Analysis of Interim Budget 2019

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Why in news?

Interim Finance Minister Piyush Goyal presented the Interim Budget on 1st February 2019.

What are the positives?

- **Small taxpayers -** Various proposals announced in the interim Budget are aimed to ease tax burden on salaried class, small taxpayers as well as passive income earners such as senior citizens.
- In the absence of a social security net or unemployment benefits for unorganised sector workforce, the new pension scheme will be of significant advantage.
- **Tax net** - The limit of Income-tax Rebate has now been increased to Rs.12,500 from Rs.2,500 for taxpayers having income up to Rs.5 lakh.
- But people will have to file returns to earn a rebate, thus enlarging the tax base.
- **Reduced red tape** - The complicated filing forms, elaborate disclosures, demand notices and scrutiny assessments have been concerns for individual taxpayers.
- The 2019 Budget has now promised to process tax returns within 24 hours with quick refunds and move scrutiny assessments wholly to the electronic mode.
- **Real Estate -** Tax policies of governments in recent years have controlled the Indian investors' obsession for real estate, and have directed them towards financial investments.
- But signalling a change of stance, the 2019 Budget has proposals that would work as significant incentives for home buyers.

What are the criticisms?

- There has been a general perception that this elaborate interim Budget is aimed at seeking votes.
- e.g PM-KISAN will benefit over 120 million farmer families, among which a

third of these families live in UP and Bihar. The electoral benefit of such a scheme is very evident.

- Schemes towards benefitting middle class is also seen as identifying and targeting the sections of population that are in distress and unhappy with the Centre.
- No Interim Budget in the past announced a new programme with as huge an annual expenditure outlay as the Rs.75,000 crore, thus breaking precedence of minimum spending during election years.
- No Interim Budget in the past also announced as big an income-tax concession.
- So it is not right for a government that will be in power for few months to constitute a financial burden for the coming years as well.

Source: Business Line, Business Standard

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