

skhōlar

Summary of Interim Budget
2019-20

Union Budget

1. According to Article 112 of the Indian Constitution, it is a statement of the estimated receipts and expenditure of the government for that particular year.
2. It is also referred to as the **Annual Financial Statement**.
3. It is broadly classified into 2 segments- Revenue Budget & Capital Budget.
4. The budget provides for 3 sets of data-
 - a) Actual data of the preceding year.
 - b) Provisional data of the current year.
 - c) Budgetary estimates of the following year.

Difference between Interim Budget, Regular Budget and Vote on Account:

	Regular/Full Budget	Interim Budget	Vote on Account
Presented by	Government having tenure for a year or more.	Government in transition i.e, during an election year	Regular or government in transition.
Details	Receipts, expenditure, financial statements	Receipts, expenditure, financial statements	Expenditure Statement only
Purpose	To make policy statements and provide estimates for receipts and expenditure.	To meet the expenses of the government until the new Parliament passes the Budget.	To meet expenses till Parliament approves the budget. It is normally for a period of 2 months.

Interim Budget 2019-20

Objectives outlined in Interim Budget 2019-20

Realizing a "New India" by 2022



Clean and healthy India with universal access to toilets, water and electricity to all.



Doubling Farmers income.



Ample opportunities to youth and women to fulfill their dreams.



Free from terrorism, communalism, casteism, corruption and nepotism.

Ten dimensions of Vision for India of 2030:

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

1. **Ease of Living**- Build physical as well as social infrastructure.
2. **Digital India**- Digitize government processes with leaders from youth.
3. **Pollution free India**- Revolution in transportation with Electric Vehicles and focus on Renewables.
4. **Rural Industrialisation**- Modern digital technologies to generate massive employment.
5. **Water Resources**- Clean Rivers, safe drinking water and efficient use of water through micro-irrigation.
6. **Coastline potential**- Scaling up of Sagarmala and powering India's development and growth through Coastline and Ocean waters.

7. **Space programme** – Gaganyaan, India becoming the launch-pad of satellites for the World and placing an Indian astronaut into space by 2022.
8. **Food Security**- Self-sufficiency in food, exporting to the world to meet their food needs and producing food in the most organic way.
9. **Healthy India** – Through Ayushman Bharat with women having equal rights and concern for their safety and empowerment.
10. **Governance**- Minimum Government Maximum Governance with proactive and responsible bureaucracy.

New Initiatives under Interim Budget 2019-20

1. Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN):

a) **Objective-**

- Assistance to the small and marginal farmers with an assured supplemental income.
- Assistance to meet farmers emergent needs especially before the harvest season.

b) **Support-** Provide direct income support at the rate of Rs. 6,000 per year.

c) **Beneficiaries-** Vulnerable landholding farmer families, having cultivable land upto 2 hectares.

d) **Funding-** Fully funded by Government of India.

e) **Budget Outlay-**

- Annual expenditure of Rs.75,000 crore for the FY 2019-20.
- Allocation of Rs.20,000 crore in the Revised Estimates of FY 2018-19.

f) **Transfer system-** Direct transfer into the bank accounts of beneficiary farmers, in three equal instalments of Rs. 2,000 each.

2. Rashtriya Kamdhenu Aayog:

a) **Objective-**

- Upscale sustainable genetic upgradation of cow resources.
- Enhance production and productivity of cows.

b) **Function-** Look after effective implementation of laws and welfare schemes for cows.

3. Pradhan Mantri Shram-Yogi Maandhan:

a) **Objective-** Provide unorganized sector workers a comprehensive social security coverage for their old age.

b) **Beneficiaries-** Unorganized sector workers with monthly income upto Rs. 15,000.

c) **Features-**

- Assured monthly pension of Rs. 3,000 from the age of 60 years.
- Worker joining yojana at the age of 29 years will have to contribute only Rs. 100 per month till the age of 60 years.
- Worker joining the pension yojana at 18 years, will have to contribute Rs. 55 per month.
- Government will deposit equal matching share in the pension account of the worker every month.

d) **Funding-** Funded by GoI with an outlay of Rs. 500 crore for the Scheme.

4. Welfare Development Board:

a) **Objective-** Implement welfare and development programmes for De-notified, Nomadic and Semi-Nomadic communities.

b) It will be set up under the Ministry of Social Justice and Empowerment.

c) **Function-** Frame special strategies for the benefit of the hard-to-reach De-notified, Nomadic and Semi-Nomadic communities.

d) Committee under NITI Aayog to be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic communities not yet formally classified.

e) **About the communities-**

- These communities are hard to reach, less visible, and therefore, frequently left-out.
- The Nomadic and Semi-Nomadic communities move from place to place in search of a livelihood.
- The Renke Commission and the Idate Commission have identified and listed these communities.

5. National Programme on 'Artificial Intelligence':

- a) **Objective-** To take the benefits of Artificial Intelligence and related technologies to the people.
- b) National Centre on Artificial Intelligence will be established as a hub along with Centres of Excellence.
- c) Nine priority areas have been identified.
- d) National Artificial Intelligence portal to be developed to support the programme.

6. Department for Promotion of Industries and Internal Trade:

- a) The subject of "promotion of internal trade including retail trading and welfare of traders, and their employees" assigned to the Department of Industrial Policy and Promotion.
- b) So, the Department of Industrial Policy and Promotion will be renamed as the Department for Promotion of Industries and Internal Trade.

7. Department of Fisheries:

- a) The Government has decided to create a separate Department of Fisheries.
- b) **Objective-** Provide sustained and focused attention towards development of fisheries sector.
- c) **Other Benefits-**
 - 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through Kisan Credit Card.
 - Additional 3% interest subvention in case of timely repayment of loan.
 - Interest subvention of 2% during disaster will now be provided for the entire period of re-schedulement of loan.

8. Reforms in stamp duty:

- a) Amendments proposed to streamline the system.
- b) Stamp duties would be levied on one instrument relating to one transaction and get collected at one place through the Stock Exchanges.
- c) The duty so collected will be shared with the State Governments seamlessly **on the basis of domicile of buying client.**

9. Strengthening MSMEs:

- a) 2% interest subvention on an incremental loan of Rs 1 crore for GST registered SMEs.
- b) Atleast 3% of the 25% sourcing for the Government undertakings to be from women owned SMEs.

10. The 22nd AIIMS is going to be set up in Haryana.

Important Budgetary Allocations

1. Defence budget to cross Rs 3,00,000 crore for the first time ever.
2. Allocation to North East to be increased by 21% over 2019-19 BE.
3. Allocation for the Scheduled Castes and Scheduled Tribes to be increased by 35.6% and 28% respectively over 2018-19 BE.
4. Allocations for Centrally Sponsored Schemes significantly increased over RE 2018-19.
5. Capital support of Rs.64,587 crore proposed for Railways.

Other Developments on existing initiatives

1. **Rashtriya Gokul Mission-** Outlay increased to Rs 750 crore for the current year.
2. **MGNREGA** - Rs. 60, 000 crore allocation for BE 2019-20.
3. **Pradhan Mantri Gram Sadak Yojana** (PMGSY) is being allocated Rs.19,000 crore in BE 2019-20.
4. **Integrated Child Development Scheme** (ICDS)- Allocation increased from Rs.23,357 crore in RE 2018-19 to Rs.27,584 crore in BE 2019-20.
5. **National Education Mission-** Allocation increased by about 20% to Rs. 38,572 crore in BE 2019-20

Fiscal Programme

A. Direct Tax:

1. It is expected that direct taxes would be 6.6 % of GDP at the end of 2019-20.

2. **Income Tax:**

a) While existing rates of income tax will continue, income upto Rs. 5 lakh exempted from Income Tax.

b) **Beneficiaries-** Middle class and small taxpayers, small business, small traders, salary earners, pensioners and senior citizens.

c) **Achievements-**

→ Increase in direct tax collections from Rs. 6.38 Lakh crore in 2013-14 to Rs. 12 Lakh crore this year.

→ 80% growth in tax base.

B. Fiscal Deficit:

1. The Fiscal Deficit (FD) of the year 2019-20 is estimated to be 3.4% of GDP.

2. FD has been brought down to 3.4% in 2018-19 RE from the high of almost 6% seven years ago.

3. FRBM Act prescribes

→ Debt to GDP ratio of the Government of India - 40% by 2024-25.

→ Fiscal Deficit - 3% to be achieved by 2020-21.

4. So, government to focus on debt consolidation along with fiscal deficit consolidation programme.

C. Other Important facts and analysis:

1. **Macro-Economic Framework Statement-**

a) **Revenue deficit** in 2018-19 was budgeted at 2.2% of the GDP.

b) **Current Account Deficit** widened to 2.7 % of GDP in first half of the 2018-19.

2. **Medium Term Fiscal Policy cum Fiscal Policy Strategy Statement-**

a) The main focus in 2019-20 will be to put fiscal deficit on track as per FRBM Act by,

→ Improving the expenditure efficiency.

→ Improving tax collections.

3. **Gross Tax Revenue** is expected to grow by 13.5% over RE 2018-19.

4. **Direct taxes** are expected to increase by 15 % over RE 2018-19.

5. **Indirect taxes** are expected show an increase of 11.8 % over RE 2018-19. The increase is mainly on account of improvement in GST collections anticipated in 2019-20.

6. The total rise in expenditure is attributed to

→ Low inflation

→ increased support to agricultural sector

→ increased interest payments

→ Spending on internal security

7. **Non-Debt capital receipts on capital side** shows an increase for BE 2019-20 due to disinvestment proceeds.

8. **Total net borrowings** in 2019-20 are projected to increase by 11% over RE 2018-19.

9. **Average inflation** has been brought down to 4.6% over last five years. In December 2018 was down to 2.19% only.

10. **Disinvestment target** of 80,000 crore is expected to be achieved and a target of Rs 90,000 crore set for 2019-20.

Interesting trends: (Important for Prelims)

Based on the analysis of data across 2017 (Actuals), 2018 (BE), 2018 (RE) and 2019 (BE):

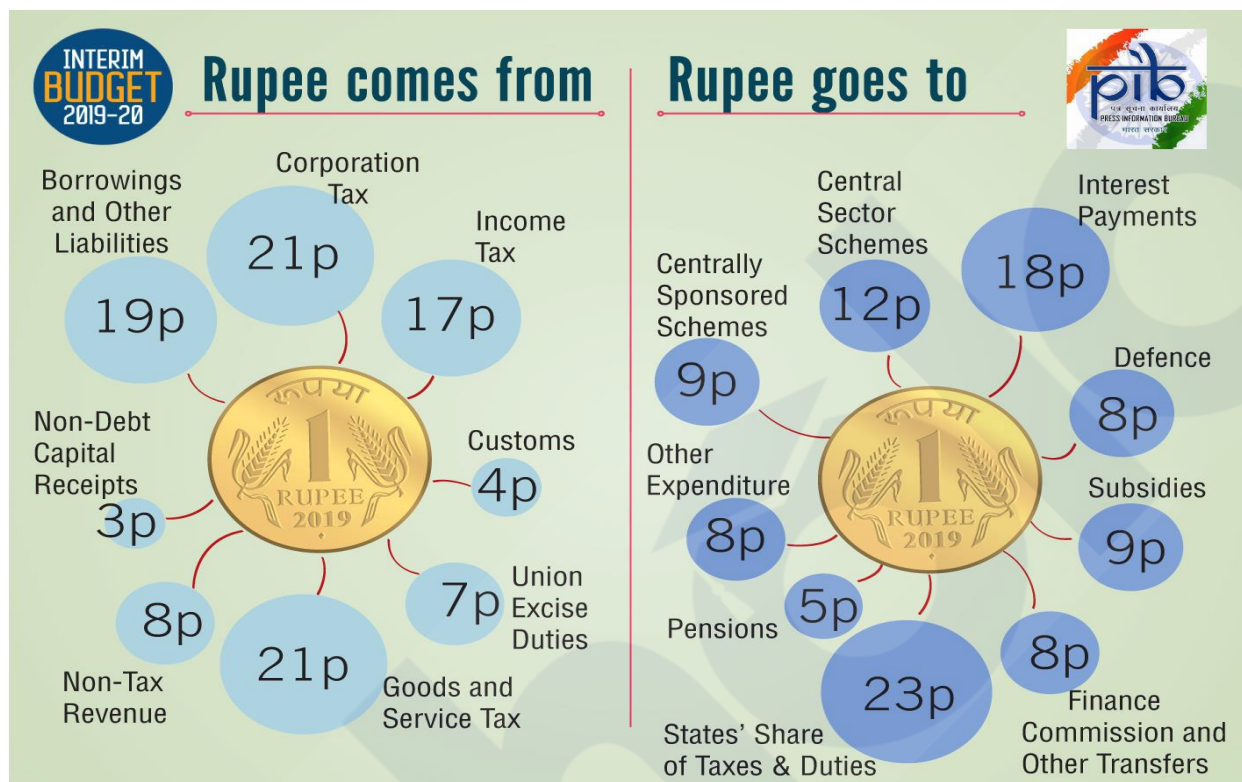
1. Revenue Receipts and Revenue Expenditure are **always greater** than Capital Receipts and Capital Expenditure respectively.

2. Throughout the period mentioned above-

a) Fiscal Deficit > Revenue Deficit > Effective Revenue Deficit > Primary Deficit.

b) Revenue Receipt, Capital Receipt and Fiscal Deficit are **rising**.

- For 2018 (RE) and 2019 (BE), Fiscal Deficit, Revenue Deficit and Primary Deficit- as a percentage of GDP **remains the same.** (FD- 3.4%, RD- 2.2%, PD- 0.2%).
- Subsidies** throughout the period mentioned above-
Food > Fertilizer > Petroleum > Interest subsidy > Others
- Sources of deficit financing** throughout the period mentioned above-
Market borrowings > Securities against Small Savings
- Top 5 heads of expenditure in **2019-20 BE:**
Interest > Defence > Major Subsidies > Pension > Transfer to states



S.No.	Budget 2018-19 announcements	Recent Developments
1	Fool-proof mechanism to ensure that farmers get adequate price for their produce	Pradhan Mantri Annadata Aay Samrakshan Abhiyan launched. Scheme comprises of Price Support Scheme, Price Deficiency Payment Scheme, Private stockist Procurement Scheme (on pilot basis) and existing schemes of the Government
2	To increase the digital intensity in education and move gradually from "black board" to "digital board".	A Committee has been set up by the Department of Higher Education to work out the modalities to support " Operation Digital Board " in all schools and to provide quality education by effective use of technology and telecom services.
3	Increasing the scope of Long Term Irrigation Fund (LTIF) in NABARD	New scheme called " Incentivization Scheme for Bridging Irrigation Gap (ISBIG) " has been appraised.
4	Provide nutritional support to all TB patients	Government has initiated the nutritional support to TB patients as " Nikshay Poshan Yojana " through Direct Benefit Transfer. Under the scheme, ` 500/- per month for the duration of their treatment has been provided to all TB patients.
5	Evolve a Scheme to assign every individual enterprise in India a unique ID.	Inter-Ministerial Technical Group(IMTG) was constituted for developing " Unique Entity Number " for entities like corporations, limited companies, Proprietary Firms, etc.