



# Perfect Budget: PHD Chamber

# Budget for poor, farmers, middle class and youth

# **Overall the Budget deserves 9.5 out of 10**

#### PHD Chamber's Viewpoint

Interim Budget is the budget for all the citizens of India as it has focused on the livelihood of the poor, addressing the distress of the farmers, increasing the income level of the middle class, reforms in the promising housing and construction sector and creating employment for the youth. This budget deserves 9.5 points out of 10 on creating a dynamic, promising and confidence-building environment in India.

As the economy is projected to become a US\$ 10 trillion economy in next 8 years, the government has rightly focussed on roadmap for the developmental transformation of the country. The government has provided a great tax relief to middle class by giving tax exemption of upto Rs. 5 lakh to around 3 crore people. This would go a long way to boost the consumption demand and increased saving rates in the economy. Increase in investment in one residential house to two residential houses with the benefit of rollover of capital gain tax upto Rs 2 crore, once in a lifetime is a great reform for the housing and construction sector. This would enhance the employment opportunities for the unskilled, semi-skilled and skilled workforce in the country. Extension in the period of exemption from levy of tax on notional rent, on unsold inventories, from one year to two years, from the end of the year in which the project is completed is encouraging as it will give an impetus to the real estate sector.

Increase in allocation to Rs. 64,587 crore for capital expenditure in railways would not only modernize the railways but would give an impetus to Make in India and create employment opportunities. Digitalization of one lakh villages in the next five years would enhance speed of the economy and spread awareness of the policy environment at the grassroot level. Further, the increased allocations for MGNREGA to Rs. 60,000 crores in 2019-20 would enhance rural employment and rural demand. Seperate department of Fisheries would provide sustained and focussed attention to the sector which would improve the standards of living of people employed in the fisheries sector. Direct income support to 12 crore small and marginal farmer families with land upto 2 hectares at the rate of Rs. 6,000 is a major breakthrough which will create transparency in the system and will have positive impact on addressing the farm distress.

The ten dimensional vision for the next decade really shows the confidence of the

government to transform India to the next level with the strong and sustainable growth trajectory. Vision for social infrastructure for a \$10 trillion economy and to provide ease of living are the well-thought reforms for the next 10 years to enhance the human development and standards of living. The other dimensions such as Digital India, Pollution-free India, Rural Industrialization, Cleaning of the rivers, self sufficiency in food, vision of a healthy society among others are inspiring and promising in building confidence of the people.

We are pleased to know that the government is equally concerned about the national security of India as the defence budget would be crossing Rs 3 lakh crore for the first time in 2019-20. The self-employment schemes including MUDRA, Start-up India and Stand-up India would create employment opportunities as well as harness energy of the youth. Under MUDRA Yojana 15.56 crore loans have been disbursed amounting to Rs. 7,23,000 crore. We are proud of the hard work and innovative ideas of our youth due to which India has become the world's second largest start-up hub. Overall, we believe that the budget is pragmatic and would promote all-inclusive growth of the country in the coming times

### Key Highlights of the Interim Budget 2019-20

The key highlights of the Interim Budget 2019-20 presented by the hon'ble Interim Minister for Finance, Shri Piyush Goyal in Parliament are as follows:

#### **New Announcements**

#### **Farmers**

- 12 crore small and marginal farmers to be provided with assured yearly income of Rs. 6000 per annum under PM-KISAN
- Outlay of Rs. 75,000 crore for FY 2019-20 with additional Rs. 20,000 crore in RE 2018-19
- Outlay for Rashtriya Gokul mission increased to Rs 750 crore
- Rashtriya Kamdhenu Ayog to be setup for sustainable genetic up-gradation of the Cow resources
- New separate Department of Fisheries for welfare of 1.5 crore fishermen
- 2% interest subvention to Farmers for Animal husbandry and Fisheries activities; additional 3% in case of timely repayment.
- Interest subvention of 2% during disaster will now be provided for the entire period of reschedulement of loan
- Assured MSP of minimum 50% to all 22 crops
- Interest subvention doubled in last 5 years
- Soil Health card, Neem coated Urea game changer in farm sector

#### Labour

• Pradhan Mantri Shram Yogi Maandhan scheme to ensure fixed monthly pension to 10 crore unorganized sector workers.

- Rs 3000 per month after 60 years of age with an affordable contribution of only Rs 100/55 per month
- Employment opportunities expanded ; EPFO membership increased by 2 crore
- Minimum income for every category of workers increased by 42% in last 5 years

## Health

• 22nd AIIMS to be setup in Haryana

# MGNREGA

• Rs. 60, 000 crore allocation for MGNREGA in BE 2019-20

## **Direct Tax proposals**

- Income upto Rs. 5 lakh exempted from Income Tax
- More than Rs. 23,000 crore tax relief to 3 crore middle class taxpayers
- Standard Deduction to be raised to Rs. 50,000 from Rs. 40,000
- TDS threshold to be raised from Rs. 10,000 to Rs. 40,000 on interest earned on bank/post office deposits
- Existing rates of income tax to continue
- Tax exempted on notional rent on a second self-occupied house

## Fiscal Programme

- Fiscal deficit pegged at 3.4% of GDP for 2019-20
- Target of 3% of fiscal deficit to be achieved by 2020-21.
- Fiscal deficit brought down to 3.4% in 2018-19 RE from almost 6% seven years ago
- Total expenditure increased by over 13% to Rs.27,84,200 crore in 2019-20 BE
- Capital Expenditure for 2019-20 BE estimated at Rs. 3,36,292 crore
- Centrally Sponsored Schemes (CSS) allocation increased to Rs. 3,27,679 crore in BE 2019-20
- National Education Mission allocation increased by about 20% to Rs. 38,572 crore in BE 2019-20
- Allocation for Integrated Child Development Scheme (ICDS) increased by over 18% to Rs. 27,584 crore in BE 2019-20
- Substantial increase in allocation for the Scheduled Castes and Scheduled Tribes
  - Allocation for SCs increased by 35.6% from Rs. 56,619 crore in BE 2018-19 to Rs. 76,801 crore in BE for 2019-20
  - Allocation for the STs increased by 28% from 39,135 crore in BE 2018-19 to Rs. 50,086 crore in 2019-20 BE

- Government confident of achieving the disinvestment target of 80,000 crore
- Focus now on debt consolidation along with fiscal deficit consolidation programme

### Poor and Backward Classes

- 25% additional seats in educational institutions to meet the 10% reservation for the poor
- Targeted expenditure to bridge urban-rural divide & to improve quality of life in villages
- All willing households to be provided electricity connections by March 2019

### North East

- Allocation to be increased by 21% to Rs. 58,166 crore in 2019-20 BE over 2018-19 BE
- Arunachal Pradesh came on the air map recently
- Meghalaya, Tripura and Mizoram came on India's rail map for the first time
- Container cargo movement through improved navigation capacity of the Brahmaputra

### **Vulnerable sections**

- A new committee under NITI Ayog to identify all the remaining De-notified nomadic and semi-Nomadic tribes.
- New Welfare development Board under Ministry of social justice and empowerment for development and welfare of De-notified nomadic and semi nomadic tribes

### Defence

• Defence budget to cross Rs 3,00,000 crore for the first time ever

### Railways

- Capital support of Rs.64,587 crore proposed in 2019-20 (BE) from the budget
- Overall capital expenditure programme to be of Rs. 1,58,658 crore
- Operating Ratio expected to improve from 98.4% in 2017-18 to 96.2% in 2018-19 (RE) and to 95% in 2019- 20 (BE)

## **Entertainment Industry**

• Indian filmmakers to get access to Single window clearance as well for ease

of shooting films

- Regulatory provisions to rely more on self-declaration
- To introduce anti-camcording provisions in the Cinematograph Act to control piracy

### MSME and Traders

- 2% interest subvention on an incremental loan of Rs 1 crore for GST registered SMEs
- Atleast 3% of the 25% sourcing for the Government undertakings will be from women owned SMEs
- Renewed Focus on Internal trade ; DIPP renamed to Department for Promotion of Industries and Internal trade

### **Digital Villages**

• The Government to make 1 lakh villages into Digital Villages over next five years

### Other Announcement(s)

• New National Artificial Intelligence portal to support National Program on Artificial Intelligence Achievements during 2014-19

### State of the Economy

- India universally recognized as a bright spot of the global economy during last five years
- India is now the 6th largest economy in the world from being the 11thlargest in 2013-14
- Annual average GDP growth during 2014-19 higher than any government since 1991
- Government has broken inflation's back from backbreaking inflation during 2009-14: FM
- Average inflation down to 4.6%, lower than during any other Government
- Inflation in December 2018 down to 2.19% only
- Fiscal deficit down to 3.4% in 2018-19 RE from the high of almost 6% seven years ago
- CAD likely to be only 2.5% of GDP this year against a high of 5.6% six years ago
- India attracted massive amount of FDI, worth \$239 billion, during the last 5 years
- "India is solidly back on track and marching towards growth and prosperity", says FM
- India becomes the fastest growing major economy in the world
- Double-digit inflation contained and fiscal balance restored

• Liberalization of FDI policy, allowing most FDI to come through the automatic route

### Poor and Backward Classes

- 10% reservation for the poor in educational institutions and government jobs
- Free electricity connection to every household under Saubhagya Yojana
- World's largest healthcare programme, Ayushman Bharat, for nearly 50 crore people
- Aspirational Districts Programme for development in 115 most backward districts
- Rs. 1,70,000 crore spent during 2018-19 for cheaper food grains to poor and middle class
- 143 crore LED bulbs provided in mission mode with the cooperation of private sector
- Poor & middle class are saving Rs. 50, 000 crore p.a. in electricity bills due to LED bulbs
- 10 lakh patients benefited from free treatment under Ayushman Bharat
- Jan Aushadhi Kendras providing medicines at affordable prices to poor and middle class
- 14 out of 21 AIIIMS operating presently have been announced since 2014
- Government tripled rural roads' construction under the PMGSY
- 15.80 lakh habitations out of 17.84 lakh connected with pucca roads
- Rs. 19,000 crore for PMGSY in BE 2019-20 against Rs. 15,500 crore in RE 2018-19
- 1.53 crore houses built under PM Awas Yojana during the 2014-18

## Women development to women led development

- 6 crore free LPG gas connections provided under Ujjwala Yojna ; All 8 crore by next year
- 70% of MUDRA Loan availed by Women
- Maternity leave extended to 26 weeks
- Financial support for pregnant women under Pradhan Mantri Matru Vandana

## Youth

- Over one crore youth trained under Pradhan Mantri Kaushal Vikash Yojana
- Self-employment boost through MUDRA, STAND-UP and START-UP India

## **MSME and Traders**

- Up-to Rs 1 crore loans can be availed in less than an hour
- 25%-28% is the average savings due to GeM (Government e-Market place)

### Income Tax

- Tax collections nearly doubled in five years- from Rs. 6.38 Lakh crore in 2013-14 to almost Rs. 12 lakh crore this year
- 80% growth in tax base- from 3.79 crore to 6.85 crore in five years
- Tax administration streamlined- Last year, 99.54% of the income-tax returns accepted as were filed
- Technology intensive project approved to improve assessee friendliness –In two years, returns to be processed in 24 hours and refunds issued simultaneously
- Earlier benefits given to middle class
  - o Basic exemption limit increased from Rs. 2 lakh to Rs. 2.5 lakh
  - Tax rate reduced from 10% to 5% for the tax slab of Rs. 2.5 lakh to Rs. 5 lakh
  - Standard deduction of Rs. 40,000 introduced for the salaried class
  - Deduction of savings under section 80C increased from Rs. 1 lakh to Rs. 1.5 lakh
  - Deduction of interest for self-occupied house property raised from Rs. 1.5 lakh to Rs. 2 lakh
- Special benefits and incentives already given to small businesses and startups
  - o Overall compliance processes simplified.
  - Threshold for presumptive taxation of business raised from Rs. 1 crore to Rs. 2 crore
  - Benefit of presumptive taxation extended for the first time to small professionals fixing threshold limit at Rs. 50 lakh
  - Presumptive profit rate reduced from 8% to 6% to promote a less cash economy
  - o Tax rate for about 99% companies reduced to 25%

## GST

- GST made India a common market
- GST led to increased tax base, higher collections and ease of trade
- Inter-state movements now faster, more efficient, and hassle free
- Responsive and sensitive reduction of tax rates Most items of daily use now in the 0% or 5% tax slab
- Relieving the businesses and service providers-
  - Exemptions from GST for small businesses doubled from Rs. 20 lakh to Rs. 40 lakh
  - Small businesses having turnover up to Rs. 1.5 crore pay only 1% flat rate and file one annual return only
  - Small service providers with turnover upto Rs.50 lakhs can opt for composition scheme and pay GST at 6% instead of 18%

- Soon, businesses comprising over 90% of GST payers to be allowed to file quarterly return
- Encouraging GST revenue trends The average monthly tax collection in the current year is Rs. 97,100 crore per month as compared to Rs. 89,700 crore per month in the first year

### Infrastructure

### **Real Estate Sector-**

- TDS threshold for deduction of tax on rent to be increased from Rs. 1,80,000 to Rs. 2,40,000
- Benefit of rollover of capital gains increased from investment in one residential house to two residential houses for capital gains up to Rs. 2 crore.
- Tax benefits for affordable housing extended till 31st March, 2020 under Section 80-IBA of Income Tax Act
- Tax exemption period on notional rent, on unsold inventories, extended from one year to two years

### Civil Aviation – UDAN Scheme

- Number of Operational Airports crossed 100
- o Latest: Pakyong airport in Sikkim
- Domestic Passenger traffic doubled in last 5 years

### Roads

- India is the fastest highway developer in the world
- 27 kms of highways built each day
- Stuck projects completed Eastern Peripheral Highway around Delhi
- Bogibeel rail-cum-road bridge in Assam and Arunachal Pradesh

### Waterways

- Flagship programme of Sagarmala along the coastal areas
- For first time, container freight movement started on Kolkata to Varanasi inland waterways

### Railways

- 'Safest year' for railways in its history
- All Unmanned Level Crossings on broad gauge network eliminated.
- Semi high-speed "Vande Bharat Express" introduced first indigenously developed and manufactured

### **Climate Change**

- International Solar Alliance
  - To promote renewable energy
  - First treaty based international inter-governmental organisation headquartered in India
  - Installed solar generation capacity grown over ten times in last five years
  - o Now creating lakhs of new age jobs

### **Digital India Revolution**

- More than 3 lakh Common Service Centres (CSCs) exist to deliver services to the citizens
- India now leading the world in the consumption of mobile data
- Monthly consumption of mobile data increased by over 50 times in the last five years
- Under Make in India, mobile and parts manufacturing companies increased from 2 to more than 268 providing huge job opportunities

## Jan Dhan-Aadhaar-Mobile (JAM) and Direct Benefit Transfer

- In the last five years, nearly 34 crore Jan Dhan bank accounts opened
- Aadhaar now near universally implemented
- Ensure the poor and middle class receive the benefits of Government schemes directly in their bank accounts by eliminating middlemen

### **Customs and trading across borders**

- Customs duties on 36 capital goods abolished
- Digitization of import and export transactions
- RFID technology to improve logistics

### Steps against corruption

- Government walked the talk on corruption and ushered in a new era of transparency: FM
- RERA and Benami Transaction (Prohibition) Act have brought transparency in real estate
- The Fugitive Economic Offenders Act, 2018 to help confiscate economic offenders
- Government conducted transparent auction of natural resources such as coal & spectrum

### Drive against Black money

• Undisclosed income of about Rs 1,30,000 crore brought under tax through

initiatives like Black money Law, Fugitive Criminal offenders Act, Demonetisation etc.

- Benami assets worth Rs 6,900 crore have been attached
- 18% growth in Direct tax

## Banking Reforms and Insolvency and Bankruptcy Code (IBC)

- The IBC has institutionalized a resolution-friendly mechanism
- Government has stopped the culture of "phone banking": FM
- Government adopted 4Rs approach of recognition, resolution, recapitalization & reforms
- Government has implemented measures to ensure 'Clean Banking'
- Government has already recovered Rs. 3 lakh crore in favor of banks and creditors
- Government has invested Rs. 2.6 lakh crore for recapitalization of public sector banks

## Cleanliness

- Government launched Swachh Bharat Mission as a tribute to 150 years of Gandhi Ji
- FM thanks 130 crore Indians for translating Swachh Bharat into a national revolution
- India has achieved 98% rural sanitation coverage
- 5.45 lakh villages have been declared "Open Defecation Free"

## Defence

- OROP under implementation in full spirit with Rs 35,000 crore already disbursed
- Military pay service hiked

## Other achievements

- Government put a stop to questionable practices of hiding high NPAs
- Swachh Bharat Mission as the world's largest behavioral change movement

## Key message in the Interim Budget 2019-20

- Moving towards realizing a 'New India' by 2022
  - Clean and healthy India with universal access to toilets, water and electricity to all
  - An India where Farmers' income would have doubled
  - Ample opportunities to youth and women to fulfil their dreams
  - An India free from terrorism, communalism, casteism, corruption and nepotism

### Vision for the next Decade

- Foundation for India's growth and development laid in the past 5 years
- Poised to become a Five Trillion Dollar Economy in the next five years
- Aspire to become a Ten Trillion Dollar Economy in the next 8 years thereafter

#### Ten dimensions of Vision for India of 2030

India would be a modern, technology driven, high growth, equitable and transparent society

1. To build physical as well as social infrastructure and to provide ease of living

2. To create a Digital India, digitize government processes with leaders from youth

3. Making India pollution free by leading transport revolution with Electric Vehicles and focus on Renewables

4. Expanding rural industrialisation using modern digital technologies to generate massive employment

5. Clean Rivers, safe drinking water to all Indians and efficient use of water through micro-irrigation

6. Besides scaling up of Sagarmala, Coastline and Ocean waters powering India's development and growth

7. Aim at our space programme – Gaganyaan, India becoming the launch-pad of satellites for the World and placing an Indian astronaut into space by 2022

8. Making India self-sufficient in food, exporting to the world to meet their food needs and producing food in the most organic way

9. A healthy India via Ayushman Bharat with women having equal rights and concern for their safety and empowerment

10. Transforming India into a Minimum Government Maximum Governance nation with pro-active and responsible bureaucracy

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