

Interim Budget 2019-20: Highlights

Fiscal Management

- FY19 fiscal deficit target revised to 3.4% of Gross Domestic Product (GDP) from 3.3% of GDP estimated earlier. FY20 fiscal deficit target too pegged at 3.4% of GDP. The upward revision in fiscal deficit is primarily attributed to the allocation of Rs. 20,000 crores and Rs. 75,000 crores, in FY19 and FY20 respectively, for providing assured income support to the farmers under a new initiative- 'Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN) programme. Excluding this, the fiscal deficit would have been less than 3.3% for FY19 and less than 3.1% for FY20.
- FY19 Current Account Deficit (CAD) pegged at 2.5% of GDP.
- Total expenditure targeted at Rs. 27.84 lakh crores in FY20 (budgeted estimates), vs. revised estimates of Rs. 24.57 lakh crores in FY19. The proposed increase in expenditure has been on account of higher allocation to centrally sponsored schemes and other welfare schemes.
Capital expenditure for FY20 projected at Rs. 3.36 lakh crores.
- The glide path towards the target of 3% of fiscal deficit to be achieved by FY21. The government will focus on debt consolidation along with the fiscal deficit consolidation plan. The Fiscal Responsibility and Budget Management (FRBM) Act has recommended that the Debt to GDP ratio of the government should be reduced to 40% by FY25, which stood at 46.5% in FY18.
- The disinvestment target set at Rs. 80,000 crores for FY19.

Agriculture & Rural Economy

- New initiative – 'Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN)' is launched, which will entail an annual expenditure of Rs. 75,000 crores in FY20 and an additional expenditure of Rs. 20,000 crores in FY19 (RE).
Under this programme, vulnerable farmer families having cultivable land upto 2 hectares, will be provided direct income support of Rs. 6,000 per year (amount to be

transferred directly into the bank accounts of beneficiary farmers, in three equal instalments of Rs. 2,000 each).

- Minimum support price (MSP) of all 22 crops to be at least 50% more than the cost.
- Allocation of Rs. 60,000 crores for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA).
- Allocation of Rs. 19,000 crores in FY20 as against Rs. 15,500 crores in RE FY19 under Pradhan Mantri Gram Sadak Yojana (PMGSY).
- 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through Kisan Credit Card. An additional 3% interest subvention is proposed in case of timely repayment of loan.
- All farmers affected by severe natural calamities, where assistance is provided from National Disaster Relief Fund (NDRF), will be provided the benefit of interest subvention of 2% and prompt repayment incentive of 3% for the entire period of reschedulement of their loans.
- Government to make 1 lakh villages into Digital Villages over next five years.

Banking Reforms and Insolvency and Bankruptcy Code (IBC)

- Measures implemented to ensure clean banking.
- The Insolvency and Bankruptcy Code has helped in recovery of non-performing loans of Rs. 3 lakh crores.
- To restore the health of public sector banks, recapitalization has been done with an investment of Rs. 2.6 lakh crores.

Social security for unorganized sector

- Government to launch a mega pension yojana namely 'Pradhan Mantri Shram -Yogi Maandhan' for the unorganized sector workers with monthly income upto Rs. 15,000. This pension yojana will provide an assured monthly pension of Rs. 3,000 from the age of 60 years on a monthly contribution of a small affordable amount during their working age. The government has allocated Rs. 500 crores for this Scheme.

Youth empowerment

- The government has envisaged a National Programme on 'Artificial Intelligence'. This would be catalyzed by the establishment of the National Centre on Artificial Intelligence. A National Artificial Intelligence portal will also be developed soon.

Medium, Small & Micro Enterprises (MSMEs)

- Launched a scheme of sanctioning loans upto Rs. 1 crore in 59 minutes. In addition, GST-registered SME units will get 2% interest rebate on incremental loan of Rs. 1 Crore.
- The Government e-Marketplace (GeM), platform will now be extended to all Central Public Sector Enterprises (CPSEs).
- Department of Industrial Policy and Promotion to be renamed as the Department for Promotion of Industries and Internal Trade.

Defence, Railways and Infrastructure Development

- Highest ever defence budget allocated at Rs. 3,00,000 crores for FY20.
- Railways' overall capital expenditure stands at Rs. 1,58,658 crores. Capital support from the budget for railways is proposed at Rs. 64,587 crores in FY20 (BE).
- Allocation for the North Eastern areas for infrastructure development is proposed to be increased by 21% to Rs. 58,166 crores in FY20. Further, the flagship programme of Sagarmala along the coastal areas of the country will develop ports for faster handling of import and export cargo.

Financial sector

- With regards to reforms in stamp duty levied and collected on financial securities transactions, the government has proposed that stamp duties would levied on one instrument relating to one transaction and get collected at one place through the Stock Exchanges. The duty so collected will be shared with the state governments on the basis of domicile of buying client.

Tax Proposals

- Existing rates of income tax to continue for FY19-20.
- Full tax rebate for individual taxpayers having taxable annual income up to Rs. 5 lakhs.
- Standard Deduction raised from the current Rs. 40,000 to Rs. 50,000 for salaried persons.
- Tax Deducted at Source (TDS) threshold on interest earned on bank/post office deposits raised from Rs. 10,000 to Rs. 40,000.
- Exemption of income tax on notional rent on a second self-occupied house. In addition, the TDS threshold for deduction of tax on rent is proposed to be increased from Rs. 1,80,000 to Rs. 2,40,000.
- The benefit of 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 crores. This benefit can be availed once in a life time.
Consequently, long term capital gains arising from the sale of residential property will now be eligible for investment in two houses.
- Under affordable housing, the benefits under Section 80-IBA of the Income Tax Act has been extended for one more year, i.e. to the housing projects approved till 31st March, 2020.
- The government, in order to provide impetus to real estate sector, has proposed to extend the period of exemption from levy of tax on notional rent, on unsold inventories, from one year to two years, from the end of the year in which the project is completed.

Vision for the next decade

Ten- dimensional vision in 2030

1. To build physical as well as social infrastructure for a 'Ten Trillion Dollar Economy' and to provide ease of living.
2. To create a Digital India reaching every sector of the economy, every corner of the country and impacting the life of all Indians.
3. Making India a pollution free nation with focus on electric vehicles and renewables becoming a major source of energy supply.
4. Expanding rural industrialization using modern digital technologies to generate massive employment. This will be built upon the Make in India approach to develop

grass-roots level clusters, structures and mechanisms encompassing the MSMEs, village industries and start-ups.

5. Clean Rivers, with safe drinking water to all Indians, sustaining and nourishing life and efficient use of water in irrigation using micro-irrigation techniques.
6. The efforts in the Sagarmala programme to be scaled up and to develop other inland waterways faster.
7. India to become the launch-pad of satellites for the World and placing an Indian astronaut into space by 2022.
8. Making India self-sufficient in food, exporting to the world to meet their food needs and producing food in the most organic way.
High farm production and productivity will be achieved through modern agricultural practices and value addition.
9. Aiming at healthy society with an environment of health assurance and the support of necessary health infrastructure.
The government has rolled out the Ayushman Bharat scheme. By 2030, it will work towards a distress free health care and a functional and comprehensive wellness system for all.
10. Transforming India into a Minimum Government Maximum Governance nation.

Note- BE: Budget Estimates, RE: Revised Estimates

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