Budget 2019-20

Full Highlights

BY: Examsup2date.com
Budget is an estimate of income and expenditure for a definite duration. In economics, budget is a systematic list of revenue and expenditure or we can say its a plan for the income and expenditure.

The word ‘budget’ has been borrowed from the English word "Bowgette" which traces its origin from the French word “Bougette”. Word “Bougette” has arrived from the word, ‘Bouge’ which means a leather bag.

**Little known facts about the Union Budget**

1) The first Indian budget ever was presented by James Wilson, a Scottish economist and politician. He did so as a ‘Finance Member of the India Council’.

2) Till 2000, the budget was presented at 5pm on the last working day of February.

3) The longest budget speech was delivered by finance minister Arun Jaitley in 2014. It was two and a half hours long and included a five-minute break.

4) The maximum number of budgets have been presented by Morarji Desai. He presented the budget every year from 1959 to 1963. His second spree was from 1967 to 1969. Apart from this, he presented the interim budget for 1962-63 and 1967-68.

5) On July 5, Nirmala Sitharaman, become the second woman to have presented a budget. The first was Indira Gandhi in 1970-71.

6) Before the budget finally goes to print, a ceremony is held in the ministry of finance, which is known as ‘the halwa ceremony’. Halwa, a traditional dessert is prepared and distributed to the staff of the ministry. It is after this that the printing of the budget, a very confidential operation, begins.
7) Every budget is important but few in the history of modern India come close to former Prime Minister Manmohan Singh’s budget of 1991 in which India’s economy was liberalized.

## Budget 2019 – 20 Highlights

**Vision for next five years**

- social infrastructure
- Digital infrastructure
- pollution free India
- MSME
- Defense manufacturing
- water management
- blue economy
- space programmes
- food grains export
- Ayushman Bharat
- Clean India
- Minimum government maximum governance

**Scheme’s announced**

- PM Karamyogi Mandand Scheme.
- Nari tu Narayani: Interest subvention scheme for women.
- Pradhan Mantri Matsya Sampada Yojana to address critical infrastructure gap in fisheries sector.
Other scheme Mentioned in Budget

- **Ujjwala Yojana and Saubhagya Yojana** have transformed the lives of every rural family, dramatically improving ease of their living.
- **Pradhan Mantri Awas Yojana – Gramin (PMAY-G)** aims to achieve "Housing for All" by 2022:

  Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).

- **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**
- **Pradhan Mantri Gram Sadak Yojana (PMGSY)**
- **Scheme of Fund for Upgradation and Regeneration of Traditional Industries’ (SFURTI)**
- **Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship’ (ASPIRE) consolidated.**
- **Swachh Bharat Abhiyan.**
- **Pradhan Mantri Gramin Digital Saksharta Abhiyan.**
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**Budget Highlights**

<table>
<thead>
<tr>
<th>INFRASTRUCTURE</th>
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<tbody>
<tr>
<td>One Nation One Grid - a blueprint for gas grids, water grids</td>
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<tr>
<td>Railway infra will need investment of Rs 50 lakh crore from 2020-2030</td>
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<td>Infrastructure will require 50 lakh crores of investment, focus will be on public partnership</td>
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<td>Only registered eVehicles will be allowed for incentives under FAME-II scheme</td>
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<td>657 km of metro rail network has been enabled across India</td>
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<tr>
<td>Rs 10,000 crore allocated to FAME II</td>
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<td>₹50 lakh crore investment for Railway infrastructure between 2018 and 2030</td>
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<table>
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<tr>
<td>2% interest subvention on fresh loans to MSMEs.</td>
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<tr>
<td>Loans upto Rs 1 crore for MSMEs within 59 minutes</td>
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<tr>
<td>The Government will extend pension benefits to 3 crore retail traders and shopkeepers who have a revenue of less than ₹1.5 crore. This will be called the PM Karam Yogi Maan Dhan scheme.</td>
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</tbody>
</table>
proposes Social stock exchange for listing social enterprises
Minimum public holding in companies to be raised to 35% from 25% now
AA rated bonds can be used as collateral for. Infrastructure debt funds to be allowed by FDI
100% FDI for insurance intermediaries
Global Investors Meet - India
Limit on FPI in a company increased to 24%.
NRI investment to merged with FPIs.
Credit Guarantee Enhancement Corporation to be set up long-term bonds with specific focus on infra sector
Stand Up India' Scheme to continue till 2025

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<thead>
<tr>
<th>Rural sector</th>
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<tr>
<td>By 2022 every single rural family, except those who are unwilling to take the connection, will have electricity and clean cooking gas.</td>
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<tr>
<td>The completion of houses has come down from 314 days per house in 2015-16 to 114 days now.</td>
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<tr>
<td>Under phase three of PM Gram Sadak Yojana, 1.25 lakh kms of road to be built in the next five years.</td>
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<tr>
<td>The Department of Fisheries will establish a fisheries management network.</td>
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| Central focus of all programmes is gaon, garib and kisan . |
| 1.5 cr rural homes completed under PMAY phase I till now; 1.95 cr houses to be provided in phase 2 now By 2022, 1.95 crore households proposed under PM Awas Yojana |
| 30k km PM rural road was built using green technology. Rs 80,000 cr provision for 1.25,000 km new rural roads. |
| Govt will set up 100 new clusters for 50,000 artisans in FY20 |

| Agriculture |
| proposes zero-budget farming, as a model for farmers |

- Zero-Budget farming is natural farming which is neither chemical-loaded nor organic with its reliance on manure.
- The concept of zero budget natural farming (ZBNF) was first propagated 25 years ago by Subhash Palekar.

To promote private investment in agri infrastructure, support creation of 10000 new Farmer Producers Company (FPOs).

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.

### Water management

Water resource department aims "Har ghar jal" by 2024 under the Jal Jeevan Mission.

### Swachh Bharat

9.6 crore toilets constructed.
Make India Open Defecation free by October 2, this year.

### Urban sector

Over 81 lakh houses at investment of Rs 4.83 lakh crore have been sanctioned and construction has started in about 41 lakh houses, under PMAY-Urban.

Rashtriya Swachhcha Kendra to be inaugurated at Gandhi Darshan on October 2, 2019.

### Youth

Plan to establish a National Research Foundation Will identify thrust areas of national importance.

10 million youth to take up industry-relevant skill training under the Kaushal Vikas Yojana.

Propose to start a TV channel, within DD's bouquet of channel, just for start-ups.

Rs. 400 crore provided for “World Class Institutions”, for FY 2019-20

Study in India’ proposed to bring foreign students to study in Indian higher educational institutions.

Draft legislation to set up Higher Education Commission of India (HECI)

Khelo India Scheme to be expanded

National Sports Education Board for development of sportspersons to be set up under Khelo India, to popularize sports at all levels.
Stand-Up India Scheme to be continued for the period of 2020-25

**Sports**
- National sports education board to be set up.
- Government committed to expand Khelo India Scheme

**Space**
- A public sector enterprise, New Space India Limited (NSIL) has been incorporated to tap benefits of ISRO

**Education**
- Govt to launch 'Study in India' programme to attract foreign students in higher education
- Allocate Rs 400 crore for world-class higher education institutions in FY20
- New national education policy to propose changes in school, higher education

**Women empowerment**
- Nari tu Narayani: Interest subvention scheme for women.
- Aadhaar card under 180 days for NRIs on arrival in India
- Every verified woman SHG member having a Jan Dhan account can avail Rs 5,000 rupees overdraft facility
- One woman per SHG to be eligible for a loan up to Rs. 1 lakh under MUDRA Scheme

**Ease of living**
- Rs 3,000 pension per month for informal sector workers.
- Aadhaar card under 180 days for NRIs on arrival in India.
- About 30 lakh workers joined the Pradhan Mantri Shram Yogi Maandhan Scheme.
- Approximately 35 crore LED bulbs distributed under UJALA Yojana leading to cost saving of Rs. 18,341 crore annually.
### Transportation

Inter-operable One Nation One transport card: National transport card for universal travel which can be used on various modes of transport (road, railways etc). The card can also be used as a ATM card for withdrawing money.

Govt plans to create MRO (Manufacturing, Repair and Operate) industry

Comprehensive restructuring of National Highways Programme for creation of National Highways Grid.

### Banking reform

NPAs of commercial banks reduced by over Rs. 1 lakh crore over the last year.

Domestic credit growth increased to 13.8%.

Rs. 70,000 crore proposed to be provided to PSBs to boost credit.

On purchase of high-rate pooled assets of NBFC amounting of Rs 1 lakh core in this FY, govt will provide one-time 6 month credit guarantee.

### Divestment

Govt to modify present policy of retaining 51% stake in PSUs.

Divestment target of Rs 1.05 lakh crore for FY 20.

### Digital Payments

TDS of 2% on cash withdrawal exceeding Rs. 1 crore in a year from a bank account

Business establishments with annual turnover more than Rs. 50 crore shall offer low cost digital modes of payment to their customers and no charges or Merchant Discount Rate shall be imposed on customers as well as merchants.

### Measures related to CPSEs

Target of Rs. 1, 05,000 crore of disinvestment receipts set for the FY 2019-20.

Present policy of retaining 51% Government stake to be modified to retaining 51% stake inclusive of the stake of Government controlled institutions.

Government to offer an investment option in ETFs on the lines of Equity Linked Savings Scheme (ELSS).
New series of coins of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees, easily identifiable to the visually impaired to be made available for public use shortly.

**Measures related to NBFCs**

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<tr>
<td>Proposals for strengthening the regulatory authority of RBI over NBFCs to be placed in the Finance Bill.</td>
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<tr>
<td>Steps to allow all NBFCs to directly participate on the TReDS platform.</td>
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<tr>
<td>Rs. 100 lakh crore investment in infrastructure intended over the next five years. Committee proposed to recommend the structure and required flow of funds through development finance institutions.</td>
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<tr>
<td>To separate the NPS Trust from PFRDA.</td>
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<tr>
<td>Reduction in Net Owned Fund requirement from Rs. 5,000 crore to Rs. 1,000 crore proposed</td>
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<tr>
<td>Enable opening of branches by foreign reinsurers in the International Financial Services Centre.</td>
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**India’s Soft Power**

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<tr>
<td>Proposal to consider issuing Aadhaar Card for NRIs with Indian Passports on their arrival without waiting for 180 days.</td>
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<tr>
<td>18 new Indian diplomatic Missions in Africa approved in March, 2018, out of which 5 already opened. Another 4 new Embassies intended in 2019-20.</td>
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<tr>
<td>Revamp of Indian Development Assistance Scheme (IDEAS) proposed.</td>
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<td>17 iconic Tourism Sites being developed into model world class tourist destinations.</td>
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**Direct Taxes**

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<td>Tax rate reduced to 25% for companies with annual turnover up to Rs. 400 crore</td>
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<td>Surcharge increased on individuals having taxable income from Rs. 2 crore to Rs. 5 crore and above.</td>
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<tr>
<td>India’s Ease of Doing Business ranking under the category of ‘paying taxes’ jumped from 172 in 2017 to 121 in the 2019.</td>
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<tr>
<td>Direct tax revenue increased by over 78% in past 5 years to Rs. 11.37 lakh crore</td>
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</tbody>
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**Affordable housing**
Additional deduction up to Rs. 1.5 lakhs for interest paid on loans borrowed up to 31st March, 2020 for purchase of house valued up to Rs. 45 lakh.

**Boost to Electric Vehicles**
Additional income tax deduction of Rs. 1.5 lakh on interest paid on electric vehicle loans.

**Direct Tax measures**
Appropriate class of persons exempted from the anti-abuse provisions of Section 50CA and Section 56 of the Income Tax Act

**Start-ups**
Capital gains exemptions from sale of residential house for investment in start-ups extended till FY21.
Angel tax’ issue resolved- start-ups and investors filing requisite declarations and providing information in their returns not to be subjected to any kind of scrutiny in respect of valuations of share premiums.

**International Financial Services Centre (IFSC)**
Direct tax incentives proposed for an IFSC
Exemption from dividend distribution tax from current and accumulated income to companies and mutual funds.
100 % profit-linked deduction in any ten-year block within a fifteen-year period.
Exemptions on capital gain to Category-III Alternative Investment Funds (AIFs).

**Housing**
1.95 crore houses will be provided to eligible beneficiaries
Centre proposes RBI to be regulator for housing finance companies
Tax holiday on profits earned by developers of affordable housing

**TAX**
Additional deduction of Rs. 1 lakh on interest paid for affordable house of Rs. 45 lakh, borrowed on or before March 31, 2020
After interest deduction, affordable home buyers will gain tax benefit of Rs. 7 lakh over the period of interest deduction
Cash withdrawals over Rs. 1 crore a year to be taxed at 2 per cent
Additional Rs 1.5 lakh tax relief on home loan for purchase of a house up to Rs 45 lakh.
Custom duty hike on fuel by 1 rupee, gold and precious items; Petrol & diesel to get costlier.
3% surcharge on an income of Rs 2 crore; 7% on Rs 5 crore and above.
Corporate tax with turnover of up to Rs 400 crore slashed to 25 per cent from a current rate of 30 per cent.

**Economy:**
Fiscal deficit in FY 19 at 3.3% of the GDP.
Govt external debt to GDP is among the lowest in the world.
Global FDIs fell to $1.3 billion from $1.5 trillion, but inflows in India remained strong at $54.37 billion, a growth of 6%.

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**Centre's key expenditures for 2019-20**

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<tr>
<th>ALLOCATIONS</th>
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<tr>
<td><strong>FAME II</strong></td>
<td>Rs 10,000 crore</td>
</tr>
<tr>
<td><strong>PM GRAM SADAK YOJANA</strong></td>
<td>Rs 80,250 crore</td>
</tr>
<tr>
<td><strong>DEFENCE</strong></td>
<td>Rs 3.05 lakh crore</td>
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<tr>
<td><strong>HOME AFFAIRS</strong></td>
<td>Rs 1.03 lakh crore</td>
</tr>
<tr>
<td><strong>EDUCATION</strong></td>
<td>Rs 94,854 crore</td>
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<tr>
<td><strong>HEALTH</strong></td>
<td>Rs 64,999 crore</td>
</tr>
<tr>
<td><strong>MAJOR SUBSIDIES</strong></td>
<td>Rs 3.01 lakh crore</td>
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<tr>
<td><strong>RURAL DEVELOPMENT</strong></td>
<td>Rs 1.40 lakh crore</td>
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<td><strong>URBAN DEVELOPMENT</strong></td>
<td>Rs 48,042 crore</td>
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<tr>
<td><strong>PENSION</strong></td>
<td>Rs 1.74 lakh crore</td>
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<tr>
<td><strong>AGRICULTURE AND ALLIED ACTIVITIES</strong></td>
<td>Rs 1.51 lakh crore</td>
</tr>
<tr>
<td><strong>NORTH EAST DEVELOPMENT</strong></td>
<td>Rs 3,000 crore</td>
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