Interim Budget 2019

Why in news?

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

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Click here to know the difference between a Full Budget, Interim Budget and VoA.

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What are the key announcements?

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State of the Economy

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- India is the fastest growing major economy in the world.
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- India is now the 6th largest economy in the world (11th in 2013-14)
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- Inflation - 4.6%
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- Fiscal deficit - 3.4% of GDP
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- Current Account Deficit (CAD) - 2.5% of GDP
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- FDI $239 billion during the last 5 years.
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- Tax collections increased from Rs.6.38 Lakh Cr in 2013-14 to almost Rs.12 lakh Cr this year.
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- The number of returns filed has also almost doubled showing 80% growth in tax base.
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- The State revenues are improving with guaranteed 14% annual revenue increase for the first five years from GST.
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Vision for the next Decade

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- Becoming a $5 Trillion Economy in the next 5 years
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- $10 Trillion Dollar Economy in the next 8 years thereafter
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- 10 Dimensions to concentrate are-
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1. Physical as well as social infrastructure for a $10 Trillion Dollar Economy and to provide ease of living
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2. Creating a Digital India reaching every sector of the economy,
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3. Making India pollution free
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4. Expanding rural industrialisation
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5. Clean Rivers, with safe drinking water
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6. Development powered by coastline and ocean waters
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7. Outer skies
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8. Self-sufficiency in food
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9. A healthy India
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10. Minimum Government Maximum Governance nation
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Poor and backward classes

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Rs.60,000 crores are being allocated for MGNREGA in BE 2019-20.

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Farmers

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- **Pradhan Mantri KIsan SAmman Nidhi (PM-KISAN*)*** is announced to provide an direct income support at the rate of Rs.6,000 per year to vulnerable landholding farmer families, having cultivable land upto 2 hectares.
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Click here to know more on the scheme

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- **Rashtriya Kamdhenu Aayog** will be setup to upscale sustainable genetic up-gradation of cow resources and to enhance production and productivity of cows.
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- India is the second largest fish producing nation in the world accounting for 6.3% of global production and an annual growth > 7%.
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- **Department of Fisheries** will be created to provide focused attention.
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- 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through **Kisan Credit Card**.
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- In case of timely repayment of loan, they will also get an additional 3% interest subvention.
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- **Natural calamities -** Generally the crop loans are rescheduled for farmers affected by severe natural calamities.
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- Now, these farmers affected by natural calamities, where assistance is provided from NDRF, will be provided with 2% interest subvention and prompt repayment incentive of 3% for the entire period of reschedulement of their loans. (at present it is 2% only for the first year)
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Labour and Workers Dignity

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- 42 crore workers in the unorganised sector
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- **Pradhan Mantri Shram-Yogi Maandhan** to provide a monthly pension of Rs.3,000 from the age of 60 years on a contribution of a small affordable amount by the worker during their working age for the unorganised sector workers with monthly income upto Rs.15,000.
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1. Rs.100/month for a worker joining at the age of 29 years
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2. Rs. 55/month for a worker joining at the age of 18 years
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3. The Government will deposit equal matching share
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- A **Committee under NITI Aayog** will be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic communities not yet formally classified.
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- A **Welfare Development Board** will also set up under the Ministry of Social Justice and Empowerment specifically for the purpose of implementing welfare and development programmes for these communities.
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Empowering Youth

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- **National Programme on 'Artificial Intelligence'** will be implemented by establishing a National Centre on Artificial Intelligence as a hub along with Centres of Excellence
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- A National Artificial Intelligence portal will also be developed.
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Empowering MSMEs and Traders

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- **Government e-Marketplace (GeM)** is now being extended to all CPSEs.
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- Department of Industrial Policy and Promotion, which will now be renamed as the **Department for Promotion of Industries and Internal Trade** as it was recently assigned the subject of “promotion of internal trade including retail trading and welfare of traders, and their employees”.
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National Security

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- Defence Budget will be crossing Rs.3,00,000 crore for the first time in 2019-20.
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Infrastructure

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- **Vande Bharat Express** will the first indigenously developed and manufactured semi high-speed train that will give the Indian passengers world class experience with speed, service and safety.
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- Total Railway Budget is of Rs.1,58,658 crore.
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- Specific recommendations of a high level **Inter-Ministerial Committee** to transform the system of bidding for exploration and to change from revenue sharing to exploration programme for Category II and III basins will be implemented.
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Digital India

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- **Digital Villages initiative** will connect as many as 1 lakh villages with the digital services offered by the Government, within the next 5 years with the assistance of Common Service Centres (CSCs).
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Entertainment

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- Single window clearance for ease of shooting films will be available to Indian filmmakers. (Earlier it was available only to foreigners).
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- Anti-camcording provisions in the Cinematograph Act will be introduced.
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Customs and Trading Across Border Reforms

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- **Abolition of Customs duties on 36 capital goods** along with introduction of single point of approval are introduced under section 65 of the Customs Act.
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- Full digitalization of export/import transactions and leveraging RFID technology to improve export logistics are being introduced.
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Tax

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- **Rebate -** Individual taxpayers having taxable annual income up to Rs.5 lakhs will get full tax rebate and therefore will not be required to pay any income tax.
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- Besides, under section 80C, a deduction of Rs.1,50,000 can be claimed from total income, for investments made in LIC, PPF, Mediclaim, incurred towards tuition fees, etc.
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- So effectively persons having gross income up to Rs.6.50 lakhs may not be

required to pay any income tax if they make such investments.
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- **Deductions -** Additional deductions such as interest on home loan up to Rs.2 lakh, interest on education loans, NPS contributions, medical insurance, medical expenditure on senior citizens etc, are announced.
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- **Standard Deduction -** For salaried persons, a Standard Deduction is raised to Rs.50,000 from Rs.40,000 i.e Rs.50,000 can be exempted from Taxatioon.
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- **TDS threshold** - TDS threshold on interest earned on bank/post office deposits is being raised from Rs.10,000 to Rs.40,000.
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- **Housing & Real Estate –**
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1. Income tax on notional rent on a **second self-occupied house** is also now exempted.
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2. TDS threshold for deduction of tax on rent is to be increased from Rs.1,80,000 to Rs.2,40,000.
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3. **Rollover of capital gains** under section 54 of the Income Tax Act will be increased from investment in one residential house to two residential houses for a tax payer having capital gains up to Rs.2 crore. This benefit can be availed once in a life time.
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Click here to know more on Capital Gains, Tax Exempetion, Deduction & Rebate

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4. **Section 80-IBA -** Tax on notional rent, on unsold inventories, has been exempted from one year to two years, from the end of the year in which the project is completed (applicable to project approved till 31st March, 2020).
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Click here for Analysis of Interim Budget 2019

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Source: PIB, The Hindu

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