



Union Budget 2019 - 20 Complete Highlights

1. **Union Budget 2019-20** - Minister for Finance and Corporate Affairs Nirmala Sitharaman Presented Union Budget 2019-20 in Parliament. It is First full Budget of newly elected NDA Government forming 17th Lok Sabha, led by PM Narendra Modi. Key Highlights

1. Key Economic Metrics -

1. Budget Size is INR 27,86,349 Crores.

2. Deficits -

1. **Revenue Deficit** (Called राजस्व घाटा in Hindi, Revenue deficit occurs when net revenue generated by government are less than projected net income) -

1. Revenue Deficit is aimed to be kept 2.3 % of GDP in 2019-20, as against 2.2% of GDP in 2018-19.

2. **Fiscal Deficit** (Called राजकोषीय घाटा in Hindi, It is Difference between Government's Revenue and Expenditure) -

1. Fiscal Deficit is aimed to be at 3.3% of GDP in 2019-20. It was revised to 3.4 % of GDP in 2018-19, from earlier target of 3.3 % of GDP.

3. **Primary Deficit** (Called प्राथमिक घाटा in Hindi, It is a Part of Fiscal Deficit and is obtained by deducting Interest Payments from Fiscal Deficit) -

1. Primary Deficit is targeted to be kept .2 % of GDP in 2019-20.

3. Rupee Earned by Government -

1. Goods and Service Tax -19

2. Union Excise Duties - 8

3. Customs - 4

4. Income-Tax - 16

5. Corporation-Tax - 21

6. Borrowings & Other Liabilities - 20

7. Non-Debt Capital Receipts - 3

8. Non-Tax Revenue -9

4. Rupee Spent By Government -

1. States' share of taxes & duties - 23

2. Finance Commission & Other Transfers - 7

3. Subsidies - 8

4. Defence - 9

5. Interest Payments -18

6. Central Sector Scheme - 13

7. Centrally Sponsored Scheme - 9

8. Other Expenditure - 8

9. Pension - 5

5. Debt-to-GDP ratio -

1. Government accepted recommendations of N.K. Singh Committee on fiscal discipline to reduce debt-to-GDP ratio to 40% by 2024-25 from 50.1% in 2018-19.

2. Government aims to reduce it to 48.8% in 2019-20, 46.7% in 2019-20 and 44.6% in 2020-21, while fiscal deficit as a percentage of GDP is targeted to be reduced to 3.3%, 3.1% and 3%, respectively during this.

6. Tax Receipts -

1. Direct Tax Receipts are targeted to be 6.3 % of GDP, compared to 6.1 % of GDP in 2018-19 (Later Revised to 6.4 % of GDP). In 2019-20, Direct Taxes are expected to be 13.35 Lakh Crores (7.66 lakh Crore (Corporate Income Tax) + 5.69 Lakh Crore (Personal Income Tax)).
2. Indirect Tax Receipts are targeted to be 5.3 % of GDP, compared to 6.0 % of GDP in 2018-19 (Revised to 5.5 % Later).
 1. Government assumed GST collections will be INR 6.63 Lakh Crores in 2019-20.
 2. Indirect Tax Projections in 2019-20 - 155904 (Customs) + 300000 (Excise Duties) + 663343 (GST) - 11.2 Lakh Crores.
3. Total Tax Receipts Projected - 11.1 % of GDP, compared to 12.1 % of GDP in 2018-19 (Later revised to 11.9 %).

7. 2019-20 Budget in Numbers -

1. Metric Name	2019-20 Budget Estimate (in Crores)
Revenue Receipts (A)	1962761
Capital Receipts (B)	823588
Total Revenue	2786349 (A+B)
Total Expenditure	2786349
Revenue Deficit	485019 (2.3 % of GDP)
Effective Revenue Deficit (Introduced in 2011-12, It Excludes Government grants given by Central Govt to state governments /UTs /other bodies from Revenue expenditure, as they create durable assets for nation in future).	277686 (1.3 % of GDP)
Fiscal Deficit	703760 (3.3 % of GDP)
Primary Deficit	43289 (.2 % of GDP)

8. Disinvestment -

1. Government increased disinvestment target in 2019-20 to INR 105000 crores (From 80000 Crores in 2018-19).
2. Government to reinstate the process of strategic disinvestment of Air India.
3. Present policy of retaining 51% Government stake to be modified to retaining 51% stake inclusive of stake of Government controlled institutions.
4. Government to meet public shareholding norms of 25% for all listed PSUs and raise foreign shareholding limits to maximum permissible sector limits for all PSU companies which are part of Emerging Market Index.

9. Subsidies -

1. Subsidies on Food, fertiliser and petroleum have been pegged higher by 15 % to Rs 3.01694 Lakh Crores (2.64 lakh crore in 2018-19)
 1. Food Subsidy -> 1.84220 Lakh Crores
 2. Fertilizer Subsidy -> .79996 Lakh Crores
 3. Petroleum Subsidy -> .37478 Lakh Crores

10. Taxation -

1. Direct Tax -

1. Tax rate reduced to 25% for companies with annual turnover up to Rs. 400 crore
2. No Change in Income Tax Slabs proposed. Surcharge increased on individuals having taxable income from Rs. 2 crore to Rs. 5 crore and Rs. 5 crore and above, by 3 % and 7 % respectively. Current Slabs -

1. Income slab	Tax rates	Surcharge	Cess
Up to Rs 2.5 lakh	Nil	Nil	Nil
Rs 2,50,001 to Rs 5,00,000*	5% of (Total income minus 2,50,000)	Nil	4%
Rs 5,00,001 to Rs 10,00,000	12,500 + 20% of (Total income minus 5,00,000)	Nil	4%
Rs 10,00,001 to Rs 50,00,000	1,12,500 + 30% of (Total income minus 10,00,000)	Nil	4%
Rs 50,00,001 to Rs 1 crore	1,12,500 + 30% of (Total income minus 10,00,000)	10%	4%
More than Rs 1 crore but	1,12,500 + 30% of (Total	15%	4%

less than 2 crore	income minus 10,00,000)		
More than Rs 2 crores but less than Rs 5 crore	1,12,500 + 30% of (Total income minus 10,00,000)	25%	4%
More than Rs 5 crore	1,12,500 + 30% of (Total income minus 10,00,000)	37%	4%

2. Due to newly introduced surcharge, those with incomes between 2 - 5 crore will effectively have to pay 39 percent as tax and those with income more than 5 crore will have to pay more than 42 %.
3. Interchangeability of PAN and Aadhaar - Those who don't have PAN can file tax returns using Aadhaar. Aadhaar can also be used wherever PAN is required.
4. Additional deduction up to INR 1.5 lakhs for interest paid on loans borrowed up to 31st March, 2020 for purchase of house valued up to Rs. 45 lakh. Overall benefit of around Rs. 7 lakh over loan period of 15 years.
5. 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.
6. Direct tax incentives proposed for an International Financial Services Centre (IFSC) - 100 % profit-linked deduction in any ten-year block within a fifteen-year period.
7. Budget 2019 makes lump sum withdrawal of 60% from NPS totally tax free at the time of maturity (up from 40% earlier). A person on maturity at age of 60 would be able to withdraw up to 60 % of corpus without payment of tax. The balance 40 percent of the corpus would have to be compulsorily used to buy an annuity plan. The annuity received is taxable in the year of receipt.
8. To discourage cash transactions and push digital payments, Budget 2019 proposed imposing tax deduction at source (TDS) at rate of 2 % if the total cash withdrawn in a financial year exceeds Rs 1 crore from a bank, post office or cooperative bank from a single account. This would be effective from Sep 2019.
9. To widen the tax base, Budget Proposes ITR filing mandatory in following cases -
 1. Amount deposited in current account held with bank or co-operative bank exceeds Rs 1 crore in a financial year.
 2. Expenditure incurred on foreign travel exceeds Rs 2 lakh in a financial year.
 3. If an individual incurs an electricity bills of Rs 1 lakh or more in a year
 4. Claiming capital gains tax exemption on investment in house etc.
 5. As per current laws, a person is required to file ITR if his total income exceeds maximum income not chargeable to tax subject to certain exceptions.
10. Individuals and Hindu Undivided Families (HUFs) (from Sep 2019), will have to deduct tax at rate of 5 percent for payments made to contractors and other professionals if it exceeds Rs 50 lakh in a year.
11. To provide relief to salaried class, standard deduction was hiked by INR 10000 to Rs 50000 (40000 earlier).
2. Other Taxation News -
 1. Increase in Special Additional Excise Duty and Road and Infrastructure Cess each by Rs. 1 per litre on petrol and diesel.
 2. Extend lower rate of 25 % Corporate Tax to all companies with annual turnover up to Rs. 400 crores. Now only 0.7 percent of companies will remain outside this rate.
 3. GST Reforms -
 1. Businesses with less than Rs. 5 crore annual turnover to file quarterly GST returns.
 2. Threshold for goods supplier to be enhanced from Rs. 20 lakhs to Rs. 40 lakhs.
 3. Proposes lowering GST rates on electric vehicles from 12% to 5%.
 4. Custom duty on Gold and other precious metals hiked from 10% to 12.5%.

2. Major Legislative changes proposed in Finance Bill -

1. A dispute resolution cum amnesty scheme called the Sabka Vishwas Legacy Dispute Resolution Scheme is being introduced for resolution and settlement of legacy cases pending under various Acts.
2. **RBI Act 1934** - It allows RBI to set a minimum net worth requirement for NBFCs between Rs 25 lakh and two crore rupees. The amendment will allow RBI to set the minimum requirement up to Rs 100 crores. The Act is being amended to

enable the RBI to take several measures in relation to the management of NBFCs. This includes Framing schemes for resolution, Scrutiny of group companies, Removal of Directors, and Increasing Penalties.

3. National Housing Bank Act 1987 -

1. To register as a housing finance institution, a company must have a net-owned fund of 25 lakh rupees, or higher notified amount. This threshold is being increased to 10 crores or more.
2. Applications for registration as a household finance institution will be made to RBI, not National Housing Bank as earlier.
3. Processes relating to registration, including consideration, grant, and cancellation of applications will also be transferred from National Housing Board to RBI.
4. **Insurance Act 1938**- It is being amended to require net owned funds of at least Rs 1,000 crore for registration of foreign insurers engaged in re-insurance business and operating in an International Financial Services Centre (set up in Special Economic Zones).
5. **Banking Companies (Acquisition and Transfer of Undertakings) Act 1970, Banking Companies (Acquisition and Transfer of Undertakings) Act 1970** - It is being amended to increase number of directors on PSBs from four to five.
6. **Prohibition of Benami Property Transactions Act 1988** - It is being amended to increase penalties. In addition to existing penalties, any person who fails to comply with summons or furnishes false information will be liable to pay Rs 25,000 for each such failure.
7. **Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act 2015** - The Finance Bill amends this act to make it applicable to both Indian residents and non-residents as defined under the Income Tax Act.
8. **Payment and Settlement Systems Act, 2007** - It is being amended to prohibit any bank from charging customers for use of electric modes of payment (prescribed under Income-tax Act 1961).
9. **Prevention of Money Laundering Act 2002** - It is being amended to increase responsibilities of reporting entities (such as, banks and other financial institutions). These entities will be additionally required to authenticate identities of their clients, the source of their funds, and the nature of relationship between the transacting parties.
10. **Securities and Exchange Board of India Act 1992** - It is being amended to add capital expenditure to the list of expenses incurred by the General Fund maintained by SEBI. Additionally, the Bill amends the Act to constitute a Reserve Fund which will be credited with 25% of the annual surplus of the General Fund.

3. Farmers and Rural Development -

1. 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).
2. A robust fisheries management framework through Pradhan Mantri Matsya Sampada Yojana (PMMSY) to be established by Department of Fisheries.
3. Under Pradhan Mantri Gram Sadak Yojana (PMGSY), 125000 KMs of road to be upgraded over 5 years under PMGSY III with cost of 80250 crores.
4. Under 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. 100 new clusters to be setup during 2019-20 with special focus on Bamboo, Honey and Khadi, enabling 50000 artisans to join economic value chain.
5. Under Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship" (ASPIRE), 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) to be setup in 2019-20. 75000 entrepreneurs to be skilled in agro-rural industry sectors.
6. 10,000 new Farmer Producer Organizations to be formed, to ensure economies of scale for farmers.
7. Govt to promote innovative zero Budget farming.

4. Education -

1. Legislation to set up Higher Education Commission of India (HECI), to be presented.
2. Govt to launch 'Study in India' programme to attract foreign students in higher education.
3. Allocate Rs 400 crore for world-class higher education institutions in FY 20 .

4. New national education policy to propose changes in school, higher education.

5. Sports -

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

6. Defence -

1. Defence budget is set at 3.18 Lakh Crores. It was INR 2.95 Lakh crores in 2018-19 and 3.05 Lakh Crores in Interim Union budget announced in Feb 2019.

7. Transport -

1. Railways -

1. Budgetary allocation of Rs 65,837 crore for Indian Railways and highest ever outlay for capital expenditure amounting to Rs 1.60 lakh crore for railways.
2. Railways to be encouraged to invest more in suburban rail network via Special Purpose Vehicles .
3. Railway infrastructure will need an investment of Rs 50 lakh crore between 2018 and 2030.
4. Massive programme for modernisation of railway stations to be launched in 2019.

8. MSME Sector -

1. 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. Enrollment will require Aadhaar and Bank Account. Rest will be on self declaration.
2. 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
3. Payment platform for MSMEs to be created to enable filing of bills and payment thereof, to eliminate delays in government payments.
4. Government will launch a scheme to invite global companies through a transparent competitive bidding to set up mega-manufacturing plants in sunrise and advanced technology areas.
5. Women Self Help Groups interest subvention program proposed to be expanded to all districts. Overdraft of INR 5,000 to be allowed for every verified women SHG member with a Jan Dhan Bank Account. One woman per SHG to be eligible for a loan up to Rs. 1 lakh under MUDRA Scheme. Nari tu Narayani: Women SHG Interest Subvention Programme to be expanded to all districts in India.
6. Relief for Start Ups -
 1. To resolve Angel tax issue, start-ups and investors filing requisite declarations and providing information in their returns will not to be subjected to any kind of scrutiny in respect of valuations of share premiums.
 2. Funds raised by start-ups to not require scrutiny from Income Tax Department.
 3. Stand-Up India Scheme to be continued for 2020-25. Banks will provide financial assistance for demand based businesses.
 4. TV programme proposed exclusively for Start-ups within the DD bouquet of channels.
 5. Exemption of Capital Gains Arising from sale of Residential House for Investment in start-ups extended will 30-03-2021.

9. Infrastructure -

1. National Research Foundation (NRF) proposed To fund, coordinate and promote research and assimilate independent research grants given by various Ministries.
2. Government aims to invest Rs 100 lakh crore in infrastructure over next five years.
3. It is proposed to separate NPS Trust from PFRDA with appropriate organizational structure, Amid wider interest of subscribers.
4. To facilitate on-shoring of international insurance transactions and to enable opening of branches by foreign reinsurers in International Financial Services Centre, it is proposed to reduce Net Owned Fund requirement from Rs 5,000 crore to Rs 1,000 crores.
5. ISRO's commercial arm named NewSpace India Limited (NSIL) registered in March 2019 by Department of Space (DoS) as its second commercial entity called NSIL, under ISRO. First commercial venture of DoS was Antrix Corporation Limited, set up in 1992 to market ISRO products and services.

6. Four new embassies to be opened in 2019-20, to improve footprint of India's overseas presence and to provide better public services to local Indian communities.




10. Healthcare -

1. INR 62398 Crores Allotted for Healthcare, 18.5 % higher than previous year.

11. Miscellaneous -

1. INR 70000 crores proposed to be provided to Public Sector Banks to boost credit. Government will provide one time six months' partial credit guarantee to Public Sector Banks for first loss of up to 10%.
2. Budget 2019-20 Proposes 10-point Vision for decade -
 1. Building Team India with Jan Bhagidari: Minimum Government Maximum Governance.
 2. Achieving green Mother Earth and Blue Skies through a pollution-free India.
 3. Making Digital India reach every sector of the economy.
 4. Launching Gaganyaan, Chandrayan, other Space and Satellite programmes.
 5. Building physical and social infrastructure.
 6. Water, water management, clean rivers.
 7. Blue Economy.
 8. Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables.
 9. Achieving a healthy society via Ayushman Bharat, well-nourished women & children, safety of citizens.
 10. Emphasis on MSMEs, Start-ups, defence manufacturing, automobiles, electronics, fabs and batteries, and medical devices under Make in India
3. Credit Guarantee Enhancement Corporation to be set up in 2019-2020, To enhance sources of capital for infrastructure financing.
4. Newly Formed Jal Shakti Mantralaya's Jal Jeevan Mission aims to achieve Har Ghar Jal (piped water supply) to all rural households by 2024. 1592 critical and over exploited Blocks spread across 256 District being identified for the Jal Shakti Abhiyan.
5. SEBI will consider raising threshold for minimum public shareholding in the listed companies from 25% to 35%.
6. Budget Proposes 100% FDI for Insurance Intermediaries.
7. Government will organize 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).
8. Budget proposes several measures to boost overseas fund flows. Merger of non-resident Indian (NRI) and foreign portfolio investor (FPI) routes of investment, increasing statutory FPI investment limits, and simplification of documentation processes are among key steps.
9. Proposal to consider issuing Aadhaar Card for NRIs with Indian Passports on their arrival without waiting for 180 days.
10. Revamp of Indian Development Assistance Scheme (IDEAS) proposed.
11. 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 housing finance sector.
12. India to become a 3 trillion Dollar Economy this year and a 5 trillion Dollar Economy by 2024-25. For This, India requires Investments averaging INR 20 lakh crores every year.
13. Proposes creation of a social stock exchange under Securities and Exchange Board of India (SEBI) for listing social enterprises and voluntary organizations. Government will also take up measures for inter-operability of RBI depositories and SEBI depositories.
14. Plan to enable stock exchanges to allow AA rated bonds as collateral.
15. Govt. raised its foreign aid to Nepal from Rs.750 crore to Rs.1,050 crore in the 2019-20 budget.

12. Budgetary Allocations of Prominent Centrally Sponsored Schemes and Welfare Programmes (In Crores) -

1. INR 400 crores provided for "World Class Institutions", for FY 2019-20, more than three times revised estimates for previous year.
2. Welfare Programmes -
 1. Women - 136934 (9 % )
 2. SC - 81341 (30.2 % )
 3. ST - 52885 (28.7 % )

4. Children - 91644 (12.8 % )
5. North Eastern Areas - 59370 (26.1 % )
3. See Allocations for Centrally Sponsored Schemes -
 1. National Social Assistance Program - 9200 (7.7 % )
 2. Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGA) - 60000 (9 % )
 3. Pradhan Mantri Awaas Yojana - 25853 (6 % )
 4. Prime Minister Gram Sadak Yojana - 19000 (*No Change*)
 5. Pradhan Mantri Krishi Sinchai Yojna - 9682 (2.7 % )
 6. Green Revolution - 12561 (9.7 % )
 7. White Revolution - 2240 (.1 % )
 8. Blue Revolution - 560 (.13 % )
 9. National Rural Drinking Water Mission - 10001 (43 % )
 10. Swachh Bharat Mission - 12644 (29.2 % )
 11. National Health Mission - 33651 (10 % )
 12. National Education Mission - 38547 (18 % )
 13. Integrated Child Development Services - 27584 (19.5 % )
 14. Mid-day Meal - 11000 (4.7 % )
 15. National Livelihood Mission - Ajeevika - 9774 (61 % )
 16. Jobs and Skill Development - 7260 (43 % )
 17. Urban Rejuvenation Mission: AMRUT and Smart Cities Mission - 13750 (13 % )
 18. Border Area Development Programme - 825 (7 % )
 19. Shyama Prasad Mukherjee Rurban Mission - 800 (33 % )
 20. Rashtriya Gram Swaraj Abhiyan (RGSA) - 822 (Was Launched Last year after budget announcement. it was allotted 675 crores)
 21. Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) -518 (29.5 % )
 22. Integrated Power Development Scheme - 5280 (7 % )
 23. Deen Dayal Upadhyaya Gram Jyoti Yojna - 4066 (7 % )
 24. Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan) & PRASAD - 1106 (.5 % )
 25. Prime Minister Employment Generation Programme (PMEGP) - 2327 (29 % )
 26. Rashtriya Swasthya Bima Yojna - 6556 (227 % )
 27. For More, see **Allocations for Centrally sponsored schemes in Budget 2019-20**