

### UNION BUDGET 2019 HIGHLIGHTS

Finance minister Piyush Goyal today (1st February 2019) presented the much awaited Interim Union Budget 2019 in Lok Sabha. Let's have a look at the important aspects of Union Budget 2019.

#### > BACKGROUND OF UNION BUDGET 2019

- Piyush Goyal was appointed interim finance minister on January 23 with Arun Jaitley undergoing treatment in the United States.
- This is Modi government's 6th union Budget and 1st Interim budget.

- An Interim Budget usually doesn't list out new schemes or doesn't unveil any policy measures
- This budget is crucial given that it is taking place months ahead of the Lok Sabha elections 2019. Any major announcement will have major political significance.
- The Economic Survey 2019 was not presented. The new government, elected after general elections due by May, is expected to present a full budget in July along with the Economic Survey.

### Quick Glance of Union Budget 2019

- Fiscal deficit for 2018/19 seen at 3.4% of GDP
- No income tax for income up to Rs.5,00,000
- Poor farmers to get Rs. 6,000 per year under PM Kisan scheme
- Standard deduction to be raised from Rs.40,000 to Rs.50,000
- Individuals with gross income of up to Rs.6.5 lakh will not need to pay any tax if they make investments in provident funds and prescribed equities
- Standard tax deduction for salaried persons raised from Rs.40,000 to Rs.50,000
- TDS threshold on interest on bank and post office deposits raised from Rs.10,000 to Rs.40,000
- TDS threshold on rental income increased from Rs.1.8 lakh to Rs.2.4 lakh
- I-T processing of returns to be done in 24 hours
- Within next 2 years all verification of tax returns will be done electronically without any interface with the tax payer
- Package of Rs.6000 per annum for farmers with less than 2 hectares of land. Scheme will be called Pradhan Mantri Kisan Samman Nidhi.
- Vande Bharat Express, an indigenously developed semi high speed train, to be launched
- One lakh digital villages planned in the next five years
- Fund allocation to Northeast region increased to 58,166 crore in this year, a 21% rise over last year for infrastructure development
- Anti-camcord regulations to be introduced in the Indian Cinematograph Act to prevent piracy and contact theft of Bollywood films.
- Single window clearance for Indian filmmakers will be introduced.
- 25 per cent of sourcing for government projects will be from MSME, of which three per cent will be from women entrepreneurs.
- National Artificial Intelligence portal to be developed soon
- The ESI cover limit has been increased to 21,000. minimum pension was also increased to 1000.
- Mega pension scheme for workers from the organised sector with income of less than Rs.15,000. They will be able to earn 3000 after the age of 60 years. The scheme will be called PM Shramyogi Maan Dhan Yojana.
- Unorganised labour to get Rs.3,000 per month after age of 60 under mega pension scheme
- 2% interest subversion for farmers pursuing animal husbandry.
- All farmers affected by severe natural calamities will be given interest subversion for the entire period of three per cent of loans.
- The 22nd AIIMS will come up in Haryana

### Important Highlights of Union Budget 2019

- All farmers affected by natural disasters to get 2% interest subvention upfront for entire loan period
- Current account deficit for 2018/19 seen at 2.5% of GDP
- Farmers up to 2 hectare of land to come under PM Kisan scheme
- Government launches mega pension scheme for social security coverage of unorganised labour
- Fiscal deficit for 2018/19 seen at 3.4% of GDP
- Recovered Rs.3 lakh crore via bankruptcy code

- Bank of India, Bank of Maharashtra and Oriental Bank no more under RBI's prompt corrective action
- Poor farmers to get Rs.6,000 per year under PM Kisan scheme
- PM Kisan to transfer cash directly to farmers under PM Kisan scheme
- Poor farmers to get cash in three equal installments under PM Kisan scheme
- PM Kisan scheme for poor farmers to cost government Rs.75,000 crore FY20
- PM Kisan scheme for poor farmers to get Rs.20,000 crore in FY19
- PM Kisan scheme to transfer cash directly to farmers' accounts
- PM Kisan scheme to start transfer of cash with effect from December 2018
- Government announces Rashriya Gokul Mission to support poor owning cows
- Rashriya Gokul Mission cow scheme to get Rs.750 crore in the current year
- Central government to alone support PM Kisan scheme
- All farmers affected by natural disasters to get 2-5% interest subvention
- Gratuity cap doubled to Rs.20 lakh
- Government to contribute equally in pension accounts under mega pension scheme
- Unorganised labour to get Rs.3,000 per month after age of 60 under mega pension scheme
- Government to implement mega pension scheme for unorganised labour from this year itself
- Mega pension scheme is for people with income up to Rs.15,000 per month
- PM mega pension scheme to benefit 10 crore people
- Total of 8 crore cooking gas cylinders to be distributed by next year under PM Ujjwala Yojna
- Government to contribute 14% under New Pension Scheme
- India is the second biggest hub for start-ups
- A National Programme for Artificial Intelligence covering 9 areas to be promoted
- Government projects to source 25% material from SMEs, 3% from only women-owned SMEs
- GEM platform to cover all public sector enterprises to promote local industry, trade
- SME loans with ticket size of Rs.1 crore to get 2% interest subvention
- Defence Budget crosses Rs.3 lakh crore mark in FY20 Budget
- Budgetary support for railways for FY20 is Rs.64,587 crore
- Railways' operating ratio seen at 96.2% in FY19, 95% in FY20
- North-east states to get 21% higher budget allocation at Rs.58,166 crore in FY20
- Will set up 1 lakh digital villages in next 5 years
- JAN Dhan, Aadhar and mobile have been game changers
- 34 crore Jan Dhan bank accounts opened in last 5 years
- Single window clearance to be made available to Indian film makers
- TV: Railways FY20 capex seen at Rs.1.58 lakh crore
- Direct tax collections estimated at Rs.12 lakh crore in FY19
- Poised to become a \$5 trillion economy in 5 years
- Aspire to become a \$10 trillion economy in 8 years
- Rs.1.3 lakh crore undisclosed income brought under tax net
- 3,38,000 shell companies detected and their directors disqualified
- Average GST collection Rs.97,100 crore
- Government lays out 10-year roadmap to improve ease of living
- Making India a pollution-free India in 10-year roadmap
- To lead world in transport and energy storage devices
- To bring down dependent on imports for energy needs
- Roadmap envisions people traveling in electric cars
- Tenth dimension of government's India 2030 vision is a healthy governance
- Fiscal deficit pegged at 3.4% of GDP for FY20
- Fifth dimension of government's India 2030 vision is clean rivers
- Government to scale up Sagarmala programme
- Seventh dimension of India 2030 is to lead in space programmes
- Eighth dimension of India 2030 is to grow food in environment friendly manner
- Ninth dimension of India 2030 is a healthy India
- Tenth dimension of India 2030 programme is a comprehensive wellness system
- FY20 total expenditure seen at Rs.27.84 trillion rupees
- FY20 capital expenditure seen at Rs.3,36,292 crore
- Central schemes to get Rs.3,27,679 crore FY20
- National education mission to get Rs.38,572 crore FY20
- Integrated child development scheme to get Rs.27,584 crore FY20
- SC, ST welfare to get Rs.76,800 crore FY20
- Salary earners, pensioners to get tax benefit
- Salary earners up to Rs.5,00,000 annual income to get full tax rebate
- No income tax for income up to Rs.5,00,000
- Salary earners of up to Rs.6,50,000 income to not pay tax if they make tax related investments
- Standard deduction to be raised from Rs.40,000 to Rs.50,000
- No tax if you own second house
- No TDS on post office savings up to Rs.40,000
- No TDS on rental income up to Rs.2,40,000 per year
- No tax on notional rent on second house
- Capital gains tax exemption under Section 54 raised to Rs.2 crore
- Tax on notional rent on unsold inventory to not be paid for 2 years

# Sector-Wise Breakdown of the Union Budget 2019

## > **INCOME TAX RELIEFS**

- No tax till Rs 5 lakh income for individuals tax payers
- Standard deduction increased to Rs 50,000 from Rs 40,000 for salaried class

## > **TAX EXEMPTIONS ON INVESTMENTS:**

- Individuals with gross income up to 6.5 lakh rupees will not need to pay any tax if they make investments in provident funds and prescribed equities
- TDS threshold for home rent increased from Rs 1.8 lakh to 2.4 lakh
- Interest income up to Rs 40,000 in post offices and banks made tax free
- Capital gains tax exemptions under Section 54 to be available up to Rs 2 crore. Capital gains exemption to be available on 2 house properties
- Income tax relief on notional rent from unsold houses extended to 2 years from 1 year

## > **OTHER TAX RELATED RELIEFS :**

- Income Tax returns to be processed within 24 hours and returns will be paid immediately
- Within nearly two years, almost all assessment and verification of IT returns will be done electronically by an anonymised tax system without any intervention by officials

## > **FOR FARMERS :**

- Rs 6,000 per year assured income support for small and marginal farmers
- Farmers having up to 2 hectare of lands will get Rs 6,000 per year in three equal installment. The scheme will be effective from December 1, 2018.
- Interest subvention for farm loan takers: Farmers affected by natural calamities to get 2% interest subvention and additional 3% interest subvention upon timely repayment
- 2% interest subvention to farmers who pursue animal husbandry, fisheries jobs through Kisaan credit cards
- Kamdhenu scheme for animal husbandary

## > **GST :**

- Group of Ministers to suggest ways to reduce GST for house buyers
- Direct tax collections increased from Rs 6.38 lakh crore in 2013-14 to almost Rs 12 lakh crore; The tax base is up from Rs 3.79 crore to 6.85 crore
- Businesses with less than Rs 5 crore annual turnover, comprising over 90% of GST payers, will be allowed to return quarterly returns
- Indian Customs to fully digitised exim transactions and leveraging RFID for logistic. Govt abolishes duties on 36 capital goods

GST collections in January 2019 has crossed Rs 1 lakh crore

## > **SOPS FOR WORKERS :**

- Rs 3,000 per year pension for unorganised sector workers
- New Pradhan Mantri Shram Yogi Maandhan Yojana for unorganised sector workers with income up to Rs 15,000 per month. Beneficiaries will get Rs 3,000 per month pension with a contribution of Rs 100 per month after the retirement. Govt allocates Rs 500 crore for the scheme
- Gratuity limit increased for workers to to Rs.20 lakh

## > **RURAL ALLOCATIONS :**

- Rs 60,000 crore for MNREGA
- Rs 19,000 allocated for construction of rural roads under Gram Sadak yojana

## > **DEFENCE BUDGET :**

- Govt increases defence budget to over Rs 3 lakh crore. Govt will provide additional funds for Defence, if needed.
- We have disbursed 35,000 crore rupees under #OROP scheme in the last few years

## > **RAILWAYS :**

- Railway's operating ratio seen 96.2% in FY19 Vs 95% FY20.
- Railway capex for FY20 set at record Rs 1.6 lakh crore
- Today there is not a single unmanned railway crossing on the broad gauge in India.

## > **FISCAL DEFICIT :**

- For FY19, government has revised the fiscal deficit target to 3.4 percent in FY 19. Fiscal deficit for 2019/20 estimated at 3.4 percent of GDP.
- Government's stated commitment earlier was to bring down the fiscal deficit to 3.1 percent of GDP by the end of March 2020, and to 3 percent by March 2021
- Current account deficit at 2.5% of the GDP
- A single window clearance for filmmakers
- Nine priority sectors for govt : To build next-gen infrastructure - physical as well as social; (1) To build a Digital India that reaches every citizen; (2) Clean and Green India; (3) Expanding rural industrialization using modern industrial technologies; (4) Clean Rivers - with safe drinking water to all Indians; (5) Oceans and coastlines; (7) India becoming launchpad of the world; (8) Self-sufficiency in food and improving agricultural productivity with emphasis on organic food; (9) Healthy India; (10) Minimum Government
- Maximum Governance, with proactive, responsible and friendly bureaucracy

## > **SOCIAL SCHEMES:**

- Govt to build 1 lakh digital villages
- For the welfare of farmers and for doubling their income, historic decision was taken to increase MSP by 1.5 times the production cost for all 22 crops
- To ensure cleaner fuel and health assurance, we embarked upon Pradhan Mantri Ujjwala Yojana, a programme to give 8 crore free LPG connections to rural households, 6 crore connections have been given already
- Committee under NITI Aayog to be set up to for denotified nomadic & semi nomadic communities
- A single window clearance for filmmakers to be made available to filmmakers, anti-camcording provision to also to be introduced to Cinematography Act to fight piracy

### > **STATE OF ECONOMY:**

- India is poised to become a \$5 trillion economy in next 5 years, \$10-trillion economy in the next eight years
- Black money: Committed to eliminating the scourge of black money; anti-black money measures taken have brought an undisclosed income of about 1.30 lakh crore rupees to the fore; 3.38 lakh shell companies were deregistered
- GST has been continuously reduced, resulting in relief of 80,000 crore rupees to consumers; most items of daily use for poor and middle class are now in the 0%-5% tax bracket
- Fiscal deficit seen at 3.4 percent in FY 19 and Current account deficit at 2.5% of the GDP
- We have recovered Rs 3 lakh crore through Insolvency and Bankruptcy Code. Govt expects banks on the central bank's Prompt Corrective Action list to be removed soon.

- Indian GDP: Growth in the last 5 years has been higher than that by any other govt. Spent Rs 2.6 lakh crore in recap of PSU Banks
- Average inflation in UPA government was 10% and we have brought that down that to 4 percent. Inflation in December 2018 was 2.1%. If we had not controlled inflation our families would have been spending 35-40 per cent more on daily use items
- We conducted transparent auctioning of natural resources like coal and oil
- Domestic air traffic doubled in the last 5 years
- Over 90 percent of the country has been covered under sanitation coverage. People have made this a social revolution and i thank the 130 people of the country. More than 5.45 lakh villages have been declared Open Defecation Free
- In the past, false promises were made but we have taken targeted expenditure on all dimensions
- Everybody will get electricity connection in the near future. We have provided 143 crore electricity bulb to the poor
- Ayushman Bharat the world's largest healthcare programme was launched to provide medical care to almost 50 crore people, resulting in 3,000 crore savings by poor families
- Lower costs of Stents & Knee implants have benefitted people. Government has announced 14 new AIIMS since 2014
- Loans worth Rs 7.23 lakh crore have been given under Mudra Yojana
- Monthly mobile data consumption has increased 50x in last 5 years; cost of data & voice calls in India is possible the lowest in the world