



Highlights of Budget 2019

- The **Union Minister for Finance** presented the Union Budget 2019-20 before the Parliament.

Constitutional Provisions

- The term **'budget'** has nowhere been used in the Constitution. It is the popular name for the **'Annual Financial Statement'** that has been dealt with in **Article 112 of the Constitution**.
- The budget is a statement of the **estimated receipts and expenditure of the Government of India** in a financial year (FY), which begins on April 1 and ends on March 31 of the following year.
- In addition to the estimates of receipts and expenditure, the budget contains certain other elements. Overall, the budget contains the following:
 - Estimates of revenue and capital receipts;
 - Ways and means to raise revenue;
 - Estimates of expenditure;
 - Details of the actual receipts and expenditure of the closing financial year and the reasons for any deficit or surplus in that year; and
 - Economic and financial policy of the coming year, that is, taxation proposals, prospects of revenue, spending programme and introduction of new schemes/projects.
- The **Railway Budget** was separated from the **General Budget in 1921** on the recommendations of the **Acworth Committee**. In August 2016, the Central Government decided to **merge the railway budget into the general budget**.

Economy

- Fiscal deficit in FY 19 has been set at 3.3% of the GDP.
- Indian economy will become a 3 trillion dollar economy in 2019. Government aspires to make India a 5 trillion dollar economy by 2024-25. To achieve this, there is a need for investment in:
 - **Infrastructure**
 - **Digital economy**
 - **Job creation in small and medium firms**
- PAN and Aadhaar will become interchangeable. One can use Aadhaar number to file I-T Returns.
- Rs. 5 lakh minimum limit announced for taxpayers.
- In view of rising income levels, those in the ₹2-5 crore and ₹5 crore-and-above brackets will see an increase in effective tax rate by 3% (39%) and 7% (42.74%), respectively.
- No change in personal income tax rates.
- Increase in cess on fuel by 1 rupee, petrol & diesel to get costlier; while customs duty on gold and precious items increased.
- Corporate tax with a turnover of up to Rs 400 crore slashed to 25% from a current rate of 30%.
- **GST Council** advised to reduce tax rate on Electric Vehicles from 12% to 5%.
- No charge on digital payments: **Merchant Discount Rate** charges waived on cashless payment.
- **Measures related to MSMEs:**
 - Proposed **easing angel tax** for startups.
 - E-verification mechanism for establishing investor identity and source of funds for startups.
 - 2% interest subvention for GST-registered MSME on fresh or incremental loans.
 - **'Stand Up India' Scheme** to continue till 2025.
 - New television channel for start-ups.
 - Pension benefit extended to retail traders with annual turnover less than Rs 1.5 crore.

- New payment platform for MSMEs to be created.
- Proposal to provide Rs 70,000 crore capital for PSU Banks.
- Regulation of HFCs (Housing Finance Cos) to move to RBI from National Housing Bank.
- Govt to **modify** the present policy of **retaining 51% stake in PSUs.**
- Govt to continue with **strategic divestment of select CPSEs.**
- **Divestment target of Rs 1.05 lakh crore for FY 20.**
- **Strategic disinvestment of Air India** proposed to be re-initiated.
- **Global Investors Meet** to be held in India.

Rural India and Agriculture

- **Gaon, Garib and Kisan** are the focus of the government.
- **New Jal Shakti ministry** will work with states to ensure Har Ghar Jal for all rural houses by 2024.
- **Pradhan Mantri Gram Sadak Yojana phase 3** is envisaged to upgrade 1,25,000 km of road length over the next 5 years.
- Govt will set up 100 new clusters for 50,000 artisans in FY 20.
- Every single rural family, to have electricity by 2022.
- Govt to promote **Zero Budget Farming.**
- 10,000 new farm produce organisations.
- 80 Livelihood business incubators and 20 technology business incubators to be set up in 2019-20 under **Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)** to develop 75,000 skilled entrepreneurs in agro-rural industries.
- **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.

Youth

- To popularise sports at all levels, **National Sports Education Board** for development of sportspersons to be set up under **'Khelo India.'**
- Govt to launch 'Study in India' programme to attract foreign students in higher education.
- Rs 400 crore allocated for **world-class higher education institutions in FY 20 .**
- **National research foundation** to fund, coordinate and to promote research in the country.
- **New Higher Education Commission** with focus on higher autonomy.
- **New national education policy** to propose changes in school, higher education.
- To make the Indian youth ready to take up jobs in foreign countries, more emphasis on new-age skills like **Artificial Intelligence, Internet of Things, Big Data, etc.**
- **Study in India** proposed to bring foreign students to study in Indian higher educational institutions.

Social

- **Nari tu Narayani:** Women SHG Interest Subvention Programme to be expanded to all districts in India.
- **Rs 1 lakh loan** to be provided for **SHG women** members under **Mudra Scheme.**
- **Rs 3,000 pension per month** for workers from **the informal sector.**
- **Gandhipedia** being developed by the **National Council for Science Museums** to sensitize youth and society about positive Gandhian values.

Infrastructure

- State road networks to be developed in the second phase of **Bharatmala project.**
- **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 the **aviation segment**.

- Outlay of Rs. 10,000 crore for 3 years approved for **Phase-II of FAME Scheme**.
- National Highway Programme to be restructured to ensure a **National Highway Grid, using a financeable model**.
- 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**.

Space

- India has emerged as a major space power. It is time to harness our ability commercially.
- A public sector enterprise, **New Space India Limited (NSIL)** has been incorporated to tap benefits of ISRO.

Roadmap for Future

- **Simplification of procedures.**
- **Incentivizing performance.**
- **Red-tape reduction.**
- **Making the best use of technology.**
- **Accelerating mega programmes and services initiated and delivered so far.**

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