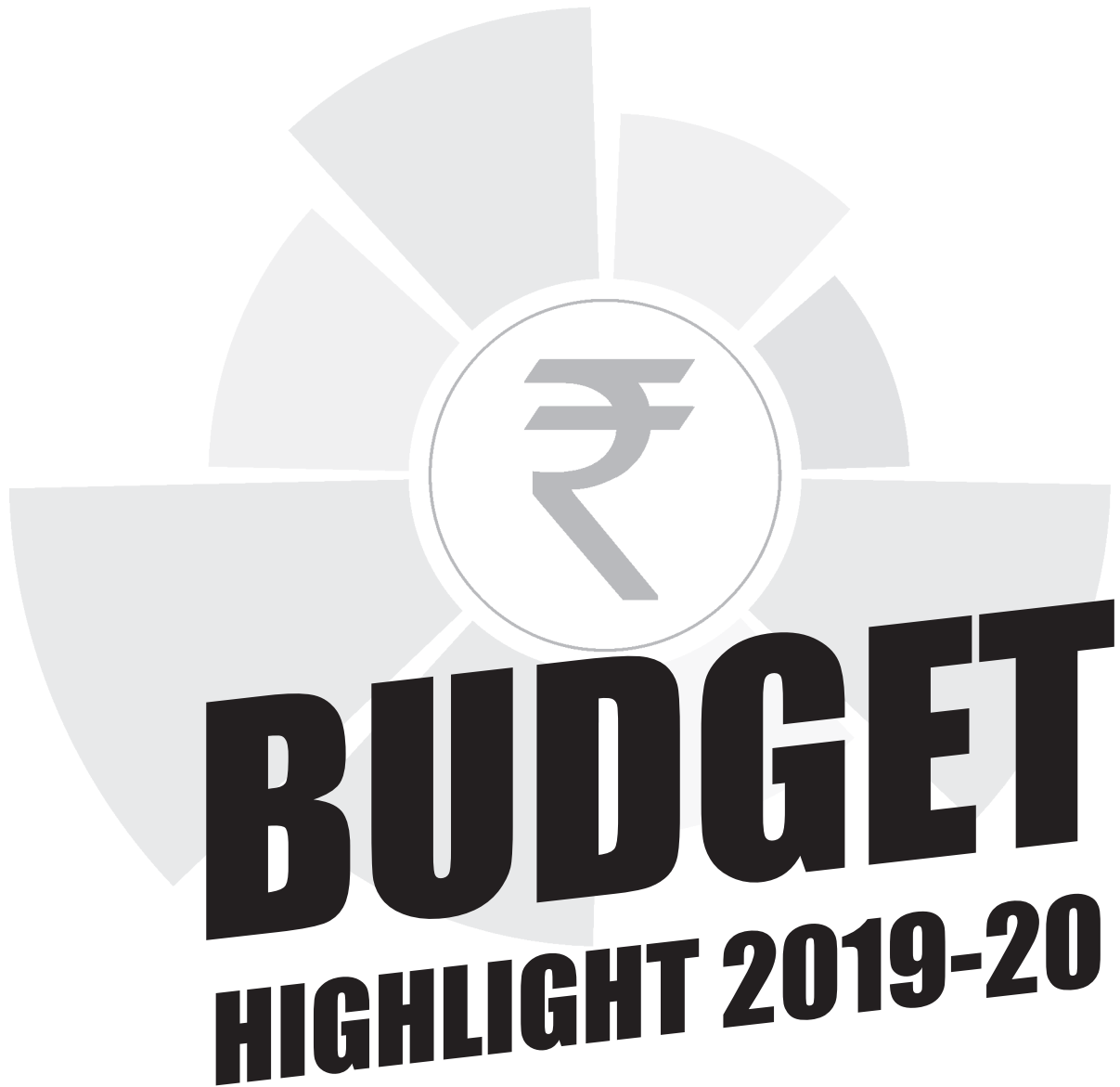


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BUDGET

HIGHLIGHTS 2019-20

Government set a vision for the upcoming decades to achieve different targets in line with its domestic and international obligations, most importantly to make 5 trillion dollar economy. These visions are:

- ▶ Building physical and social infrastructure;
- ▶ Digital India reaching every sector of the economy;
- ▶ Pollution free India with green Mother Earth and Blue Skies;
- ▶ Make in India with particular emphasis on MSMEs, Start-ups, defence manufacturing, automobiles, electronics, fabs and batteries, and medical devices;
- ▶ Water, water management, clean Rivers;
- ▶ Blue Economy;
- ▶ Space programmes, Gaganyaan, Chandrayan and Satellite programmes;
- ▶ Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables;
- ▶ Healthy society – Ayushman Bharat, well-nourished women & children. Safety of citizens;
- ▶ Team India with Jan Bhagidari. Minimum Government Maximum Governance.

FINANCIAL HEALTH OF THE GOVERNMENT IN UPCOMING YEAR

- ▶ Budget 2019 envisages a **fiscal deficit** of 3.3% and a **revenue deficit** of 2.3%.
- ▶ **Tax-GDP ratio** is estimated to be 11.7% for the coming financial year.
- ▶ Government sets enhanced target of Rs 1,05,000 crore of **disinvestment** during 2019-20.

Notes...

1.

TAXATION

- ▶ Budget proposed to enhance surcharge on individual income of Rs 2-5 crore and over Rs 5 crore by 3% and 7% respectively.
- ▶ To discourage practice of making business payments in cash, the budget proposed to **levy TDS of 2%** on cash withdrawal exceeding Rs 1 crore a year from a bank account
- ▶ Interchangeability of PAN and Aadhaar card to be allowed for ease and convenience to taxpayers. **ITR can be filed without PAN by quoting Aadhaar.**
- ▶ Budget Proposed to allow **an additional tax deduction of Rs 1.5 lakh on interest paid on housing loans** for self-occupied house owners. This means those purchasing affordable house will get tax relief up to Rs 3.5 lakh on interest paid
- ▶ To resolve angel tax issue, startups who file declarations will not be subjected to scrutiny in valuation.
- ▶ Budget proposed to extend period of **exemption of capital gains arising from sale of residential house** for investment in startups to 31-3-2021.
- ▶ The **lower tax rate of 25%** is applicable to firms with annual turnover of Rs 250 crore. Budget proposed to widen this to all companies with annual turnover of up to Rs 400 crore. This will cover 99.3% of all companies.
- ▶ Custom duty on gold to be increased by 2.5%.
- ▶ Budget Proposed to increase **special additional duty** and **road and infrastructure cess** on diesel and petrol by Re 1/litre.
- ▶ Customs duty being exempted on certain parts of Eclectic Vehicles.
- ▶ **Import of defence equipment is being exempted from basic customs duty.**
- ▶ Fully **automated GST Refund module** shall be implemented, multiple tax ledgers to be replaced by on, invoice details to be captured in a central system.
- ▶ In GST, a simplified single monthly return being rolled out; taxpayers with annual turnover less than 5 crore need to file only quarterly returns.

2.

BANKING & INSURANCE SECTOR

- ▶ Public sector banks to be provided 70,000 crore rupees to boost capital and improve credit.
- ▶ Public sector banks will use technology, enabling customer of one PSB to access service across all PSBs.
- ▶ For purchase of **high-rated pooled assets** of financially sound Non Banking Finance Companies amounting to 1 lakh crore rupees during 2019-20, one-time six-month partial credit guarantee to be given to Public Sector Banks.

- ▶ Business establishments with annual turnover of Rs 50 crore will offer low-cost digital mode of payments to customers and **no charges or merchant discount rates** shall be imposed on customers as well as merchants.
- ▶ Budget proposed to reduce Net owned fund requirements from 5000 crore to 1000 crore rupees, to facilitate on shoring of **international insurance transactions** and enable opening of branches by foreign reinsurers.
- ▶ Proposals for strengthening regulatory authority of RBI over NBFCs have been made.
- ▶ Regulation authority over housing finance sector to be returned from National Housing Bank to RBI.
- ▶ To provide NRIs seamless to Indian equities, NRI portfolio investment route to be merged with foreign portfolio investment route.

3.

AGRICULTURE

- ▶ Budget stressed on assistance to traditional farming practices such as **Zero Budget Natural Farming** with an aim to go back to basics, which will help **Doubling Farmers Income**.
- ▶ 80 Livelihood business incubators and 20 technology business incubators to be set up in 2019-20 under **ASPIRE** to develop 75,000 skilled entrepreneurs in **agro-rural industries**.
- ▶ Robust fisheries management framework to be set up under **Pradhan Mantri Matsya Sampada Yojana** to address critical gaps in value chain.
- ▶ Budget proposed invest widely in **agricultural infrastructure** and support **private entrepreneurships** in driving value-addition to farmers' produce from the field and for those from allied activities, like Bamboo and timber from the hedges and for generating renewable energy.
- ▶ Dairying through cooperatives shall also be encouraged by creating infrastructure for cattle feed manufacturing, milk procurement, processing & marketing.

4.

INDUSTRY

- ▶ Several direct tax incentives to be provided to International Financial Services Centre to incentivize IFSCs.
- ▶ Investment option in **Exchange Traded Funds on the lines of equity-linked trading Scheme** to be offered to encourage long-term investment in CPSEs.
- ▶ Television programme on DD National exclusively for startups will be started. This channel will be designed and executed by startup's themselves.
- ▶ Local sourcing norms for FDI to be eased for single-brand retailing sector.

Notes...

- ▶ Annual **Global Investors' Meet** to be organized in India, using NIIF (National Infrastructure and Investment Fund) as the anchor to get key sets of global players to come and invest in India.

5.

EDUCATION

- ▶ Budget proposed Rs. 400 crore rupees under head **World Class Institutions** in 2019-20, more than 3 times the revised estimates of previous year. It aims to increase the number of Indian institutions under top 200 global list.
- ▶ India will be soon a hub of higher education. '**Study in India**' initiative will be started for the exchange of foreign student.
- ▶ To upgrade level of teaching, **GIAN initiative** was started. It was a roadmap to counter challenges. It will further be expanded.
- ▶ Budget proposed to establish **National Research Foundation** to fund and coordinate research in India.
- ▶ A **Gandhipedia** on the lines of Wikipedia is being developed to sensitize youth and society at large on positive Gandhian values.

6.

WELFARE OF VULNERABLE GROUPS

- ▶ Labour laws to be streamlined into **four basic labour codes**.
- ▶ Every verified woman SHG member having a Jan Dhan account, an overdraft of Rs 5,000 will be allowed. One woman in every SHG shall be made eligible for a loan of Rs 1 lakh under MUDRA scheme.
- ▶ **Mission for integrating traditional artisans** and their creative products with global markets to be launched. Patents and Geographical Indications to be obtained for them where necessary.
- ▶ 100 new clusters to be set up in 2019-20 under **SFURTI ('Scheme of Fund for Upgradation and Regeneration of Traditional Industries)**, which will enable 50,000 artisans to join the economic value chain.
- ▶ **Pension benefit** to be extended to around **3 crore retail traders and shopkeepers** with an annual turnover less than 1.5 crores under Pradhan Mantri Karam Yogi Man Dhan Scheme.

7.

SPACE TECHNOLOGY

- ▶ To harness India's space ability commercially, a public sector enterprise, **New Space India Limited (NSIL)** has been incorporated to tap the benefits of ISRO.

8.

SOCIAL SECTOR

- ▶ Electronic Fundraising Platform, a **Social Stock Exchange**, to be set up under the regulatory ambit of Securities and Exchange Board of India (SEBI) to list social enterprises and voluntary organizations working for social welfare objectives so that they can raise capital as equity, debt or as units like a mutual fund.

9.

INFRASTRUCTURE

- ▶ With an aim to reach **\$5 trillion economy** in few years, infrastructure development has been proposed at massive scale.
- ▶ Budget proposed **100 lakh crore rupees** to be invested in infrastructure sector over next five years, Expert Committee to be set up to recommend structure and flow of funds through development finance institutions.
- ▶ The budget proposed to achieve **One Nation, One Grid** – that has ensured power availability to states at affordable rates. It further proposed to make available a blueprint this year for developing **gas grids, water grids, i-ways, and regional airports**.
- ▶ Comprehensive restructuring of National Highways Programme to be done, to ensure creation of **National Highways Grid** of desirable capacity.
- ▶ After completing the **Phase 1 of Bharatmala**, in the second Phase, States will be helped to develop State road networks.
- ▶ As part of the **Jal Marg Vikas Project** for enhancing the navigational capacity of Ganga, a multi modal terminal at Varanasi has become functional in November 2018 and two more such terminals at Sahibganj and Haldia and a navigational lock at Farakka would be completed in 2019-20.
- ▶ The movement of cargo volume on Ganga is **estimated to increase by nearly four times in the next four years**. This will make movement of freight, passenger cheaper and reduce our import bill.
- ▶ The Budget proposed to use **Public-Private Partnership in railways infrastructure** to unleash faster development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services.

Notes...

- ▶ To boost up digital infrastructure in villages under **Pradhan Mantri Grameen Digital Saksharata Abhiyan, Bharat Net** which has been targeting internet connectivity in local bodies in every panchayat in the country, will be speeded under **Universal Service Obligation Fund**.
- ▶ Under Pradhan Mantri Awas Yojna - Urban, over 80 lakh houses have been sanctioned.
- ▶ To boost digital infrastructure, **Faceless income tax assessment** in electronic mode involving no human interface to be launched this year in a phased manner, to reduce taxpayer harassment.
- ▶ Budget proposed to launch **Pradhan Mantri Gram Sadak Yojana, Phase 3** which envisaged to **upgrade 1.25 lakh km of road length** at an estimated cost of 80,250 crore rupees.
- ▶ In second phase of PMAY-Gramin (Pradhan Mantri Awas Yojna, Gramin), **1.95 crore houses to be provided to eligible beneficiaries**, during 2019-20 to 2021-22; they will have amenities such as LPG, electricity and toilets.
- ▶ By 2022, every single rural family except those who are unwilling to take the connection, will have an electricity and a clean cooking facility.

10.

RAILWAYS

- ▶ Budget proposed to launch massive programme of **railway station modernization** this year.
- ▶ Railways to be encouraged to invest **more in suburban railways** through SPV structures such as **Rapid Regional Transport System**. It also proposed for more PPP initiatives to be encouraged in rail sector.

11.

TRANSPORT

- ▶ Rail and metro project for 300 km have been approved.
- ▶ National transport card for universal travel which can be used on various modes of transport (road, railways etc) which was proposed will be made available everywhere and encouraged to be used. **National Common Mobility card** will enable people to pay multiple transport charges across India.
- ▶ Phase-II of FAME Scheme, following approval of the Cabinet with an outlay of 10,000 crore for a period of 3 years, has commenced from 1st April, 2019. The main objective of the Scheme is to encourage **Faster adoption of Electric vehicles** by way of offering upfront incentive on purchase of Electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles.
- ▶ Only advanced battery and registered e-vehicles will be incentivized under the Scheme with greater emphasis on providing affordable & environment friendly public transportation options for the common man.

12.

WATER INFRASTRUCTURE & SANITATION MANAGEMENT

- ▶ To ensure water security, a new ministry with the name of **Jal Shakti Mantralaya** has been formed by integrating the Ministry of Water Resources, River Development and Ganga Rejuvenation and Ministry of Drinking Water and Sanitation.
- ▶ This new ministry will look at the **management of our water resources** and water supply in an integrated and holistic manner, and will work with States to ensure **Har Ghar Jal (piped water supply) to all rural households by 2024** under the **Jal Jeevan Mission**.
- ▶ This Mission, under the Department of Drinking Water and Sanitation, will focus on integrated demand and supply side management of water at the local level, including creation of local infrastructure for source sustainability like rainwater harvesting, groundwater recharge and management of household wastewater for reuse in agriculture.
- ▶ The Jal Jeevan Mission will converge with other Central and State Government Schemes to achieve its objectives of sustainable water supply management across the country.

13.

SPORTS

- ▶ To popularize sports at all levels, **National Sports Education Board** for development of sportspersons to be set up under **Khelo India Scheme**.

14.

OTHERS

- ▶ India will open Indian embassies and high commissions where India does not have diplomatic missions yet. 18 new diplomatic missions in Africa have already been approved.
- ▶ Proposal to consider **issuing Aadhaar to NRIs with Indian passports after their arrival in India without the mandatory wait of 180 days**.
- ▶ **Indian Developmental Assistance** Scheme to be revamped during current financial year.

Notes...