

# Highlights of Union Budget 2019-20



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Finance Minister Nirmala Sitharaman presented the Union Budget 2019-20 in the Parliament on July 05, 2019. This was the maiden Budget speech of the Finance Minister Nirmala Sitharaman. Finance Minister Nirmala Sitharaman became only the second woman in the history of independent India to present the Union Budget.

### About budget:

- A government budget is an annual financial statement which outlines the estimated government expenditure and expected government receipts or revenues for the forthcoming fiscal year.
- Union Budget is defined under the **Article 112** of the Indian Constitution. It is also referred to as the annual financial statement (AFS).

### Note:

- Former Prime Minister Indira Gandhi was the first and only woman till now to have presented the Union Budget. In 1970, she presented the Union Budget of India for 1970-71, after she took over the finance portfolio following the resignation of Morarji Desai as finance minister.

### Key highlights –

Following are the highlights of 'Mrs Sitharaman' Budget speech:

- The principles — **reform, perform and transform** — can work, says the Finance Minister.
- The people of India have validated their two goals for our country's future: national security and economic growth.
- It took us over 55 years to reach \$1 trillion-dollar economy, but we added \$1 trillion in just 5 years.
- Now India is the **sixth-largest economy** in the world, up from 11th position five years ago.

### Finance Minister flagged ten points of the Government's 'Vision for the Decade':

- 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.

## Economy & Finance

1. The FY20 fiscal deficit target has been cut to 3.3% from 3.4%.
2. The Indian economy will grow to become a **3 trillion-dollar** economy this year itself.
3. **Vision for the decade:** From **1.85 trillion dollars in 2014**, the economy has reached 2.7 trillion US dollars in five years. The government's commitment is to make India a **\$5 trillion economy by 2024**.
4. **100% FDI** will be permitted for insurance intermediary.

5. Social Stock Exchange under SEBI proposed.
6. **Credit Guarantee Enhancement Corporation** will be set up in 2019-20, action plan to deepen markets for long-term bonds with a specific focus on infra sector to be put in place.
7. **SEBI to consider raising the current threshold of 25% to 35%** - Minimum public shareholding in listed companies can be increased from 25% to 35%.
8. Limit on foreign portfolio investment (FPI) in a company **increased to 24%**.
9. **India saw a 6% y-o-y growth in foreign investment** - 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%.
10. Proposed to merge **NRI portfolio scheme** route with foreign portfolio investment route.
  - NRI investments in Indian capital market is less when compared. To provide seamless, NRI portfolio scheme route to merged with foreign portfolio investment route.
11. Electronic Fundraising Platform, a social stock exchange, to be set up to list social enterprises and voluntary organizations working for social welfare objectives.
12. Investment by foreign institutional investors (FIIs) and foreign direct investments (FDI) in debt securities in infrastructure debt funds to be allowed.
13. Government is also considering to increase FDI in aviation and media.

### **Banking & Finance**

14. **RBI to regulate Housing Sector** - Govt proposes to return the regulation authority over housing finance sector from National Housing Board to the RBI.
  - RBI is also the regulator of NBFCs.
15. **PSU Bank recapitalisation** - The government has proposed to allocate **Rs 70,000** crore for PSU Bank recapitalisation.
16. **Non-performing Assets (NPAs)** of commercial banks have reduced by over **Rs 1 lakh crore** over the last year.
17. **Reducing the no. of PSBs to 8** - The government has smoothly carried out consolidation, reducing the number of PSBs (Public sector banks) by 8.
18. 6 public sector banks out of Prompt Corrective Action (PCA).
19. **Record recovery of over Rs 4 lakh** crore due to IBC (Insolvency code) have been effected in the last four years.
20. Provision coverage ratio is at its highest in 7 years and credit growth has **improved to over 13%**.
21. For purchase of high-rated pooled assets of financially sound NBFCs amounting to a total of **Rs 1 lakh crore**, govt will provide a **one-time six-month** partial credit guarantee to **PSBs for first loss up to 10%**.
22. India's sovereign external debt to GDP is among the lowest globally at less than 5%.
23. **New coin series to be launched soon** - A new series of coins for Re 1, Rs 2 Rs 5, Rs 10, Rs 20 to be minted so that the visually impaired can easily identify them.
24. Pension Fund Regulatory Authority to be separated from the National Pension Scheme Trust.
25. **Divestment target** - The FY20 divestment target has been hiked to **Rs 1.05 trillion (1.05 lakh crore)** from Rs 90,000 crore.
26. Govt to continue with strategic divestment of select Central Public Sector Enterprises (CPSEs).
27. Govt to modify present policy of retaining 51% stake in PSUs.

### **Taxation**

28. **Income Tax slabs remain unchanged:** Taxation for low income groups remain unchanged.
29. **Surcharge increased for high income groups** - Those individuals in highest income bracket need to contribute more to national development. Propose to enhance surcharge on individual income of **Rs 2-5 crore by 3 %** and over **Rs 5 crore by 7%**.

30. **To promote digital payments: 2% tax levied on cash withdrawal over Rs 1 crore per year** - The government has proposed to levy **TDS of 2%** on cash withdrawal exceeding **Rs 1 crore** a year from a bank account:
31. Taxpayers with annual turnover of less **than Rs 5 crore to have to file only quarterly.**
32. Custom duty on **gold and other precious metals increased by 2.5% from 10% to 12.5%.**
33. Custom duty on imported books **increased by 5%.**
34. 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.
35. **No change on digital payment:** MDR charges waived on cashless payment - No charges or merchant discount rates shall be imposed on customers or the merchants. RBI and banks will absorb these costs.
36. GST to be further simplified to a single monthly return.
37. Customs duty being exempted on certain parts of Electric Vehicle (EVs).
38. **Excise Duty on petrol, diesel hiked by 1%** - FM proposed to increase special additional duty and road and infrastructure cess on diesel and petrol by Re 1.
39. **Direct tax revenue is increased by 78%** -The direct tax revenue has increased by **78% to Rs 11.37 lakh crore** to 2018-19 from **6.37 lakh crore** from 2013-14.
40. **Govt slashes corporate tax rates** - Currently, only 25% tax rate is applicable to companies with an annual turnover of **Rs 250 crore**. This has been extended to companies with turnover of up to **Rs 400 crore**.
  - This will bring in 99.3 percent of all companies into the tax net and leave out only 0.4 percent companies
41. **GST rate** on electric vehicles already proposed to be lowered to 5%. Additional income tax deduction of **₹1.5 lakh on interest on loans** taken to purchase electric vehicles.
42. Propose to extend period of exemption of capital gains arising from sale of residential house for investment in startups to 31 March 2021.
43. **Affordable housing** - Propose 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
44. **Interchangeability of PAN and Aadhaar** card to be allowed for ease and convenience to taxpayers. ITR can be filed without PAN by quoting Aadhaar.
45. Incentives to National Pension System (NPS) subscribers. it is proposed to increase the limit of exemption from the current 40% to 60% of payment on final withdrawal from NPS –
  - allow a deduction for employer's contribution up to 14% of salary from the current 10%, in the case of Central Government employee
  - allow deduction under section 80C for the contribution made to Tier II NPS account by Central Government employees.

### Infrastructure

46. **Rs 100 lakh crore** investment for infrastructure over 5 years.
47. **National Common Mobility Card** was launched by PM Modi in March 2019.
  - This will enable people to pay multiple transport charges across India.
  - This card runs on RuPay card and allows users to pay bus charges, parking charges, etc.
48. **One Nation, One Grid** - for power availability to states at affordable rates.
49. 657 km of metro rail network has become operational in the country.
50. **FAME II scheme** aims to encourage faster adoption of electric vehicles by right incentives and charging infra.
51. The ambitious programme of **Bharatmala** will help develop roads and highways, while Sagarmala will enhance port connectivity. These along with other such initiatives such as Udaan scheme will improve India's infrastructure and enable connectivity and bridge the rural and urban divide,
52. Power and LPG will be provided to all **households by 2022.**
53. The Finance Minister proposes a modern tenancy law. Loans of upto ₹1 crore to be given to MSMEs for ease of access.
54. Govt plans to create MRO (Manufacturing, Repair and Operate) industry.

55. PPP (public private partnership) to be used to unleash faster development and the delivery of passenger freight services.
56. The government is developing **17 iconic tourism sites** as world-class tourist centres to improve the flow of domestic and foreign tourists to these destinations.

### Employment

57. Under ASPIRE to develop, 80 Livelihood business incubators and 20 technology business incubators to be set up in 2019-20
58. 75,000 skilled entrepreneurs in agro-rural industries.
59. Increase focus on skill sets required by the youth to apply for job opportunities abroad like language skills and artificial intelligence (AI).
60. A television programme Start on DD National, exclusively for startups, designed and executed by startup's themselves.

### Scheme

61. **Swach Bharat Mission** - 9.6 crore toilets have been constructed since October 2014.
- 5 lakh villages are now open-defecation free.
  - To make India open defecation free by October 2, on 150th birth anniversary of Mahatma Gandhi.
62. **Jal Jeevan Mission** - JalShakti Mantralaya will work with states to ensure Har Ghar Jal for all rural houses by 2024, under JalJeevan Mission.
- To all rural households by 2024, water will be supplied.
63. **Pradhan Mantri Gramin Digital Saksharta Abhiyan** - Over 2 crore Indian made digitally literate under PMGDISHA (Pradhan Mantri Gramin Digital Saksharta Abhiyan).
64. Bharat net to connect every panchayat in the country.
65. **Pradhan Mantri Karma Yogi Maan Dhan Scheme** - A pension scheme for small retail traders.
- The pension benefits will be extended to 3 crore retail traders and shopkeeper with annual turnover of less than Rs 1.5 crore will cover under the scheme.
66. **Pradhan Mantri Shram Yogi Maan Dhan Yojana** – Nearly 30 lakh workers have joined the scheme.
- The Prime Minister Narendra Modi launched the Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM) Yojana at Vastral in Gujarat on 5 March 2019.

#### Key points –

- It guarantees a monthly pension amount of **Rs. 3,000** from the age of 60 years.
  - The unorganised sector workers, with income of less than **Rs 15,000 per month** and who belong to the entry age group of **18-40 years**, will be eligible for the scheme.
67. **Ujjwala scheme** - 35 crore LED bulbs distributed under the Ujjwala scheme, leading to a cost saving of Rs 18,341 crore annually.
68. **Under Pradhan Mantri Grameen Digital Saksharata Abhiyan**, Bharat Net is targeting internet connectivity in local bodies in every panchayat in the country; this will be speeded under Universal Service Obligation Fund
69. **Pradhan Mantri Matsya Sampada Yojana (PMMSY)** - to establish a robust fisheries management framework.
- The department of fisheries will address critical gaps in the value chain, including production, quality control, post-harvest management.
70. **Pradhan Mantri Gram Sadak Yojana** – Under phase three of PM Gram Sadak Yojana, **1.25 lakh kms** of road to be built in the next five years. Project cost estimated cost of nearly **Rs 80,200 crore**.

- 71. Pradhan Mantri Awas Yojana (PMAY)** - Under PMAY Garmin, in the 2nd phase 1.95 crore houses are proposed to be provide to eligible beneficiary with facilities like toilet and LPG connection.
- Urban, over 80 lakh houses have been sanctioned under PMAY.
  - The completion of houses that required 314 days in 2015-16, it has now come down to 114 days since 2017.
- 72.** Two mega initiatives **Ujjwala and Saubhagya** scheme have dramatically improved ease of living, easy access of clean cooking gas, and electricity supply to the needy.

### Education

- 73. National Research foundation (NRF)** –National Research Foundation has been proposed to established to fund and coordinate research in India. This will help fund research ecosystem among universities across the country, without any external funding.
- 74. 'Study in India' initiative** - India will be soon a hub of higher education. 'Study in India' initiative will be started for the exchange of foreign student.
- The government proposes allocation of **Rs 400 crore** for world-class higher education institutions in the country.
- 75.** None of our technological institutions were in top 200 in 2014. But now, there are five in the list
- 76. Gian initiative** - To upgrade level of teaching, Gian initiative was started. It was a roadmap to counter challenges.

### Railways

- 77.** Railways infrastructure needs **₹50 trillion (50 lakh crore)** between 2018 and 2030.
- 78.** A new PPP model will usher the new dawn of Indian railway.
- 79.** Railways to be encouraged to invest more in suburban rail network via SPVs

### MSME

- 80.** CBDT will set up mechanism to alleviate issues with pending cases regarding angel tax.
- 81.** To resolve the angel tax issue, startups will not be subject to any scrutiny in respect to valuation. Funds raised by startups will not require any scrutiny by the I-T department.
- 82.** **350 crore rupees** allocated for **2% interest subvention** for all GST-registered MSMEs on fresh or incremental loans.
- 83.** Propose to commence television channel for start-ups
- 84.** **Stand Up India'** Scheme to continue till 2025.

### Agriculture & Farmers

**85. Revolutionising Gramin Bharat with 'zero budget farming'** - Finance Minister Nirmala Sitharaman said that although zero budget farming is not a new thing, but she would like to shift focus on going back to the roots and reassess the implementation of zero budget farming.

- She said that ten thousand new farmer producer organisations (FPOs) to come up for ensuring economies of scale to farmers.

#### **About Zero-Budget farming**

- It is a natural farming which is neither chemical-loaded nor organic with its reliance on manure.
- It's a form of gardening as a self-sustainable practice with minimum external intervention.
- This concept of zero budget natural farming (ZBNF) was first propagated **25 years ago by Subhash Palekar** as a movement for farmers who were in debt due to the Green Revolution and is now being used by a large number of farmers across the country.

**86. e-NAM** - On agricultural marketing, the Finance Minister said "The Government will work with State Governments to allow farmers to benefit from e-NAM.

**87.** Ease of doing business and ease of living should apply to farmers.

### **Rural**

**88.** By 2022, every single rural family except those who are unwilling to take the connection, will have an electricity and a clean cooking facility.

**89.** Over **2 crore rural Indians** have been made digitally literate.

**90. To strengthen Gramin Bharat - Rural India** - This year India mark the 150-birth anniversary of Mahatma Gandhi. **Gaav, Garib aur Kisan** will remain at the centre of all our initiatives.

**91.** SFURTI envisions 100 new clusters in 2019-20 to help 50,000 artisans economically.

### **Women empowerment**

**92. Nari tu Narayani:** Women SHG Interest Subvention Programme to be expanded to all districts in India.

**93. Rs 1 lakh loan** to be provided for SHG women members.

**94.** Every verified woman SHG member having a Jan Dhan account can avail Rs 5,000 rupees overdraft facility.

### **Defence**

**95.** Defence sector needs modernization. Import of defence equipment is being exempted from basic customs duty.

**96. New Space India Limited** – The Indian Space Research Organisation's (ISRO) new commercial arm called NewSpace India Limited (NSIL) was officially inaugurated in Bengaluru.

- The Department of Space (DoS) registered its second commercial entity called NSIL in ISRO.
- The NSIL was incorporated for commercially utilising research and development (R&D) activities carried out by ISRO in area of space.
- NSIL is provided an authorised share capital worth **Rs.100 crore** and initial paid up capital of Rs.10 crore.
- NSIL's main objective is to scale up industry participation in Indian space programmes.

#### **Note:**

- In September 1992, the first commercial venture of DoS was Antrix Corporation Limited, which was set up in September 1992 to market products and services of ISRO.

### **Miscellaneous**

97. Propose to consider issuing Aadhaar to NRIs with Indian passports after their arrival in India without the mandatory wait of **180 days**.
98. **Highest women MP in the 17<sup>th</sup> Lok Sabha 2019** - The newly elected 17th Lok Sabha has 78 women Members of Parliament (MPs), the highest since independence.
- Out of the 716 women candidates who contested elections, 78 have been elected, which is 14% of the house. This is higher than 2014 where there were 62 women MPs in the house.
99. **National Sports Education Board** would be set up under Khelo India Scheme.
100. A **Gandhipedia** is being developed to sensitize youth and society at large on positive Gandhian values.
101. **Rashtriya Swachhta Kendra** to be inaugurated at Raj ghat on Oct 2, 2019.
102. **Labour laws** to be streamlined into four basic labour codes.
103. Average amount spent on food security approximately doubled in 2014-19, number of patents tripled in 2017-18.  
"Mazboot desh ke liye mazboot nagrik."
104. **India to open new diplomatic missions, including 18 in Africa** - We have approved 18 new Indian diplomatic missions in Africa.
- Five embassies have already been opened in Rwanda, Djibouti, Equatorial Guinea, Republic of Guinea and Burkina Faso in 2018-19.
  - The government intends to open 4 more embassies in the year 2019-20.

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