Union Budget 2019-20: Explained

KEY FEATURES OF BUDGET 2019-20

- Vision for $5 trillion economy driven by investment
- Transforming rural lives
- New Jal Shakti Mantralaya to ensure Har Ghar Jal
- Enhancing ease of direct and indirect taxation
- Strengthening connectivity
- Infrastructure
- Gandhipedia to sensitize society
- India’s soft power
- Harnessing India’s space abilities

Pradhan Mantri Karam Yogi Maandhan
Pension benefits to retail traders and small shopkeepers

Enhanced interest deduction for affordable housing loan
Tax benefits for corporate tax payers

Vision to become $5 trillion economy driven by ‘virtuous cycle’ of investment
India becomes sixth largest economy

Pradhan Mantri Matsya Sampada Yojana (PMMSY)
Establish robust fisheries management framework

Scheme of faceless electronic tax assessment
Aadhaar and PAN to be interchangeable

Reform, Perform, Transform agenda: GST, IBC, RERA etc.
Changing common man’s life: MUDRA, UJJWALA, SAUBHAGYA etc.
Global economy

- There is slowdown in global economic activity. As per the IMF’s World Economic Outlook Report (April 2019), the growth in world output reduced to 3.6% in 2018 from 3.8% in 2017 and is further expected to reduce to 3.3% in 2019.
- The trade tensions between the US and China, weakening of consumer and business confidence, financial tightening in emerging and advanced economies and softening of demand from emerging markets have contributed to the global slowdown.
- Global growth is expected to pick up in the second half of 2019, based on policy stimulus by major economies and improvements in global financial market sentiment and possible easing in trade tensions.

Indian economy

- Several downside risks continue for India based on global factors, including geo-political tensions leading to pressures on oil prices and India’s import dependence on oil.
- The falling yields in the US have also led to FII inflows and consequent strengthening of the INR. This further impacts our export competitiveness.
- There is also slowdown in Indian economic growth in recent years. The GDP grew by 6.8% in 2018-19, which is the lowest growth rate in the last five years. GDP growth for Q4 for 2018-19 has dropped to 5.8%, which is significantly lower than 8%–6.6% growth witnessed during the first three quarters. The Economic Survey 2018-19 has projected that the economy will grow at 7% in 2019-20.

Agriculture Sector

- The agriculture sector grew at 2.9% in 2018-19, against 5% the previous year.
- The total production of food grains during 2018-19 reduced to 283.4m tonnes from 285m tonnes in 2017-18.
- Gross Capital Formation in agriculture and allied sectors fell to 15.2% of sectoral GVA in 2017-18 from a peak of 17.7% in 2013-14.

Manufacturing sector

- It grew at 6.9% in 2018-19, in comparison to 5.9% in 2017-18.
- The sector witnessed subdued growth in Q3 and Q4 of FY 2018-19 due to slow credit flow to SME industries, reduced lending by NBFCs owing to liquidity crunch and decelerating domestic demand in key sectors such as automobiles, pharmaceuticals and machinery & equipment.
- The IIP for manufacturing has also dipped in 2018-19, standing at 3.6%, in comparison to 4.6% in 2017-18.

Services sector

- It accounts for around 54% of GDP. Its growth dipped to 7.5% in 2018-19, in comparison to 8.1% in 2017-18.
Tourism, trade, hotels, transport, and communication suffered major deceleration, while the financial, real estate and professional services segment accelerated.

FDI equity inflow into the services sector fell by 1.3% from last year.

Analysing the expenditure components of GDP, there has been deceleration in growth of private consumption, investment and exports in the last two quarters of 2018-19.

**Employment**

As per the periodic labour force survey released in May 2019, the unemployment rate in India is 6.1% in 2017-18 with higher unemployment in urban areas (7.8%) than rural areas (5.3%).

<table>
<thead>
<tr>
<th>Achievements during 2014-19</th>
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<tr>
<td><strong>1 trillion dollar added</strong> to Indian economy over last 5 years (compared to over 55 years taken to reach the first trillion dollar).</td>
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<td>India is now the <em>6th largest economy</em> in the world, compared to <em>11th largest</em> five years ago.</td>
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<td>Indian economy is globally the <em>3rd largest in Purchasing Power Parity (PPP) terms</em>.</td>
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<td>Strident commitment to fiscal discipline and a rejuvenated Centre-State dynamic provided during 2014-19.</td>
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<td>Structural reforms in indirect taxation, bankruptcy and real estate carried out.</td>
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<td>India’s Ease of Doing Business ranking under the category of ‘paying taxes’ jumped from 172 in 2017 to 121 in the 2019.</td>
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<td>Direct tax revenue increased by over 78% in past 5 years to Rs. 11.37 lakh crore.</td>
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<td>Average amount spent on food security per year almost doubled during 2014-19 compared to 2009-14.</td>
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<td>NPAs of commercial banks reduced by over Rs. 1 lakh crore over the last year. Record recovery of over Rs. 4 lakh crore effected over the last four years.</td>
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<td>Provision coverage ratio at its highest in seven years.</td>
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<td>Domestic credit growth increased to 13.8%.</td>
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<td><strong>Patents issued more than trebled</strong> in 2017-18 as against the number in 2014.</td>
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**10-point Vision for the decade**

- Building Team India with Jan Bhagidari: Minimum Government Maximum Governance.
- Achieving green Mother Earth and Blue Skies through a pollution-free India.
- Making Digital India reach every sector of the economy.
- Launching Gaganyan, Chandrayan, other Space and Satellite programmes.
- Building physical and social infrastructure.
- Water, water management, clean rivers.
- Blue Economy.
- Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables.
Towards a 5 Trillion Dollar Economy

- Indian economy to become a 3 trillion dollar economy in the current year.
- Government aspires to make India a 5 trillion dollar economy.
- Need for investment in:
  - Infrastructure.
  - Digital economy.
  - Job creation in small and medium firms.
- Initiatives to be proposed for kick-starting the virtuous cycle of investments.
- Common man’s life changed through MUDRA loans for ease of doing business.

**Direct Taxes**

- **Increase in threshold turnover for lower rate of corporate tax.** Currently, the lower tax rate of 25% is only applicable to companies having annual turnover of upto Rs 250 crore. This has now been extended to include all companies with annual turnover of up to Rs 400 crore. Now only 0.7% of companies will remain outside this rate.
- Budget has proposed an **increase in the effective tax rate paid by high net-worth individuals (HNIs)** by hiking the surcharge paid by those earning more than ₹2 crore and ₹5 crore a year.

**Tax Simplification and Ease of living**

- **Interchangeability of PAN and Aadhaar**
  - Those who don’t have PAN can file tax returns using Aadhaar.
  - Aadhaar can be used wherever PAN is required.
• **Pre-filling of Income-tax Returns** for faster, more accurate tax returns
  ✓ Pre-filled tax returns with details of several incomes and deductions to be made available.
  ✓ Information to be collected from Banks, Stock exchanges, mutual funds etc.

• **Faceless e-assessment**
  ✓ Faceless e-assessment with **no human interface** to be launched. To be carried out initially in cases requiring verification of certain specified transactions or discrepancies.
  ✓ The existing system of scrutiny assessments in the income-tax department involves a high level of personal interaction between the taxpayer and the department, which leads to certain undesirable practices on the part of tax officials.
  ✓ Under the new system, cases selected for scrutiny will be allocated to assessment units in a random manner and notices will be issued electronically by a Central Cell, without disclosing the name, designation or location of the Assessing Officer.
  ✓ This **Central Cell will be the single point of contact** between the taxpayer and the Income Tax Department.

• **Simplification of tax laws to reduce genuine hardships of taxpayers**
  ✓ Higher tax threshold for launching prosecution for non-filing of returns
  ✓ Appropriate class of persons exempted from the anti-abuse provisions of Section 50CA and Section 56 of the Income Tax Act.

❖ **Indirect Taxes**

• Increase in **Special Additional Excise Duty and Road and Infrastructure** Cess each by Rs. 1 per litre on petrol and diesel.
• Custom duty on gold and other precious metals increased.
• **Legacy Dispute Resolution Scheme** for quick closure of pending litigations in Central Excise and Service tax from pre-GST regime.
• Exemptions from Custom Duty on certain electronic items now manufactured in India withdrawn.
• Export duty rationalised on raw and semi-finished leather.

❖ **Investment**

• **Measures to enhance the sources of capital for infrastructure financing:**
  ✓ **Credit Guarantee Enhancement Corporation** to be set up in 2019-2020.
  ✓ Action plan to be put in place to **deepen the market for long term bonds** with focus on infrastructure.
  ✓ Proposed transfer/sale of investments by FIIs/FPIs (in debt securities issued by IDF-NBFCs) to any domestic investor within the specified lock-in period.

• **Measures to deepen bond markets:**
  ✓ Stock exchanges to be enabled to allow AA rated bonds as collaterals.
  ✓ User-friendliness of trading platforms for corporate bonds to be reviewed.

• **Social stock exchange:**
  ✓ Electronic fund raising platform under the regulatory ambit of SEBI.
  ✓ Listing social enterprises and voluntary organizations.
To raise capital as equity, debt or as units like a mutual fund.

- SEBI to consider raising the threshold for minimum public shareholding in the listed companies from 25% to 35%.
- Know Your Customer (KYC) norms for Foreign Portfolio Investors to be made more investor friendly.
- Government to supplement efforts by RBI to get retail investors to invest in government treasury bills and securities, with further institutional development using stock exchanges.
- **Measures to make India a more attractive FDI destination:**
  - FDI in sectors like aviation, media (animation, AVGC) and insurance sectors can be opened further after multi-stakeholder examination.
  - Insurance Intermediaries to get 100% FDI.
  - Local sourcing norms to be eased for FDI in Single Brand Retail sector.
- Government to organize an annual **Global Investors Meet in India**, using National Infrastructure Investment Fund (NIIF) as an anchor to get all three sets of global players (pension, insurance and sovereign wealth funds).
- **Statutory limit for FPI investment** in a company is proposed to be increased from 24% to sectoral foreign investment limit. Option to be given to the concerned corporate to limit it to a lower threshold.
- FPIs to be permitted to subscribe to listed debt securities issued by ReITs and InvITs.
- **NRI-Portfolio Investment Scheme** Route is proposed to be merged with the Foreign Portfolio Investment Route.
  - Cumulative resources garnered through **new financial instruments** like Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs) as well as models like Toll-Operate-Transfer (ToT) exceed Rs. 24,000 crore.
- **Set of four labour codes** proposed, to streamline multiple labour laws to standardize and streamline registration and filing of returns.
  - This will not only ensure standardised process of registration and filing of returns but will also help in reducing labour disputes across the country.
  - This will also **boost foreign investment in manufacturing activities**, which was otherwise shying away from establishing manufacturing plants in the country due to various labour law issues.
- Government to raise a part of its gross borrowing program in external markets in external currencies. This will also have beneficial impact on demand situation for the government securities in domestic market.

**Infrastructure**

**Transport Sector**

- India’s first indigenously developed payment ecosystem for transport, based on **National Common Mobility Card (NCMC)** standards, launched in March 2019.
- Inter-operable transport card runs on RuPay card and would allow the holders to pay for bus travel, toll taxes, parking charges, retail shopping.
- Massive push given to all forms of physical connectivity through:
  - *Pradhan Mantri Gram Sadak Yojana*.
  - Industrial Corridors, Dedicated Freight Corridors.
- Bhartamala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes.
  - State road networks to be developed in second phase of Bharatmala project.
- National Highway Programme to be restructured to ensure a National Highway Grid, using a financeable model.
- Navigational capacity of Ganga to be enhanced via multi modal terminals at Sahibganj and Haldia and a navigational lock at Farakka by 2019-20, under Jal Marg Vikas Project.
- Four times increase in next four years estimated in the cargo volume on Ganga, leading to cheaper freight and passenger movement and reducing the import bill.
- Rs. 50 lakh crore investment needed in Railway Infrastructure during 2018-2030.
- Public-Private-Partnership proposed for development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services.
- Policy interventions to be made for the development of Maintenance, Repair and Overhaul (MRO), to achieve self-reliance in aviation segment.
- Regulatory roadmap for making India a hub for aircraft financing and leasing activities from Indian shores, to be laid by the Government.

**Electric Vehicles**

- Additional income tax deduction of Rs. 1.5 lakh on interest paid on electric vehicle loans.
- Customs duty exempted on certain parts of electric vehicles.
- Outlay of Rs. 10,000 crore for 3 years approved for Phase-II of FAME Scheme.
- Upfront incentive proposed on purchase and charging infrastructure, to encourage faster adoption of Electric Vehicles.
- Only advanced-battery-operated and registered e-vehicles to be incentivized under FAME Scheme.

**Energy Sector**

- Power at affordable rates to states ensured under ‘One Nation, One Grid’.
-Blueprints to be made available for gas grids, water grids, i-ways, and regional airports.
- High Level Empowered Committee (HLEC) recommendations to be implemented:
  - Retirement of old & inefficient plants.
  - Addressing low utilization of gas plant capacity due to paucity of Natural Gas.
- Cross subsidy surcharges, undesirable duties on open access sales or captive generation for industrial and other bulk power consumers to be removed under Ujjwal DISCOM Assurance Yojana (UDAY).
- Package of power sector tariff and structural reforms to be announced soon.

**Housing**

- Reform measures to be taken up to promote rental housing.
- Model Tenancy Law to be finalized and circulated to the states.
  - Joint development and concession mechanisms to be used for public infrastructure and affordable housing on land parcels held by the Central Government and CPSEs.
Additional deduction up to Rs. 1.5 lakhs for interest paid on loans borrowed up to 31st March, 2020 for purchase of house valued up to Rs. 45 lakh.

Space and R&D

- **New Space India Limited (NSIL)**, a PSE, incorporated as a new commercial arm of Department of Space.
- To tap the benefits of the Research & Development carried out by ISRO like commercialization of products like launch vehicles, transfer to technologies and marketing of space products.

◆ **Measures related to MSMEs**

- **Pradhan Mantri Karam Yogi Maandhan Scheme**
  ✓ Pension benefits to about three crore retail traders & small shopkeepers with annual turnover less than Rs. 1.5 crore.
  ✓ Enrolment to be kept simple, requiring only Aadhaar, bank account and a self-declaration.
- Rs. 350 crore allocated for FY 2019-20 for 2% interest subvention (on fresh or incremental loans) to all GST-registered MSMEs, under the **Interest Subvention Scheme for MSMEs**.
- **Payment platform for MSMEs** to be created to enable filing of bills and payment thereof, to eliminate delays in government payments.

Mega Investment in Sunrise and Advanced Technology Areas

- Scheme to invite global companies to set up mega-manufacturing plants in areas such as Semi-conductor Fabrication (FAB), Solar Photo Voltaic cells, Lithium storage batteries, Computer Servers, Laptops, etc.
- **Investment linked income tax exemptions** to be provided along with indirect tax benefits.

◆ **Start-ups**

- Capital gains exemptions from sale of residential house for investment in start-ups extended till FY21.
- ‘Angel tax’ issue resolved - start-ups and investors filing requisite declarations and providing information in their returns not to be subjected to any kind of scrutiny in respect of valuations of share premiums.
- Funds raised by start-ups to **not require scrutiny from Income Tax Department**
  ✓ E-verification mechanism for establishing identity of the investor and source of funds.
  ✓ Special administrative arrangements for pending assessments and grievance redressal
    ✓ No inquiry in such cases by the Assessing Officer without obtaining approval of the supervisory officer.
- No scrutiny of valuation of shares issued to Category-II Alternative Investment Funds.
- Relaxation of conditions for carry forward and set off of losses.
- A **television program proposed** exclusively for and by start-ups, within the DD bouquet of channels.
**Banking and Financial Sector**

- **Measures related to PSBs**
  - **Rs. 70,000 crore** proposed to be provided to PSBs to boost credit.
  - PSBs to leverage technology, offering online personal loans and doorstep banking, and enabling customers of one PSBs to access services across all PSBs.
  - Steps to be initiated to **empower accountholders to have control over deposit of cash** by others in their accounts.
  - Reforms to be undertaken to strengthen governance in PSBs.

- **Measures related to NBFCs**
  - Ensuring that NBFCs that are fundamentally sound continue to get funding from banks and mutual funds without being unduly risk averse.
  - Proposals for **strengthening the regulatory authority of RBI over NBFCs** to be placed in the Finance Bill.
  - Steps to allow all NBFCs to directly participate on the **TReDS platform**.
  - For purchase of high rated pooled assets of financially sound NBFCs, amounting to a total of Rs 1 lakh cr, Govt to provide one time six months' partial guarantee to PSBs for first loss of up to 10%.
  - Government to take necessary steps to allow all NBFCs to directly participate on the TReDs platform.
  - Requirement of **creating a Debenture Redemption Reserve** will be done away with to allow NBFCs to raise funds in public issues.

- **Return of regulatory authority from NHB to RBI** proposed, over the housing finance sector.
- Rs. 100 lakh crore investment in infrastructure intended over the next five years. Committee proposed to recommend the structure and required flow of funds through development finance institutions.
- Steps to be taken to **separate the NPS Trust from PFRDA** to prevent conflict of interest, keeping in mind the wider interest of subscribers.
- Reduction in Net Owned Fund requirement from Rs. 5,000 crore to Rs. 1,000 crore proposed:
  - To facilitate on-shoring of international insurance transactions.
  - To enable opening of branches by foreign reinsurers in the International Financial Services Centre.

- **New series of coins** of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees, easily **identifiable to the visually impaired** to be made available for public use shortly.

**Digital Payments**

- **TDS of 2% on cash withdrawal exceeding Rs. 1 crore** in a year from a bank account.
- Business establishments with annual turnover more than Rs. 50 crore shall offer low cost digital modes of payment to their customers and **no charges or Merchant Discount Rate shall be imposed** on customers as well as merchants.
**Measures related to CPSEs**

- Target of Rs. 1, 05,000 crore of disinvestment receipts set for the FY 2019-20.
- Government to reinitiate the process of strategic disinvestment of Air India, and to offer more CPSEs for strategic participation by the private sector.
- Present policy of retaining 51% Government stake to be modified to retaining 51% stake inclusive of the stake of Government controlled institutions.
- Retail participation in CPSEs to be encouraged.
- Government to offer an investment option in ETFs on the lines of Equity Linked Savings Scheme (ELSS).
- Government to meet public shareholding norms of 25% for all listed PSUs and raise the foreign shareholding limits to maximum permissible sector limits for all PSU companies which are part of Emerging Market Index.

**Subsidies subside**

Spending on major subsidies — food, fertilizer and petroleum subsidies — had declined by 0.1 percentage points of GDP in 2018-19 PA* over 2017-18. The component of spending on subsidy in Budget 2019 remained the same as the previous year (10.8%).

**Grameen Bharat / Rural India**

- **Ujjwala** Yojana and **Saubhagya** Yojana have transformed the lives of every rural family, dramatically improving ease of their living.
• Electricity and clean cooking facility to all willing rural families by 2022.
• **Pradhan Mantri Awas Yojana – Gramin (PMAY-G)** aims to achieve "Housing for All" by 2022:
  ✓ Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).
• **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**
  ✓ A robust fisheries management framework through PMMSY to be established by the Department of Fisheries.
  ✓ To address critical gaps in the value chain including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.
• **Pradhan Mantri Gram Sadak Yojana (PMGSY)**
  ✓ Target of connecting the eligible and feasible habitations advanced from 2022 to 2019 with 97% of such habitations already being provided with all weather connectivity.
  ✓ 30,000 kilometers of PMGSY roads have been built using Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprint.
  ✓ 1,25,000 kilometers of road length to be upgraded over the next five years under PMGSY III with an estimated cost of Rs. 80,250 crore.
• **Scheme of Fund for Upgradation and Regeneration of Traditional Industries’ (SFURTI)**
  ✓ Common Facility Centres (CFCs) to be setup to facilitate cluster based development for making traditional industries more productive, profitable and capable for generating sustained employment opportunities.
  ✓ 100 new clusters to be setup during 2019-20 with special focus on Bamboo, Honey and Khadi, enabling 50,000 artisans to join the economic value chain.
• **Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship’ (ASPIRE) consolidated.**
  ✓ 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) to be setup in 2019-20.
  ✓ 75,000 entrepreneurs to be skilled in agro-rural industry sectors.
• Private entrepreneurlships to be supported in driving value-addition to farmers’ produce from the field and for those from allied activities.
• Dairying through cooperatives to be encouraged by creating infrastructure for cattle feed manufacturing, milk procurement, processing & marketing.
• 10,000 new Farmer Producer Organizations to be formed, to ensure economies of scale for farmers.
• Government to work with State Governments to allow farmers to benefit from e-NAM.
• **Zero Budget Farming** in which few states’ farmers are already being trained to be replicated in other states.
• India’s water security
  ✓ New Jal Shakti Mantralaya to look at the management of our water resources and water supply in an integrated and holistic manner.
  ✓ Jal Jeevan Mission to achieve Har Ghar Jal (piped water supply) to all rural households by 2024.
  ✓ To focus on integrated demand and supply side management of water at the local level.
✓ Convergence with other Central and State Government Schemes to achieve its objectives.
✓ 1592 critical and over exploited Blocks spread across 256 District being identified for the Jal Shakti Abhiyan.
✓ Compensatory Afforestation Fund Management and Planning Authority (CAMPA) fund can be used for this purpose.

- Swachh Bharat Abhiyan
  ✓ 9.6 crore toilets constructed since Oct 2, 2014.
  ✓ More than 5.6 lakh villages have become Open Defecation Free (ODF).
  ✓ Swachh Bharat Mission to be expanded to undertake sustainable solid waste management in every village.

- Pradhan Mantri Gramin Digital Saksharta Abhiyan,
  ✓ Over two crore rural Indians made digitally literate.
  ✓ Internet connectivity in local bodies in every Panchayat under Bharat-Net to bridge rural-urban divide.
  ✓ Universal Obligation Fund under a PPP arrangement to be utilized for speeding up Bharat-Net.

✓ Shahree Bharat/Urban India

- Pradhan Mantri Awas Yojana – Urban (PMAY-Urban)-
  ✓ Over 81 lakh houses with an investment of about Rs. 4.83 lakh crore sanctioned of which construction started in about 47 lakh houses.
  ✓ Over 26 lakh houses completed of which nearly 24 lakh houses delivered to the beneficiaries.
  ✓ Over 13 lakh houses so far constructed using new technologies.
  ✓ More than 95% of cities also declared Open Defecation Free (ODF).
  ✓ Almost 1 crore citizens have downloaded Swachhata App.
  ✓ Target of achieving Gandhiji’s resolve of Swachh Bharat to make India ODF by 2nd October 2019.
    ✓ To mark this occasion, the Rashtriya Swachhata Kendra to be inaugurated at Gandhi Darshan, Rajghat on 2nd October, 2019.
    ✓ Gandhipedia being developed by National Council for Science Museums to sensitize youth and society about positive Gandhian values.

  ✓ Railways to be encouraged to invest more in suburban railways through SPV structures like Rapid Regional Transport System (RRTS) proposed on the Delhi-Meerut route.
  ✓ Proposal to enhance the metro-railway initiatives by:
    ✓ Encouraging more PPP initiatives.
    ✓ Ensuring completion of sanctioned works.
    ✓ Supporting transit oriented development (TOD) to ensure commercial activity around transit hubs.

✓ Youth

- New National Education Policy to be brought which proposes
  ✓ Major changes in both school and higher education
Better Governance systems
Greater focus on research and innovation.

- **National Research Foundation (NRF) proposed**
  - To fund, coordinate and promote research in the country.
  - To assimilate independent research grants given by various Ministries.
  - To strengthen overall research eco-system in the country
  - This would be adequately supplemented with additional funds.

- Rs. 400 crore provided for “**World Class Institutions**”, for FY 2019-20, more than three times the revised estimates for the previous year.

- ‘**Study in India**’ proposed to bring foreign students to study in Indian higher educational institutions.

- Regulatory systems of higher education to be reformed comprehensively:
  - To promote greater autonomy.
  - To focus on better academic outcomes.

- Draft legislation to set up **Higher Education Commission of India (HECI)**, to be presented.

- **Khelo India Scheme** to be expanded with all necessary financial support.

- **National Sports Education Board** for development of sportspersons to be set up under Khelo India, to popularize sports at all levels.

- To prepare youth for overseas jobs, focus to be increased on **globally valued skill-sets** including language training, AI, IoT, Big Data, 3D Printing, Virtual Reality and Robotics.

- **Stand-Up India Scheme** to be continued for the period of 2020-25. The Banks to provide financial assistance for demand based businesses,

  - **Naari Tu Narayani/Women**

  - Approach **shift from women-centric-policy making to women-led initiatives** and movements.

  - A Committee proposed with Government and private stakeholders for moving forward on Gender budgeting.

  - **SHG**:
    - **Women SHG interest subvention program** proposed to be expanded to all districts.
    - Overdraft of Rs. 5,000 to be allowed for every verified women SHG member having a Jan Dhan Bank Account.
    - **One woman per SHG** to be eligible for a loan up to Rs. 1 lakh under MUDRA Scheme.

  - For schemes on the safety of women, ₹500 crore has been set aside for the Nirbhaya Fund.

  - **Ease of Living**

  - About 30 lakh workers joined the **Pradhan Mantri Shram Yogi Maandhan Scheme** that provides Rs. 3,000 per month as pension on attaining the age of 60 to workers in unorganized and informal sectors.

  - Requirement for enrolment in the scheme would require only Aadhar and a bank account. Rest will be on self-declaration.

  - Approximately 35 crore LED bulbs distributed under **UJALA Yojana** leading to cost saving of Rs. 18,341 crore annually.
• **Solar stoves and battery chargers** to be promoted using the approach of LED bulbs mission.
  A massive **program of railway station modernization** to be launched.

❖ **India’s Soft Power**

• Proposal to consider issuing **Aadhaar Card for NRIs with Indian Passports** on their arrival without waiting for 180 days.
• Mission to **integrate traditional artisans with global markets** proposed, with necessary patents and geographical indicators.
• **18 new Indian diplomatic Missions in Africa** approved in March, 2018, out of which 5 already opened. Another 4 new Embassies intended in 2019-20.
• Revamp of **Indian Development Assistance Scheme (IDEAS)** proposed.
• 17 iconic Tourism Sites being developed into **model world class tourist destinations**.
• Present **digital repository** aimed at preserving rich tribal cultural heritage, to be strengthened.
• The government has allocated ₹45 crore for India’s building activities in the crucial port of Chabahar in Iran, a reduction from the previous year’s allocation of ₹150 crore. (India’s works received a waiver from the anti-Iran sanctions of the U.S.)
• Afghanistan’s allocation has also come down from ₹470 crore to ₹400 crore.
• However, a major share of the allocation of ₹17,884.78 crore for the Ministry of External Affairs (MEA) is for Bhutan at ₹2,801.79 crore against the previous allocation of ₹2,510 crore.
• Both Nepal and Mauritius have maintained the high priority and have received ₹1,050 crore and ₹1,100 crore respectively.
• In terms of regional allocation, Latin America, home of Brazil and Argentina among other countries, received a meagre ₹15 crore.

**Major Criticisms of the Budget**

• **Shareholding norm tweak for listed cos** - According to the budget government would consider raising minimum public shareholding in the listed firms to 35% from 25% at present. Analysts say many MNCs listed on Indian bourses may consider delisting, if increase public shareholding is implemented. In case of many midcap and smallcap stocks it was better to have more promoter skin in the game since India's capital market is in a developing phase.
• **Corporate tax** - Under a phased reduction plan for corporate taxes, the budget proposed to bring under 25% tax ambit companies with an annual turnover of up to Rs 400 crore, in place of the earlier cap of Rs 250 crore. The move came under criticism from experts who said the tax rejig should have been applicable to all companies and not just a select section.
• **Defence** - At a time when India's security risks are at an all-time high, no specific mention of the forces came as a major disappointment for both the forces and the country at large.
• **Tax dampener**- Standard deduction and TDS threshold didn't find a mention in the budget. It came as disappointment for the salaried taxpayer because previously government had promised to hike these limits in the February’s interim budget.
- **LTCG remains a pain in the neck** – LTCG tax on equities were expected to be done way with or diluted to an extent atleast. However, this issue remained unaddressed.
- **Taxing Super-rich** - The finance minister shunned the wealth tax, but increased the surcharge for the rich. This move will make the economy uncompetitive when India’s neighbours have relative low levels of corporate tax and income tax. It can make Indians to disappear to low-tax land.
- **Raiding the RBI** - government in the budget expects higher dividend payout from the Reserve Bank of India, bringing a contentious issue back into focus.
- **Human development** – Budget remained short in plugging the loopholes that to become a true global power, India needs massive investments in health, education and social sectors, with appropriate involvement of different tiers of governance, and innovation from and other stakeholders, including private sector.
- **Employment** - For employment generation, the government intends to boost agro-rural industries through cluster based development. While focusing on clusters is the step in right direction, a top-down model in this regard might not work. A bottom-up approach for cluster identification and development through stakeholder engagement and focused on resolving unique cluster specific problems is needed.
- **Lack Details** - Being a strong statement of intent, the Budget lacks details on the nuts and bolts of how the stated goals will be achieved. How would the required funds be raised in wake of sluggish growth of last 2 years.
- While the push on MSMEs is laudable, the announcements on improving creditworthiness of NFBs lacks credibility since support is promised only for “financially sound” ones.
- The Budget document speaks of a 3.3% deficit but the road-map to achieve that is missing.

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**Measures to Boost Investment Rate**

Pushing the Indian economy to a size of $5 trillion by 2024-25 depends on real growth rate, inflation rate and the movement of Indian rupee vis-a-vis the U.S. dollar.

Starting with a base size of $2.7 trillion in 2018-19, if annual growth is uniformly distributed across the next five years, a nominal growth rate of 13% per annum is required which can be decomposed into a real growth of 8%-9% and an inflation rate of 5%-4% with an assumed rate of depreciation on the Indian rupee of 2% per annum.

The Union Budget has proposed a number of growth-promoting initiatives to achieve this target.

- Budget proposes to access global investors by **floating sovereign bonds denominated in external currency**. This will ease pressure on domestic savings and interest rates which will eventually facilitate an effective transmission of a repo rate reduction to lending rates.
- Budget has come out with a **clearer focus on Make in India** where the emphasis will now be on relatively limited sectors such as MSMEs, start-ups, defence manufacturing, automobiles, and electronics.
- Budget aims to invite **global investors for setting up mega-manufacturing plants** to bring in advanced technology in electric vehicles, electronics and other related areas.
The burden of NPAs on the banking sector is likely to ease with a budgeted **capital infusion of ₹70,000 crore**.

The focus of Union Budget 2019-20 on promoting infrastructure development, fostering connectivity, and attracting foreign investment, is impressive. The focus on rural economy, housing, agricultural reforms, higher education and environment (LED bulbs, Electric Vehicles) would go long way in securing a balanced growth.

All in all, budget is a robust policy statement that must be backed up by resolute action if we are to achieve our potential in economy.