

BUDGET SUMMARY WITH MAJOR HIGHLIGHTS OF THE INTERIM BUDGET 2019-20

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Ministry of Finance

BUDGET SUMMARY WITH MAJOR HIGHLIGHTS OF THE INTERIM BUDGET 2019-20

INTERIM BUDGET 2019-20 PRESENTED IN PARLIAMENT TODAY HAS A MAJOR SCHEME FOR FARMERS AND PROVIDES FOR INCOME TAX SOPS

THIS INTERIM BUDGET IS TO BE VIEWED AS A MEDIUM FOR A PROGRESSIVE PATH FOR THE COUNTRY, THE FINANCE MINISTER SAYS

SHRI PIYUSH GOYAL SAYS GOVERNMENT HAS BROUGHT DOWN AVERAGE INFLATION TO 4.6%, LOWER THAN THE INFLATION DURING THE TENURE OF ANY OTHER PREVIOUS GOVERNMENT.

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Interim Budget 2019-20 was presented in Parliament today by the Union Minister for Finance, Corporate Affairs, Railways & Coal, Shri Piyush Goyal. Besides having a major Scheme for the farmers, it provides tax sops and sets the Developmental Agenda for the years to come.

A New Deal for 12 Crore Small and Marginal farmers with direct income support, a path breaking Pension initiative for 10 Crore unorganized sector workers, exempting income up to Rs 5 lakhs from Income Tax, reforms in stamp duty, highest ever budgetary allocation of Rs 3 lakh crore for Defence, record allocation of funds at Rs 58,166 crore for North Eastern Areas, a new AIIMS for Haryana, single window clearance for Indian film makers at par with foreigners and higher budgetary allocations for Education, Health, Infrastructure and for the welfare of weaker sections including Scheduled Castes and Scheduled Tribes, a Separate Department of Fisheries for welfare of 1.5 crore fisherman are some of the major highlights of the Interim Budget 2019-

Major Schemes

New Scheme- namely “**Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN)**” to extend direct income support at the rate of Rs. 6,000 per year to farmer families, having cultivable land upto 2 hectares is announced.


While presenting the Interim Budget 2019-20, the Union Minister for Finance, Corporate Affairs, Railways & Coal, Shri Piyush Goyal said that “our Government is launching a historic programme PM-KISAN 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 installments. This programme would be made effective from 1st December 2018 and the first installment for the period upto 31st March 2019 would be paid during this year itself, Shri Piyush Goyal said.



INTERIM BUDGET 2019 - 20


Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN)

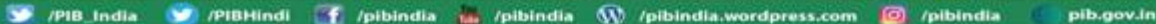
 Direct income support of ₹6,000 p.a for farmers, effective 01.12.2018

 To benefit 12 cr small and marginal farmer families having cultivable land upto 2 ha

Direct transfer into the bank accounts in three equal instalments

First installment upto 31.03.2019, to be paid this year itself

 ₹75,000 cr in outlay for 2019-20 and ₹20,000 cr in RE 2018-19

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To provide sustained and focused attention towards development of Fisheries, the Government has decided to create a separate **Department of Fisheries**. Finance Minister said 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.

The Finance Minister announced 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.



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“ All farmers affected by severe natural calamities, where assistance is provided from National Disaster Relief Fund, will be provided the benefit of **interest subvention of 2%** and prompt repayment incentive of 3% for the entire period of reschedulement of their loans. **”**

The graphic features a portrait of the Finance Minister on the left. The quote is enclosed in a blue box with yellow quotation marks. The PIB logo is in the top right corner. The bottom of the graphic contains social media links for PIB India, PIB Hindi, PIB India (Facebook), PIB India (YouTube), PIB India (WordPress), PIB India (Instagram), and PIB India (Government of India website).

Allocation of Rs.750 crore for Rashtriya Gokul Mission has been announced for the current year itself. Setting up of "Rashtriya Kamdhenu Aayog" to upscale sustainable genetic upgradation of cow resources and to enhance production and productivity of cows has also been announced. The Aayog will also look after effective implementation of laws and welfare schemes for cow.

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I announce setting up of "**Rashtriya Kamdhenu Aayog**" 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 cows.



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To provide pensionary benefits to at least 10 crore labourers and workers in the unorganised sector a new Scheme called '**Pradhan Mantri Shram-Yogi Maandhan**' is announced. The Finance Minister said that 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, Shri Goyal added. The scheme will also be implemented from the current year, he said.

Tax Benefits

Individual taxpayers having taxable annual income up to Rs.5 lakhs will not be required to pay any income tax. The Finance Minister said that 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. Additional deductions such as interest on home loan up to Rs. 2 lakh, interest on education loans, National Pension Scheme contributions, medical insurance and medical expenditure on senior citizens etc, are also provided for in the Interim Budget 2019-20. Thus tax benefit of Rs. 18,500 crore 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.

For salaried persons, Standard Deduction is being raised from the current Rs.40,000 to Rs.50,000. This will provide additional tax benefit of Rs. 4,700 crore to more than 3 crore salary earners and pensioners.

Exemption on levy of income tax on notional rent on a second self-occupied house is also now proposed. Currently, income tax on notional rent is payable if one has more than one self-occupied house.

TDS threshold on interest earned on bank/post office deposits is being raised from Rs. 10,000 to Rs.40,000.

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.

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SIMPLIFICATION OF DIRECT TAX SYSTEM

Assessee-friendly IT Department: all returns to be processed in 24 hrs and returns issued simultaneously

In two years, electronic verification and assessment of returns selected for scrutiny

Increase in tax collections from Rs. 6.38 Lakh crore in 2013-14 to Rs.12 lakh crore this year

Number of returns filed, up from 3.79 crore to 6.85 crore - 80% growth in tax base

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The Finance Minister says that the Government wants the GST burden on home buyers to be reduced and accordingly the GST Council was moved to appoint a Group of Ministers to examine and make recommendations in this regard at the earliest.

Shri Goyal said that soon, businesses comprising over 90% of GST payers will be allowed to file quarterly return.

Inflation

The Finance Minister said that the Government has been successful in bringing down average inflation to 4.6% over last five years, which is lower than the inflation during the tenure of any other Government. In fact Inflation in December 2018 was down to 2.19% only. Shri Goyal said if we had not controlled inflation, our families would have been spending around 35-40% more today on basic necessities such as food, travel, consumer durables, housing etc. The average rate of inflation during previous five years 2009-2014 was a backbreaking 10.1%, he pointed out.



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“Inflation is a hidden and unfair tax on the poor and the middle class. Our government has broken the back of back breaking inflation. We have brought down average inflation to 4.6%.”

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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 Finance Minister mentioned. He said, 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. “We contained the fiscal deficit notwithstanding the Finance Commission's recommendations increasing the share of the States from 32% to 42% in central taxes, which we accepted in the true spirit of cooperative federalism, thereby transferring significantly higher amounts to the

States”, Shri Goyal said.

Growth and FDI

The Finance Minister Shri Piyush Goyal stated that 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. “We are 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, we are today the 6th largest in the world”, the Finance Minister asserted in his Opening Remarks of his Budget speech.

Shri Goyal said that due to 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.

Enhanced allocations for major Schemes

Announcing an allocation of Rs.60,000 crores for MGNREGA for Budget Estimates 2019-20, the Finance Minister said that 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, he announced.

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.






He said through the world's largest healthcare programme, Ayushman Bharat, to provide medical treatment 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 crore. 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, the Finance

Minister added.

Shri Goyal also said that 14 of the 21 AIIMS operating or being established in the country presently have been announced since 2014. He also announced setting up of a new - the 22nd AIIMS in Haryana.



MASSIVE SCALE UP OF HEALTHCARE

-  World's largest healthcare programme **Ayushman Bharat** launched
-  Has benefitted almost 10 lakh patients already
-  Medicines at affordable prices made available through **Pradhan Mantri Jan Aushadhi Kendras**
-  Prices of essential medicines, cardiac stents and knee implants reduced
-  21 AIIMS operating/already established - 14 announced since 2014; **22nd AIIMS to be set up in Haryana**

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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 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%.

The Finance Minister said that a 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. He said that a Committee under NITI Aayog will also be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic communities not yet formally classified.



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Reaching out to the most deprived

Committee under NITI Aayog will be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic communities not yet formally classified.

Welfare Development Board under the Ministry of Social Justice and Empowerment to be set up to implement welfare and development programmes for De-notified, Nomadic and Semi-Nomadic communities.

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Shri Goyal said under the Ujjwala Yojana aiming 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.



WOMEN'S DEVELOPMENT TO WOMEN LED DEVELOPMENT



Securing health of every homemaker -
over **6 crore free LPG** connections
given under Ujjwala Yojana



More than **70%** of beneficiaries of
Pradhan Mantri MUDRA Yojana are women



Benefits of **Maternity leave of
26 weeks** and Pradhan Mantri
Matru Vandana Yojana for pregnant
women financial empowerment of
women by increased participation
in work



The Finance Minister announced that a National Artificial Intelligence Portal will also be developed soon as a part of the National Programme on 'Artificial Intelligence'.

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National Programme on 'Artificial Intelligence' has been envisaged by the Government.

National Centre on Artificial Intelligence as a hub along with Centres of Excellence has been established.



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The Department of Industrial Policy and Promotion will now be renamed as the Department for Promotion of Industries and Internal Trade.

The Finance Minister stated that the Government e-Marketplace (GeM), created by the present Government 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 crore have taken place so far.

The Finance Minister announced that for the first time, the country's Defence Budget will be of over Rs.3 lakh crore.

The Finance Minister, Shri Piyush Goyal pointed-out that 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 and Meghalaya, Tripura and Mizoram have come on India's rail map for the first time.

Infrastructure: Strengthening the Backbone



Number of operational airports crossed 100

Domestic passenger traffic has doubled during the last five years



India has become fastest highway developer in the world- 27 kms each day

Projects stuck for decades have been completed

Container freight movement has started on Inland waterways



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 crore. The Finance Minister, who is also holding the portfolio of Railway Ministry, announced that the Operating Ratio 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).



Railways: Back on Track



Capital support from budget proposed at ₹64,587 crore in 2019-20 (BE)

Safest year in its history

All Unmanned Level Crossings on broad gauge network eliminated.

Vande Bharat Express launched with world class experience with speed, service and safety



Cracku

Railway Budget at a Glance



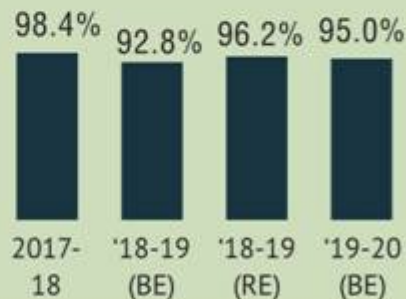
Excess

₹ crore



Operating Ratio

In per cent



Working Results

■ Gross Traffic Receipts
■ Total Working Expenses

₹ crore



Railway Earnings

■ Passenger
■ Freight

₹ crore



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.

The Finance Minister announced that in 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. "We will also introduce anti-

camcording provisions in the Cinematograph Act to control the menace of piracy”, he said.

Saying that “We are 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”, Shri Piyush Goyal said that 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.

Shri Goyal said that he 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.

Budget at a Glance



- 2017-18 (Actuals)
- 2018-19 (BE)
- 2018-19 (RE)
- 2019-20 (BE)

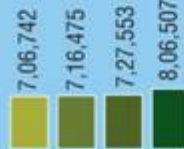
RECEIPTS

(in ₹ crore)

Revenue



Capital



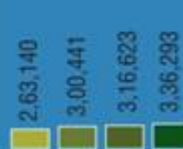
EXPENDITURE

(in ₹ crore)

Revenue

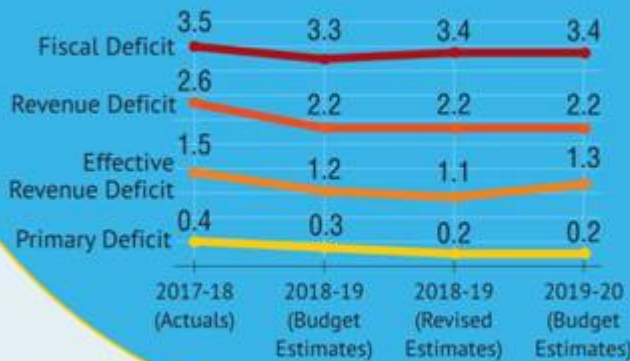


Capital



Deficit Trends

% of GDP



The Finance Minister pointed out that after completion of the fiscal deficit consolidation programme, the Government would now focus on Debt consolidation. He said “We have maintained the glide path towards our 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, we will now focus on Debt consolidation”, he added.

GG/DSM/RM/KSP/SNC/NB

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