

STUDENTS' ECONOMIC FORUM

A monthly publication from South Indian Bank

*To kindle interest in economic affairs...
To empower the student community...*

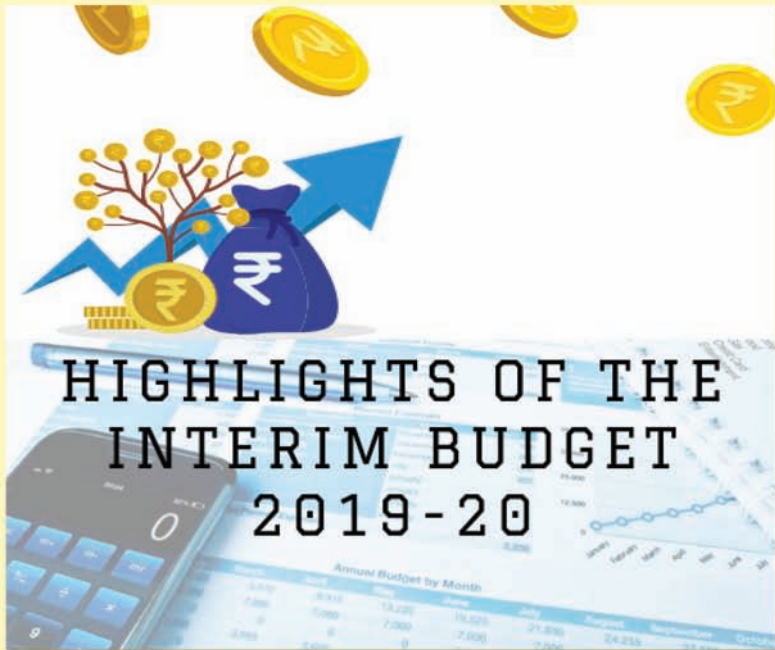


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Student's corner



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Theme 327

“BUDGET 2019 HIGHLIGHTS”

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Theme No: 327: **“Budget 2019 Highlights”**

A well informed customer will make the policy makers as well as organizations which produce goods and render services more responsive to the customer needs. This will also result in healthy competition among organizations and improve the quality of its products.

The “SIB Students’ Economic forum” is designed to kindle interest in the minds of younger generation. We highlight one theme in every monthly meeting of the “Forum”. This month the topic for discussion is “Budget 2019 Highlights”.

Union Budget is the most comprehensive report of the government’s finances in which revenues from all sources and outlays for all activities are consolidated. The interim budget was presented on February 1, 2019, by the government in the Parliament. Interim budget contains key details such as where money comes from and where it is spent, as well as projections of growth and fiscal position.

These are the budget highlights in various areas/sectors.

1. Salaried Individuals

- a) Individual taxpayers having taxable annual income up to ₹ 5 lakhs will not be required to pay any income tax. The Finance Minister said that persons having gross income up to ₹ 6.50 lakhs are not required to pay any income tax if they make investments in provident funds, specified savings and insurance etc.
- b) Standard Deduction for the salaried class increased from ₹ 40,000 to ₹ 50,000.
- c) Assessee friendly I T Department: All returns to be processed in 24 hrs and refunds issued simultaneously.
- d) Anonymised tax system: in the next two years, almost all assessment and verification of IT returns will be done electronically and without any intervention by officials.

2. Agriculture

- a) Minimum Support Price (MSP) fixed at 50% more than the cost for all the 22 crops so as to fulfill the aim of doubling farm income.
- b) Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) to benefit around 12 crore small and marginal farmers with direct income support of ₹ 6000 annually. ₹ 75,000 crore has been allocated to this.
- c) The amount of interest subvention has been doubled and crop loans to farmers increased to ₹ 11.68 lakh crore.
- d) Allocation of ₹ 750 crore for Rashtriya Gokul Mission has been announced for the current year itself. Setting up of “Rashtriya Kamdhenu Aayog” to upscale sustainable genetic upgradation of cow resources and to enhance production and productivity of cows has also been announced.
- e) The Finance Minister announced 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through Kisan Credit Card. Further, in case of timely repayment of loan, they will also get an additional 3% interest subvention.
- f) Under National Disaster Relief Fund (NDRF), farmers affected by natural calamities will get 2% interest subvention. A prompt repayment incentive of 3% will be given for the entire loan reschedulement period.
- g) To provide sustained and focused attention towards development of Fisheries, the Government has decided to create a separate **Department of Fisheries**. Through the measure, the Government wants to promote further growth over 7% to promote livelihood of about 1.45 crore people dependent on the sector.

3. Business & Industry

- a) Benefits under Section 80-IBA to be extended for one more year – to the housing projects approved till 31 March 2020.
- b) SMEs with earnings below ₹ 5 Crores will soon file GST returns only once in 3 months.
- c) MSMEs and Traders to note that GST Registered SME units will get 2% interest rebate on an incremental loan of ₹ 1 Crore.
- d) The requirement of sourcing from SMEs by Government enterprises has been increased to 25% with 3% reserved for women-owned SMEs.
- e) A scheme of ‘Business loans up to ₹ 1 crore in 59 minutes’ will be implemented.

4. Real Estate Investments

- a) Tax exemption on notional rent on a second self-occupied house.
- b) TDS threshold for deduction of tax on rent to be increased from ₹ 1.8 lakh to ₹ 2.4 lakh
- c) Period of exemption from levy of tax on notional rent, on unsold inventories is extended from one year to two years, starting from the end of the year in which the project is completed.
- d) Section 54 exemption on 2nd house property for capital gains less than ₹ 2 crore, available once in a lifetime.

5. Banking

- a) Outstanding loans of public sector banks increased from ₹ 18 lakh crore to ₹ 52 lakh crore. Under the clean banking initiative, the 4R approach i.e. Recognition, Resolution, Recapitalisation and Reforms is being followed.
- b) A sum of ₹ 2.6 lakh crore has been directed towards recapitalisation of Public Sector Banks (PSBs).

6. Pension

- a) To provide pensionary benefits to at least 10 crore labourers and workers in the unorganized sector a new Scheme called '*Pradhan Mantri Shram-Yogi Maandhan*' is announced. Workers in the unorganised sector earning up to ₹ 15,000 a month shall receive a monthly pension of up to ₹ 3,000 after the age of 60. A sum of ₹ 500 crore has been allocated for the Scheme.
- b) Over ₹ 35,000 crore has been allocated under the 'One Rank One Pension' scheme for Defense personnel.
- c) NPS rules amended in December are implemented – with increased Government contribution from 10% to 14%

7. Enhanced Allocations for Major Schemes

- a) Defense Budget increased to over ₹ 3 lakh crore
- b) The Mahatma Gandhi National Rural Employment Guarantee Scheme – is one of the key schemes aimed at rural development. ₹ 60,000 crores is being allocated for MGNREGA in Budget Expenditure 2019-20. The National Rural Employment Guarantee Act provides at least 100 days of manual work with daily wages to every household in rural India. Last year, the government had set aside ₹ 55,000 crore rupees.

- c) For construction of rural roads, Pradhan Mantri Gram Sadak Yojana (PMGSY) is being allocated with ₹ 19, 000 crore in BE 2019-20 as against ₹ 15, 500 crore in RE 2018-19.
- d) The world's largest healthcare programme, Ayushman Bharat, will get ₹ 6,400 crore for the implementation in the upcoming financial year. With this, the Centre's budget allocation for Ayushman Bharat has increased by ₹ 4,000 crore from the last financial year.
- e) For welfare of the Scheduled Castes and Scheduled Tribes, allocation of ₹ 62,474 crore for Scheduled Caste in revised estimate is proposed to be enhanced to ₹ 76,801 crore in budget estimate for 2019-20, an increase of 35.6% over budget estimate of 2018-19. For the Scheduled Tribes also, proposed allocation in 2019-20 budget estimate is ₹ 50, 086 crore as against ₹ 39, 135 crore in budget estimate 2018-19, an increase of 28%.
- f) The allocation for the education sector enhanced by 12.2 per cent to ₹ 93,847.64 crore. According to the expenditure budget documents, department of school education and literacy has been allocated ₹ 56,386.63 crore while department of higher education has been given ₹ 37,461.01 crore.
- g) Asha and Anganwadi workers' honorarium has been increased by about 50% for all categories.

8. Other Important Announcements

- a) TDS threshold on interest earned on bank/post office deposits is being raised from ₹ 10,000 to ₹ 40,000
- b) A Welfare Development Board to frame special strategies for the benefit of the hard-to-reach De-notified, Nomadic and Semi-Nomadic communities will be set up under the Ministry of Social Justice and Empowerment.
- c) The Finance Minister announced that a National Artificial Intelligence Portal will also be developed soon as a part of the National Programme on 'Artificial Intelligence'.
- d) The Department of Industrial Policy and Promotion will now be renamed as the Department for Promotion of Industries and Internal Trade.
- e) Govt to build 1 lakh digital villages
- f) 22nd AIIMS to be set up in Haryana.
- g) Single window clearance for Indian filmmakers, anti-cam cording provision to be introduced to fight piracy



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