliminated.
 - Indian Railways' fastest engine-less train – the Vande Bharat Express – also known as Train 18, is all set to be flagged off in the coming days by PM Narendra Modi on the Delhi-Varanasi route. The Vande Bharat Express will cover the distance between Delhi and Varanasi in 8 hours.
 - Indian Railways has been focusing on de-congesting its vast network and Mission Raftaar (launched in the year 2016) envisages a target of doubling of average speed of freight trains and increasing the average speed of all non-suburban passenger trains by 25 kmph by 2021.
 - With several stretches of the Dedicated Freight Corridor (DFCs) opening, the network will free up for faster movement of passenger trains.
 - Meghalaya, Tripura and Mizoram have come on India's rail map for the first time

VI. Renewable Energy

- India's installed solar generation capacity has grown over ten times in last five years. Stating this, Shri Goyal said that "our commitment to promote renewable energy is reflected in setting up the International Solar Alliance, the first treaty based international inter-governmental organisation headquartered in India. This sector is now creating lakhs of new age jobs, he added.

VII. Entertainment Sector

- Entertainment industry, which is a major employment generator, regulatory provisions will now rely more on self-declarations.
 - To promote entertainment industry, the Single window clearance for ease of shooting films, now available only to foreigners, will also be made available to Indian filmmakers.
 - Government is planning to introduce anti-camcording provisions in the Cinematograph Act to control the menace of piracy.

Conclusion

- India is poised to become a Five Trillion Dollar Economy in the next five years and aspire to become a Ten Trillion Dollar Economy in the next 8 years thereafter.
- There has been a Growth of 18% in Direct Tax Collections in 2017-18 and increase in tax base by as many as 1.06 crore people filing income tax returns for the first time in FY 2017-18, mainly on account of demonetization.
- Government is proposing, through the Finance Bill, necessary amendments to levy Stamp duties on one instrument relating to one transaction and get collected at one place through the Stock Exchanges. The duty so collected will be shared with the State Governments seamlessly on the basis of domicile of buying client, he said.
- In all the total expenditure is to increase from Rs.24,57,235 crore in 2018-19 RE to Rs.27,84,200 crore in 2019-20 BE. A rise of Rs.3,26,965 crore or approximately 13.30%. This reflects a high increase considering low inflation. The fiscal deficit of year 2019-20 is estimated to be 3.4% of GDP.
- After completion of the fiscal deficit consolidation programme, the Government would now focus on Debt consolidation.
- Government has maintained the glide path towards the target of 3% of fiscal deficit to be achieved by 2020-21.
- India's Debt to GDP ratio was 46.5% in year 2017-18.
- The FRBM Act prescribes that the Debt to GDP ratio of the Government of India should be brought down to 40% by 2024-25. Along with completion of the fiscal deficit consolidation programme, Government will now focus on Debt consolidation.

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