



'2019-20 UNION BUDGET'



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Union Budget 2019-20 (केंद्रीय अर्थसंकल्प)

- ✓ Introduction to Budget & Historical aspects
- ✓ Govt Receipts, Expenditure and Deficits
- ✓ Taxation Proposals (Direct & Indirect taxes)
- ✓ Banking & Financial sector
- ✓ Rural Development & Agriculture
- ✓ Industries & Infrastructure
- ✓ Sectoral Allocation
- ✓ Achievements during 2014-19
- ✓ Miscellaneous



Union Budget 2019-20 (केंद्रीय अर्थसंकल्प)

- ✓ **Min of Finance**- 5 Dept (५ विभाग); Budget prepared by **Dept of Economic Affairs** of Min of Finance.
- ✓ **Budget**- Word 'budget' derived from 'Bougette' means a leather bag.
- ✓ **Art 112**- 'Annual Financial Statement' (वार्षिक आर्थिक विवरणपत्र)
- ✓ Presented on **First day of February** (Till 2016, presented on Last working day of Feb; 2019- Interim Budget, so Full Budget – 05 Jul 2019)
- ✓ **First budget**- First budget of Independent India was presented by **Mr. Shanmugam Chetty** on November 26, 1947; First budget of Republic of India by **John Mathai**.
- ✓ **Separate Railway budget** since 1924 based on Ackworth Committee (1921) recommendations. Merged with General Budget from F.Y. 2017-18.



Union Budget 2019-20 (केंद्रीय अर्थसंकल्प)

✓ Unique changes in Budget since FY 2017-18 (२०१७ पासून तीन महत्वाचे बदल)

1. Merger of Railway Budget with General Budget (रेल्वे अर्थसंकल्प सामान्य अर्थसंकल्पात विलीन)
 २. No distinction between Plan and Non- Plan Expenditure (नियोजन आणि गैर नियोजन खर्च वर्गीकरण नष्ट)
 3. Presentation of Budget on First working Day of February (अर्थसंकल्प १ फेब्रुवारीला सादर)
- Budget was presented for first time in India on April 7, 1860, by East India company to the British Crown. A company which now has Indian owner- Mr Sanjiv Mehta, a Mumbai based entrepreneur who claimed East India ownership in 2005.
 - Max Budget presented by Morarji Desai (10 times);
 - **Nirmala Sitharaman** has become the first female full time Finance Minister to present budget in India.



Interim Budget vs Vote on Account

✓ अंतरिम अर्थसंकल्प

Interim Budget(budget for short period) during Election year; Presented 13 times till date.

✓ लेखानुदान

Vote on Account (Mainly related with expenditure part)- Art 116 (1) (a); Usually presented every year.



आर्थिक नीति
(Fiscal Policy)

GOVT RECEIPTS (सूचना)

GOVT EXPENDITURE (खर्च)

REVENUE RECEIPTS

(सूचना)

CAPITAL RECEIPTS

(सूचना)

REVENUE EXP

(सूचना)

CAPITAL EXP

(सूचना)

TAXES

(कर)

NON-TAX RECEIPTS

(कर-रहित आय)

DIRECT TAXES

(प्रत्यक्ष)

INDIRECT TAXES

(अप्रत्यक्ष)

- Income Tax
- Corporate Tax
- CGT
- PT
- Gift Tax
- Wealth Tax
- Property Tax

- Excise
- Customs
- Sales Tax
- Entertainment Tax
- VAT
- Octroi
- Stamp duty

Interest received

(बाज आय)

Profits & Dividends

(निफा व लाभ)

विभिन्न सेवा आय
General services like light, road, hosp

Fees, penalty, fine

Grants received

(आर्थिक अनुदान)

Loans

(कर्ज)

Public (Bonds)

→ Ex (Countries, IMF, WB)

→ Internal (Banks, RBI)

Loans recover

(कर्ज मुहल वापस)

Long-term accruals

(PPF, KVP, Postal deposits)

Interest paid

(व्यय भुगतान)

Salary, Pension

(सरकारी पगार)

Subsidies

(संरक्षण खर्च)

Police, Paramil

(पोलीस खर्च)

Social Services

(शिक्षण, आरोग्य खर्च)

Grants-in-aid

(अनुदान)

Loans given

(कर्ज प्रदान)

Loans repay

(कर्ज परतफेड)

Plan Exp

(निविदा योजना)

Defence

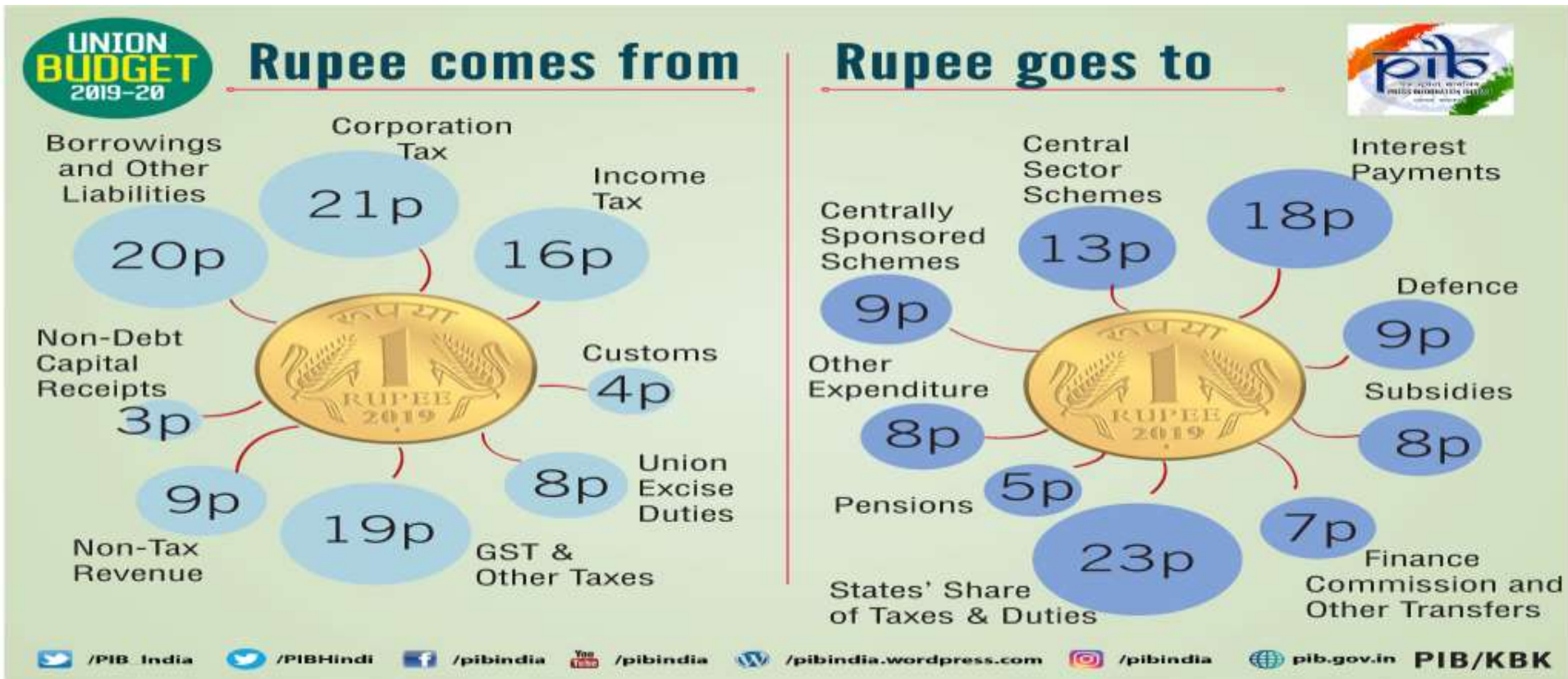
(संरक्षण सामग्री, आधुनिकीकरण)

General Serv

(पारंपरिक सुविधा, शिक्षण, स्वास्थ्य, राष्ट्रीय कार्यक्रम)



Govt Receipts & Govt Expenditure



Direct Taxes- Corporate Tax > Borrowings > GST > IT > NTR > Union Excise duties

Indirect Taxes- State's share of Taxes > Interest Payments > Central Sector schemes > CSS > Defence > Subsidies

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Concept of deficits

Revenue Deficit-(महसुली त्रुट)

Revenue deficit = Revenue expenditure – Revenue receipts (Started from 1997-98; 2nd Five yr plan Revenue surplus)

• Effective Revenue Deficit –(प्रभावी महसूल त्रुट)

Revenue expenditures includes all the grants which the Union Government gives to the state governments and the UTs – some of which *create assets (though these assets are not owned by the Gol but the concerned state governments and the UTs)*. According to the Finance Ministry (Union Budget 2011-12), such revenue expenditures contribute to the growth in the economy and therefore, *should not be treated as unproductive in nature like other items in the revenue expenditures*.

GoCA (grants for creation of capital assets)

$$ERD = RD - GoCA$$

• Budgetary Deficit- (अर्थसंकल्पीय त्रुट)

When total expenditure of Govt is more than its total receipts, then it is called as budgetary deficit.

• Monetised deficit

When budgetary deficit is financed through borrowing from RBI & not from public borrowing then it is called as Monetised deficit- It is increase in net RBI credit to Govt

• Fiscal Deficit- (वित्तीय त्रुट)

Fiscal deficit = Total expenditure – Total receipts excluding borrowings = Borrowing

If we add borrowing in total receipts, fiscal deficit is zero. Clearly, fiscal deficit gives borrowing requirements of the government.

When balance of the government's total receipts (i.e., revenue + capital receipts) and total expenditures (i.e., revenue + capital expenditures) turns out to be negative, it shows the situation of fiscal deficit, a concept being used since the fiscal 1997–98 in India.

These are debt creating receipts- amount taken by Govt to cover up that expenditure over and above incomes.

Fiscal Deficit= Budgetary Deficit + Market borrowings

• Primary Deficit- (प्राथमिक त्रुट)

The fiscal deficit excluding interest liabilities for a year is the primary deficit, a term India started using since the fiscal 1997–98.

Primary Deficit= Fiscal Deficit – Amount of interest paid by Govt

fiscal deficit indicates borrowing requirement inclusive of interest payment, primary deficit indicates borrowing requirement exclusive of interest payment (i.e., amount of loan).

Budget at a Glance



- 2017-18 (Actuals)
- 2018-19 (BE)
- 2018-19 (RE)
- 2019-20 (BE)

RECEIPTS

(in ₹ crore)



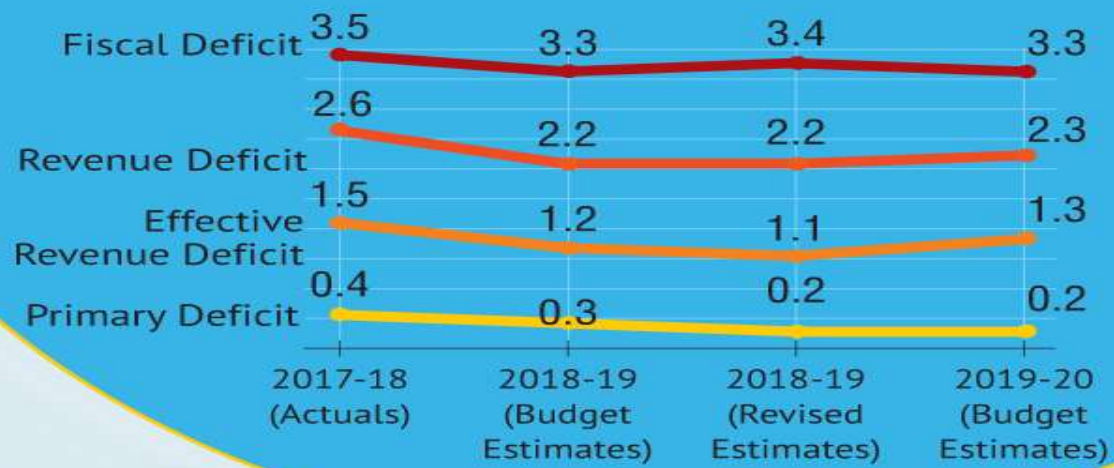
EXPENDITURE

(in ₹ crore)



Deficit Trends

% of GDP



TAXATION PROPOSALS

Direct Tax Proposals (प्रत्यक्ष कर)

- ✓ Direct Taxes (Remember **PG WePro.Co.In**)
- ✓ Income Tax slabs-
 - Taxable Income upto 5 lakh: NIL
 - 5 to 10 lakh: 20%
 - 10 lakh to 50 lakh: 30%
 - 50 lakh to 1 cr: 30% + 10% surcharge
 - 1cr to 2 cr: 30% + 15% surcharge
 - 2cr to 5cr: 30% + **18% surcharge (addl 3% surcharge)**
 - > 5cr: 30% + **22% surcharge (addl 7% surcharge)**
- ✓ Corporate Tax (निगम कर) - **25%** for all companies with annual turnover upto **400 cr** (99.3% of all companies in India)



Indirect Tax Proposals (अप्रत्यक्ष कर)

- ✓ **Customs duty** on Gold & precious metals- **12.5%**
- Basic Customs Duty increased on cashew kernels, PVC, tiles, auto parts, marble slabs, optical fibre cable, CCTV camera etc.
- **5%** Basic Custom Duty imposed on **imported books**.
- Defence equipment not manufactured in India exempted from basic customs duty.
- ✓ **Cess** (Rs 2 per Ltr) on Petrol & Diesel- Special Additional Excise Duty (Rs1) + Road and Infrastructure Cess(Rs. 1)
- ✓ **Sabka Vishwas Legacy Dispute Resolution Scheme, 2019-** Pre-GST pending Customs duty & Service tax disputes (pending amount 3.75lakh cr)



TAX SIMPLIFICATION (कर सुलभता)

- India's Ease of Doing Business ranking under the category of 'paying taxes' :172 (2017) to **121** (2019).
- Direct tax revenue increased by over 78% in past 5 years to Rs. **11.37 lakh crore**.
- **Interchangeability** of PAN and Aadhaar.
- **Pre-filing** of Income-tax Returns
- **Faceless e-assessment** with no human interface
- **Social stock exchange**: For listing of social enterprises and voluntary organizations to raise capital as equity, debt, mutual fund.
- Raising minimum **public shareholding in the listed companies from 25% to 35%**.



BANKING & FINANCIAL SECTOR



NPAs reduced by over ₹ 1 lakh crore last year

Record recovery of over ₹ 4 lakh crore over last 4 years

Domestic credit growth has risen to 13.8%

70,000 crore to be provided to PSBs to boost credit

Account holders to have control over deposit of cash by others in their accounts

➤ 17 lakh cr loans declared NPA since 2016

➤ 6 PSBs brought out of PCA

INDUSTRIAL SECTOR& **INFRASTRUCTURE**

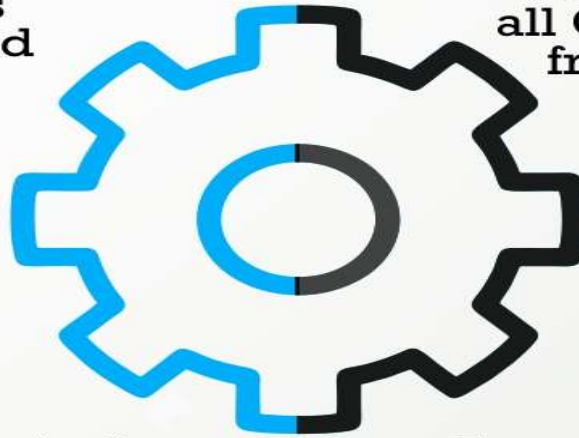
DEVELOPMENT OF MSMEs



Provision of loans upto
₹ 1 crore for MSMEs
within 59 minutes
through a dedicated
online portal



₹ 350 crore
allocated for FY 2019-20 for
2% interest subvention for
all GST registered MSMEs, on
fresh or incremental loans



Creation of payment platform
for MSMEs to eliminate delays
in govt payments



Extension of pension benefit
to about 3 crore retail traders
& small shopkeepers with
annual turnover < ₹ 1.5 crore
under **Pradhan Mantri Karam
Yogi Maandhan Scheme**

MSME

- ✓ **Pradhan Mantri Shram Yogi Maandhan scheme-**
 - an assured **monthly pension of Rs 3,000** from the age of 60 years on a monthly contribution of Rs 100/55 from age 29 yrs or 18 yrs respectively. It is expected that at least 10 crore labourers and workers in the unorganised sector will avail the benefit of 'Pradhan Mantri Shram-Yogi Maandhan' within next five years making it one of the largest pension schemes of the world.
 - Available for unorganised sector workers with monthly income upto 15,000/month
 - Unorganised sector (50% of GDP; appx 42 cr workers in unorganised sector)
- ✓ Department of Industrial Policy and Promotion (**DIPP**) will now be renamed as the **Department for Promotion of Industries and Internal Trade.**



Development of Infrastructure Connectivity



Launch of India's first indigenously developed **payment ecosystem** for transport



Expansion of **Metro Rail Projects**



Enabling ecosystem for growth of **Maintenance, Repair and Overhaul (MRO) industry** for self-reliance in aviation



Second phase of Bharatmala- to help States develop state road networks



Commencement of **Phase-II of FAME** Scheme to encourage faster adoption of Electric vehicles



Public-Private Partnership for development of **railway infrastructure**



Jal Marg Vikas - multi modal terminals at Sahibganj and Haldia and navigational lock at Farakka to be completed in 2019-20

- 100 lakh cr for Infrastructure development over next 5 yrs

CONNECTIVITY

- National Common Mobility Card (**NCMC**)- to pay for bus travel, toll, parking charges, retail shopping, etc
- **Physical Connectivity**- Bhartamala, Sagarmala projects, Jal Marg Vikas, UDAN Scheme.
- Navigational capacity of Ganga to be enhanced via multi modal terminals at Sahibganj and Haldia and a navigational lock at Farakka by 2019-20, under Jal Marg Vikas Project.
- 50 lakh crore investment needed in Railway Infrastructure during 2018-2030.



Boost to Electric Vehicles

- Aiming to emerge as **Global manufacturing Hub** for electrical vehicles.
- **GST on electric vehicles**- Reduced from 12% to **5%**
- Addl Income **Tax deduction of 1.5 lakh** on interest paid on electric vehicle loans (loans before 31.03.2023)
- Customs duty exempted on certain parts of electric vehicles.



RURAL DEVELOPMENT & **AGRICULTURE**

Rural Development

- **Allocation-** 1.17 lakh cr
- **MGNREGA** scheme- **60,000 cr**
- **PMAY (Grameen)**- 19,000 cr; 1.54 cr Houses already built in last 5 yrs; Aim of Housing for All by 2022.
 - 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).
- Electricity and clean cooking facility to all willing rural families by 2022.
- **PMGSY**- 80,250 cr to be allotted for updation of 1,25,000 km roads; 97% villages connected by pucca roads. 19,000 cr allotted this yr for PMGSY
- **SBM**- 9.6 cr toilets constructed since 02 Oct 2014; > 6 lakh villages ODF. Aim for ODF by 02 Oct 2019



Rural Development(ग्राम विकास)

- Scheme of Fund for Upgradation and Regeneration of Traditional Industries (**SFURTI**) - **cluster based development for making traditional industries** more productive, profitable and capable for generating sustained employment opportunities. 100 new clusters to be setup during 2019-20 with special focus on Bamboo, Honey and Khadi, enabling 50,000 artisans to join the economic value chain.
- **Jal Jeevan Mission** to achieve 'Har Ghar Jal' (piped water supply) to all rural households by 2024



Housing for All by 2022

**1.54
crore**
rural homes
completed
in 5 yrs

**1.95
crore**
houses
proposed
in next 3 years

Avg no. of days
for completion
of houses down
from 314 days
in 2015-16 to
114 days in
2017-18

Houses
provided
with toilets,
electricity
and LPG
connections

Pradhan Mantri Awas Yojana (Urban)

**81
lakh**

houses worth
₹4.83
lakh crore
sanctioned

Construction
started in

**47
lakh**

houses

Over
**26
lakh**
houses
completed and
**24
lakh**
delivered

Over
**13
lakh**
houses so far
constructed
using new
technologies

Agriculture(कृषी क्षेत्र)

- Aim- Doubling Farmers' income by 2022
- **Allocation-** 1.39 lakh cr
- **PMKSN Yojana-** 77.75 thousand cr
- **PMFBY (Insurance)-** 14,000 cr
- **PMKSY(Irrigation)-** 3,500 cr
- Focus on '**Zero Budget Farming**'
- Establishment of **10,000 FPOs**
- **Pradhan Mantri Matsya Sampada Yojana (PMMSY)-** o A robust fisheries management framework to address critical gaps in the value chain including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.



PMKSN Yojana



INTERIM BUDGET 2019 - 20

Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN)

Direct income support of ₹6,000 p.a for farmers, effective 01.12.2018

To benefit 12 cr small and marginal farmer families having cultivable land upto 2 ha

Direct transfer into the bank accounts in three equal instalments

First installment upto 31.03.2019, to be paid this year itself

₹75,000 cr in outlay for 2019-20 and ₹20,000 cr in RE 2018-19

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- Allocation: 77.75 thousand cr
- Beneficiaries: All farmers (14.6 cr farmers)

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SECTORAL ALLOCATION



NAARI TU NARAYANI



From women-centric-policy to women-led initiative



Women SHG interest subvention programme in all districts



Overdraft of ₹ 5,000 for every verified women SHG member having a Jan Dhan Bank Account



One woman in every SHG to be eligible for a loan up to ₹ 1 lakh under the MUDRA Scheme



Sectors

- ✓ **Defence sector-** 3.18 lakh cr(1.08 lakh cr Modernisation +2.10 lakh cr salary,maint); **1.6%** of total GDP
- ✓ **Railways- 1.60 lakh cr Capital Expenditure;** Modernisation like Habibgunj Rail stn; 50 lakh crore investment needed in Railway Infrastructure during 2018-2030; Metro Rail- 657 km completed
- ✓ **Health-** 62,659 cr; 6,400 cr on Ayushman Bharat & PMJAY; 2,000 cr for conversion of District Hospitals into Medical College
- ✓ **Education-** 400 cr for world class institutes; National Reasearch Founation (NRF); 'Study in India' programme for attracting foreign students in India
- ✓ **Housing sector-** Additional deduction up to Rs. 1.5 lakhs for interest paid on loans borrowed up to 31st March, 2020 for purchase of house valued up to Rs. 45 lakh; All Housing Finance Institutes under regulation of RBI
- ✓ **PMGDISHA-** >2 cr rural Indians digitally literate; Bharat Net to target every Panchayat in India

Sectors

- ✓ **Disinvestment target- 1,05,000 cr**; Reducing Public stake upto 51% in CPSE on case to case basis
- ✓ **Expected Dividend from RBI- 90,000 cr**
- ✓ **17 Iconic Heritage** sites to be developed into 'World Class Destinations' ; Ajanta Ellora (300 cr)
- ✓ **Start Up**: Relief from **Angel Tax**; Separate TV channel programme for Start Ups



DIGITAL PAYMENTS

- Digital Payments - **TDS of 2%** on cash withdrawal exceeding Rs. 1 crore in a year from a bank account
- > 50 lakh payment by Govt in 1 year- **5% TDS**
- Business establishments with annual turnover more than Rs. 50 crore shall offer low cost digital modes of payment to their customers and **no charges or Merchant Discount Rate(MDR)** shall be imposed on customers as well as merchants.





Making India a more attractive FDI destination



Govt to examine suggestions of further opening up of FDI in aviation, media (animation, AVGC) and insurance sectors

100% FDI to be permitted for insurance intermediaries

Local sourcing norms to be eased for FDI in Single Brand Retail sector

Host Annual Global Investors Meet in India, using National Infrastructure Investment Fund (NIIF)

Increase the statutory limit for FPI investment in a company from 24% to sectoral foreign investment limit

Merge the NRI-Portfolio Investment Scheme Route with the Foreign Portfolio Investment Route



2018-19 FDI: 64.37 billion dollars

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Achievements during 2014-19

- 1 trillion dollar added to Indian economy over last 5 years (compared to over 55 years taken to reach the first trillion dollar).
- India is now the **6th largest economy** in the world, compared to 11th largest five years ago.
- Indian economy is globally the **3rd largest** in Purchasing Power Parity (**PPP**) terms.
- Average amount spent on food security per year **doubled** during 2014-19 compared to 2009-14.
- Patents issued more than **trebled** in 2017-18 as against the number in 2014.



- Building physical and social infrastructure
- Digital India reaching every sector of the economy
- Pollution free India with green Mother Earth and Blue Skies
- Make in India with particular emphasison MSMEs, Start-ups, defence manufacturing, automobiles, electronics, fabs and batteries, and medical devices
- Blue Economy
- Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables
- Space programmes, Gaganyaan, Chandrayan and Satellite programmes
- Water, water management, clean rivers
- Healthy society – Ayushman Bharat, well-nourished women & children. Safety of citizens
- Team India with Jan Bhagidari. Minimum Government Maximum Governance

MISCELLENEOUS

- New Space India Ltd (**NSIL**)- New Commercial Arm of ISRO
- **New series of coins** of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees, easily identifiable to the visually impaired.
- **‘Har Ghar Jal’ by 2024**
- **‘Housing For All’ by 2022**
- **ODF urban India by 02 Oct 2019.**
- India’s Sovereign External Debt/GDP ratio is amongst lowest in the world (<5%), so revenue from sovereign bonds for outsiders.
- Aadhaar Card for NRIs with Indian Passports on their arrival without waiting for 180 days.

