

Dear Members,

Greetings!

## Union Budget 2019-20: Road to a US\$ 5 Trillion Economy

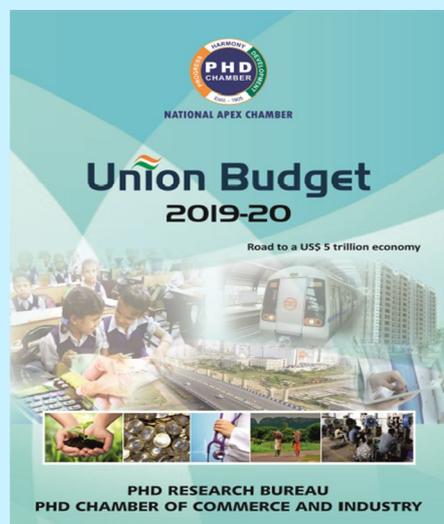
### (A Report on Union Budget Analysis by PHDCCI)

The Union Budget 2019-20 was announced on July 5, 2019 by the Government of India. We would like to update you about the implications of the Union Budget on various sectors of the Indian Economy which is elaborated in our report titled 'Union Budget 2019-20: Road to a US\$ 5 Trillion Economy'.

#### Snapshot of the Report-

The Union Budget 2019-20 represents the government's long term vision to achieve USD 5 trillion economy size and build a new India with inclusive welfare of all . The vision of the government to build a new India has been reflected in the 10 point vision provided in the Budget, which includes achieving minimum government maximum governance; pollution-free India; digitization in every sector; state of art physical and social infrastructure; self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables; a healthy society with well-nourished women & children, safety of citizens; and emphasis on MSMEs, Start-ups, defence manufacturing, automobiles, among others, under Make in India.

An inclusive and balanced budget has been presented with a strong focus on socio-economic development of the country to build a New India, going forward. The proposals unveiled in the budget on various socio-economic fronts of the economy indicate promises of progress in coming times.



The lowering of tax rates to 25% for companies with annual turnover of Rs 400 crores is encouraging as it was proposed by the industry since the last many years. It will enhance business sentiments and production possibility frontiers in the economy. The proposal to streamline multiple labour laws into a set of four labour codes is inspiring as simplification of labour laws would reduce the compliances for the industry particularly for the MSMEs and provide more room for deployment of workforce in the factories.

The Budget has focused on attracting foreign investors to increase capital flows with the easing of local sourcing norms for FDI in Single Brand Retail and 100% Foreign Direct Investment (FDI) permitted for insurance intermediaries. The allocation of Rs. 70000 crore for the

PSU bank recapitalization will enhance the health of the PSU bank and push up the pace of lending in the economy, by increasing the sentiments for credit availability.

Various praise-worthy announcements such as solving the issue of 'Angel Tax' by introducing e-verification, speedy assessments of start-ups and redressal of their grievances and relaxing some of the conditions for carry forward and set-off of losses for start-ups would strengthen the start-up campaign in the economy.

The proposal to invest Rs 100 lakh crore in infrastructure over the next 5 years is highly encouraging and will accelerate India's infrastructure development really on a high road. The announcement of blueprint for developing gas grids, water grids, i-ways, and regional airports on lines of One Nation, One Grid for power availability to all states at affordable rates is highly appreciable as it would be instrumental in developing infrastructure for not just industry but also for socio-economic development of the masses.

The government has given prime focus to affordable housing in this budget as alignment of the definition of affordable housing in the Income-tax Act with the GST Acts and providing the limit on cost of the house at Rs. 45 lakh in line with the definition in the GST Acts would create demand in the housing and construction sector activity.

In a nutshell, the budget represents the government's aspiration to make India a USD 5 trillion dollar economy, through focused reforms and strategic investments in the most critical areas, such as infrastructure, digital economy, job creation, ease of doing business and kick-starting the virtuous cycle of investments. Overall, the Union Budget 2019-2020 is a balanced, pragmatic, welfare inducing budget and would rejuvenate the economic growth trajectory of the nation.

**The soft copy of the report is attached for your kind reference.**

Please contact for any query related to this mail to Ms Shivani Mehrotra, Research Associate, with a cc to Ms Megha Kaul, Economist at [megha@phdcci.in](mailto:megha@phdcci.in) and Dr. S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Warm Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Website: [www.phdcci.in](http://www.phdcci.in)

Follow us on





*"Towards an Inclusive & Prosperous India"*



**PHD CHAMBER OF COMMERCE AND INDUSTRY**

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
Fax : +91-11-2685 5450 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947



**COPYRIGHT:** All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

**DISCLAIMER:** This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.