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for
Civil Services Examination

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BUDGET - 2019-20

HIGHLIGHTS

Financial Performance of Government

- **Fiscal Deficit:**

 - ▶ Fiscal deficit has been reduced to 3.4% of GDP.
 - ▶ Government has target to keep fiscal deficit at 3.1 % in next financial year (2019-2020)
- **Current Account Deficit**

 - ▶ Current Account Deficit has reduced to 2.5% of GDP from 2.8 % last year.
- **Inflation**

 - ▶ Average inflation has been brought down to 4.6%.
- **Foreign Direct Investment:**

 - ▶ Rs. 239 Billion FDI has been recorded in current fiscal year.
 - ▶ This period also witnessed a rapid liberalisation of the FDI policy, allowing most FDI to come through the automatic route.

1 Banking Sector

- ▶ Recapitalization of banks with 2.6 lakh crore has improved the financial health of banks.
- ▶ Amalgamation of banks has resulted in bringing them out from PCA (Prompt Corrective action).
- ▶ The period of 2008-14 will be remembered as a period of aggressive credit growth as Outstanding loans of public sector banks ballooned from Rs. 18 lakh crore to Rs. 52 lakh crore during this period.
- ▶ There were **high stressed and non-performing assets (NPAs)** amounting to 5.4 lakh crore in 2014.
- ▶ The 4Rs approach of Recognition, Resolution, Re-capitalisation and Reforms has been followed which led to close to 3 lakh crore recovery in favour of banks and creditors.

2 Cleanliness

- ▶ India has achieved 98% rural sanitation coverage and as many as 5.45 lakh villages have been declared "Open Defecation Free."

3 Education

- ▶ **Increment in seats to provide reservation**
 - To provide 10% reservation in educational institutions and Government services for pors it will provide around 25% extra seats (approximately 2 lakh) so that, there is no shortfall of presently available/reserved seats for any class.

4 Infrastructure

- ▶ Under the Pradhan Mantri Gram Sadak Yojana, construction of Rural roads has been tripled, 15.80 lakh habitations out of a total of 17.84 lakh habitations have already been connected with pucca roads.

5 Health


- ▶ Under, **Ayushman Bharat**, Which is intended to provide medical treatment to nearly 50 crore people, already close to 10 lakh patients have benefited for medical treatment which would have cost them 3,000 crore through free treatment made available under the scheme.
- ▶ 22nd AIIMS will be opened in Haryana.


6 Agriculture

- ▶ Farmers from all affected areas where assistance is provided from National Disaster Relief Fund (NDRF), 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.
- ▶ A new fund with name Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) has been created.
- ▶ **Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)**
 - This fund is intended to provide direct income support at the rate of 6,000 per year.
 - This income support will be transferred directly into the bank accounts of beneficiary farmers, in three equal instalments of 2,000 each.
 - This will cover all farmers having land less than 2 acre.
 - Around 12 crore small and marginal farmer families are expected to benefit from this.
 - PM-KISAN will also provide assured supplemental income to the most vulnerable farmer families, and will meet their emergent needs especially before the harvest season.

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Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)

 Direct income support of Rs. 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

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

- ▶ **Dairy Sector**
 - **Allocation of Rashtriya Gokul Mission has been increased by 750 crore.**
 - A new Commission called **Rashtriya Kamdhenu Aayog** will be set up.
 - Kisan Credit Card facility will be extended to Dairyfarmers.

▶ Rashtriya Kamdhenu Aayog

- It will upscale sustainable genetic up-gradation of cow resources.
- It aims to enhance production and productivity of cows.
- The Aayog will also look after effective implementation of laws and welfare schemes for cows.

▶ Fisheries

- India is the second largest fish producing nation in the world accounting for 6.3% of global production.
- To provide sustained and focused attention towards development of this sector, a separate **Department of Fisheries** will be created.

7 Industry

- ▶ For "promotion of internal trade including retail trading and welfare of traders, and their employees" to the Department of Industrial Policy and Promotion, has been renamed as the Department for Promotion of Industries and Internal Trade.
- ▶ A new scheme called 'Pradhan Mantri ShramYogi Maandhan' for the unorganized sector workers.
- ▶ **'Pradhan Mantri Shram-Yogi Maandhan'**
 - This will cover unorganised sector workers.
 - This scheme will cover all unorganized sector workers with income less than 15,000.
 - This pension yojana shall provide them an assured monthly pension of Rs. 3,000 from the age of 60 years on a monthly contribution of a small affordable amount during their working age.
 - It is expected that at least 10 crore labourers and workers in the unorganised sector under this scheme.
- ▶ **MSME Sector:**
 - A scheme of sanctioning loans upto Rs. 1 crore in 59 minutes has been launched. GSTregistered SME units will get 2% interest rebate on incremental loan of Rs. 1 Crore. The requirement of sourcing from SMEs by Government enterprises has been increased to 25%. Of this, the material to the extent of at least 3% will be sourced from women owned SMEs.

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Welfare of Vulnerable Groups

- ▶ For welfare of de notified nomadic and seminomadic communities, a committee under NITI Aayog will be constituted to identify them a special initiatives will be taken for welfare of these communities.
- ▶ Government will also set up a Welfare Development Board under the Ministry of Social Justice and Empowerment specifically for the purpose of implementing welfare and development programmes for De-notified, Nomadic and Semi-Nomadic communities.
- ▶ The Board shall ensure that special strategies are designed and implemented to serve these hard-to-reach communities.

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Technology

- ▶ National Programme on **'Artificial Intelligence'** has been envisaged by the Government. This would be catalysed by the establishment of the **National Centre on Artificial Intelligence** as a hub along with Centers of Excellence.
- ▶ Nine priority areas have been identified. A National Artificial Intelligence portal will also be developed soon.

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Defence

- ▶ Defence Budget will be crossing Rs. 3,00,000 crore for the first time in 2019-20. For securing borders and to maintain preparedness of the highest order, additional funds would be provided, if needed.

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Aviation Sector

- ▶ The number of operational airports has crossed 100 with the commissioning of the Pakyong airport in Sikkim.
- ▶ Domestic passenger traffic has doubled during the last five years leading to large number of jobs being created also.

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Railways

- ▶ All Unmanned Level Crossings on broad gauge network have been eliminated.

- ▶ Capital support from the budget for railways is proposed at ` 64,587 crore in 2019-20 (BE).
- ▶ 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).

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Entertainment Industry

- ▶ Entertainment industry is a major employment generator. To promote entertainment industry - Single window clearance for ease of shooting films, available only to foreigners, is now going to be made available to Indian filmmakers as well.
- ▶ Regulatory provisions will rely more 14 on self-declaration.
- ▶ An anti-camcording provision in the Cinematograph Act to control the menace of piracy.

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Taxation

- ▶ Due to this, the tax collections increased significantly from Rs. 6.38 Lakh crore in 2013-14 to almost Rs. 12 lakh crore this year. The number of returns filed have also increased from 3.79 crore to 6.85 crore showing 80% growth in tax base.
- ▶ Individuals with income up to 5 lakh will get full tax rebate.
- ▶ Direct tax collection has gone up from 6.38 lakh Rupees to 12 lakh crore Rupees
- ▶ Tax based has also increased from Rs. 3.79 crore citizens to 6.85 crore citizen.
- ▶ 80% increase in number of tax payers has been recorded.

INTERIM
BUDGET
2019-20

DIRECT TAX BENEFITS

More than Rs. 23,000 crore tax relief to 3 crore middle class taxpayers

- Individuals with income up to Rs. 5 lakhs to get full tax rebate
- Standard Deduction to be raised to Rs. 50,000 from Rs. 40,000

Housing

- TDS threshold for deduction of tax on rent to be increased from Rs. 1,80,000 to Rs. 2,40,000

