



## Interim Budget 2019

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## Foreword

Acting finance minister Piyush Goyal on Friday presented the interim budget for the fiscal year 2019-20, which comes just ahead of general elections which must be held by May.

He didn't restrict his maiden Budget address to an interim one but has clearly laid out a roadmap signaling significant economic growth over the next 8-10 years.

The announcements on Friday were mostly focused on small scale farmers, lower middle class, salaried people, and unorganised sector workers

The biggest announcement, however, related to the farm sector. As many as 120 million farming families—or an estimated 600 million Indians, a little under half the country's population—walked away with some form of universal basic income for the first time ever, a cash handout that future governments may find tough to roll back.

The economic assumptions undergirding the budget are a robust growth in tax revenue and confidence in government that the economic growth has stabilised at the current level.

On direct tax front, there are other good steps taken by Finance Minister, which are not only putting more money in middle class pocket, they also provide an economic incentive for housing.

To sum up, the government has sought to draw a balance between fiscal discipline and welfare announcements. The increase in the target fiscal deficit is only marginal but extremely well justified.

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## 1) Foreword

## 2) State of Economy

### 3) Policy Proposals

a. Farmers

b. Infrastructure

c. MSMEs

d. Health Care

e. Entertainment

Industry

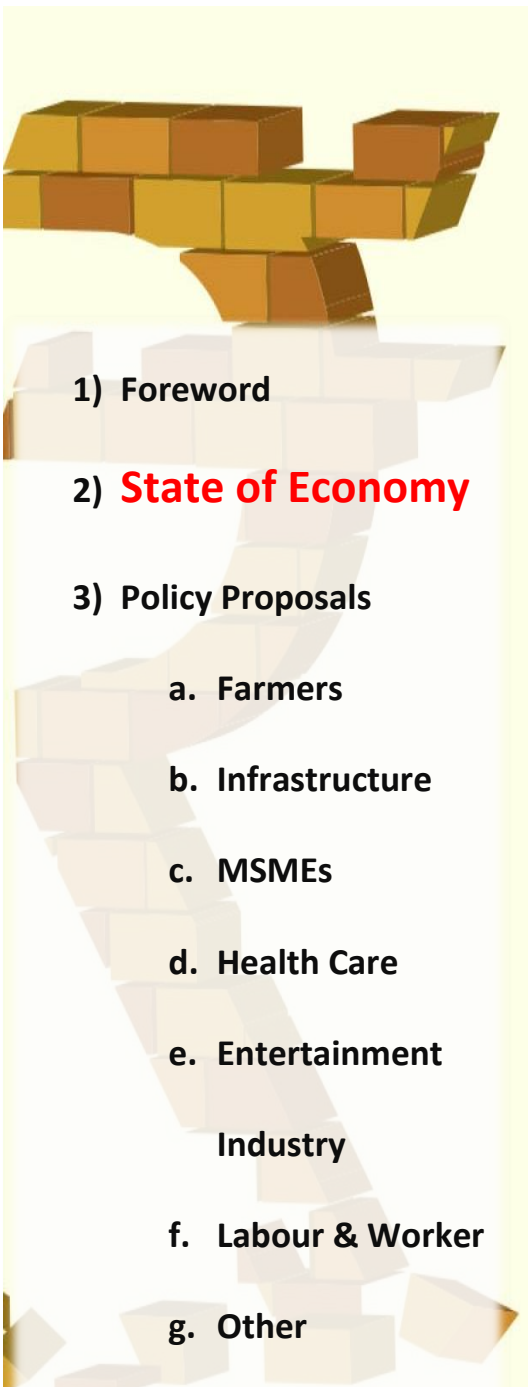
f. Labour & Worker

g. Other

### 4) Direct Tax Proposals

## State of Economy

- ✔ From being the 11th largest economy in the world in 2013-14, we are today the 6th largest in the world.
- ✔ Average inflation down to 4.6%.
- ✔ Fiscal deficit has been brought down to 3.4% in 2018-19 (Revised Estimate).
- ✔ Current account deficit (CAD is likely to be only 2.5% of GDP this year.
- ✔ Foreign Direct Investment (FDI) during the last 5 years - \$239 billion.
- ✔ A number of measures have been implemented to ensure Clean Banking, an amount of close to Rs. 3 lakh crore has already been recovered in favour of banks and creditors.
- ✔ Recapitalisation of public sector banks has been done with an investment of Rs. 2.6 lakh crore.
- ✔ The Fugitive Economic Offenders Act, 2018 will help confiscate and dispose off the assets of economic offenders who escape the jurisdiction of the laws in India.
- ✔ India has achieved 98% rural sanitation coverage and as many as 5.45 lakh villages have been declared "Open Defecation Free".
- ✔ To provide food grains at affordable prices to the poor and middle classes, about Rs. 1,70,000 crores were spent in the year 2018-19.
- ✔ EPFO membership, which has increased by nearly 2 crore in two years reflecting formalization of the economy and job creations.
- ✔ Minimum wages of labourers of all categories have been increased by 42%, which is the highest ever.
- ✔ More than 70% of the beneficiaries of Pradhan Mantri MUDRA Yojana are women who are getting affordable and collateral-free loans to start their own businesses.



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- ✔ Under MUDRA Yojana Rs. 15.56 crore loans have been disbursed amounting to Rs. 7, 23,000 crore.
- ✔ India is amongst the most youthful nations in the world. Through Pradhan Mantri Kaushal Vikas Yojana, over 1 crore youth are being trained to help them earn a livelihood.
- ✔ The number of operational airports has crossed 100 with the commissioning of the Pakyong airport in Sikkim.
- ✔ India is the fastest highway developer in the world with 27 kms of highways built each day.

- ✔ Arunachal Pradesh came on the air map recently and Meghalaya, Tripura and Mizoram have come on India's rail map for the first time.

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## Farmers

- ➔ Government proposes to transfer Rs. 6,000 a year to marginal farmers.
- ➔ Government proposes for the creation of a separate department for fisheries and a 2% interest subvention on loans to fish farmers.
- ➔ Rs. 750 Crore allocation for Rashtriya Gokul Mission in the current year itself.
- ➔ Setting up of "Rashtriya Kamdhenu Aayog" to upscale sustainable genetic up-gradation of cow resources and to enhance production and productivity of cows.
- ➔ Provision for various infrastructure development funds including Rs. 5,000 crore for the micro irrigation, Rs. 10,881 crore for the dairy processing sector, Rs. 2,000 crore for agri market, Rs. 7,522.48 crore for fisheries and aquaculture and Rs. 2,477.52 crore for animal husbandry.
- ➔ 2% interest subvention to those hit by natural calamities and 3% for timely repayments.

## Infrastructure

- Pradhan Mantri Gram Sadak Yojana (PMGSY) is being allocated Rs. 19,000 crore in BE 2019-20 as against Rs. 15,500 crore in revised estimate of 2018-19.
- Capital support from the budget for railways is proposed at Rs. 64,587 crore in 2019-20 (BE).

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## MSMEs

- ⦿ Sanctioning loans upto Rs. 1 crore in 59 minutes has been launched.
- ⦿ GST-registered 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.

## Health Care

- Already close to 10 lakh patients have benefited for medical treatment, which would have cost them Rs. 3,000 crore through free treatment under Ayushman Bharat.
- 22nd AIMS in Haryana.

## 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.
- Introduce anti-camcording provisions in the Cinematograph Act to control the menace of piracy.





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## Labour & Worker

- ✔ Keeping the contribution of the employee at 10%, the Government contribution is to increase by 4% thus making it 14%
- ✔ Maximum ceiling of the bonus given to the labourers has been increased from Rs. 3,500 pm to Rs. 7,000 pm and the maximum ceiling of the pay has been increased from Rs. 10,000 pm to Rs. 21,000 pm.
- ✔ The ceiling of payment of gratuity has been enhanced from Rs. 10 lakhs to Rs. 20 lakhs.
- ✔ Minimum pension for every labourer has been fixed at Rs. 1,000 per month. In the event of death of a labourer during service, the amount to be paid by EPFO has been enhanced from Rs. 2.5 lakh to Rs. 6 lakh.
- ✔ Under Anganwadi and Asha Yojana honorarium has been enhanced by about 50% for all categories of workers.
- ✔ Launched a mega pension yojana namely 'Pradhan Mantri Shram-Yogi Maandhan' for the unorganised sector workers with monthly income upto Rs. 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.

## Other

- ✔ Provided 143 crore LED bulbs with the participation of private sector, which has resulted into a savings of approximately Rs. 50,000 crore per year in electricity bills of poor and middle class families.
- ✔ Defence Budget will be crossing Rs. 3,00,000 crore for the first time in 2019-20.

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## Direct Tax Proposals

- + Rebate u/s 87A increased from Rs. 2,500 to Rs. 12,500.
- + No change in Income Tax Slab Rate.
- + TDS Threshold limit under section 194A on interest income increased from Rs. 10000 to Rs. 40000.
- + Old Threshold limit of TDS on rent of Rs. 1,80,000 increase to Rs. 2,40,000.
- + Standard deduction from salary increased from Rs. 40,000 to Rs. 50,000.
- + In case of assessee having capital gain upto Rs. 2 Crore can now claim the benefit of Section 54 for two residential houses, but benefit can be availed once in a lifetime.
- + No Income tax on notional basis under the head "house property" even if an Assessee has two self-occupied houses.
- + Notional rental income in respect of unsold inventory shall not be taxable up to two years instead of existing one year under section 23 of Act.
- + **Housing Project:** Benefits under Section 80-IBA extended for one more year (Upto 31<sup>st</sup> March 2020).

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