Jyoti Nivas College Autonomous

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BUDGET SUMMARY WITH MAJOR HIGHLIGHTS OF THE INTERIM BUDGET 2019-20

HIGHLIGHTS OF ANTICIPATED INDIAN BUDGET 2019 – 20

1. AGRICULTURAL SECTOR

Introduction

Agricultural development is one of the most powerful tools to end extreme poverty, boost shared prosperity and feed a projected 9.7 billion people by 2050. Growth in the agriculture sector is two to four times more effective in raising incomes among the poorest compared to other sectors. Agriculture in India is constitutionally the responsibility of the states rather than the central government. The central government's role is in formulating policy and providing financial resources for agriculture to the states.

Agriculture contributes to 6.4% of the total world's economic production. China is the largest contributor followed by India accounting for 19.49% and 7.39% of the total agricultural output respectively. India is the first and foremost an agriculture-based economy with 47% of its working population employed in the agriculture sector while China employs only 29.5% of its population in agriculture. With about half its population employed in agricultural activities, this should be a prominent source of India's GDP if not the main source. In India, agriculture constitutes 17.32% of GDP as per 2018 data and this value has remained somewhat constant since 2011.

The biggest dilemma with the subsidies offered to farm sector is that they do not reach 100% to the farmers. While the intention of the Government offering subsidy on seeds, fertilizers, irrigation is not questioned, its implementation remains faulty and the middlemen involved in it usurp a major part of the subsidy amount. Besides, the agriculture subsidy makes the farmer dependent till the subsidy is received from the relevant agency. This is the reason that Government of India has decided to evolve a mechanism to transfer cash directly in farmers' account instead of paying subsidy of giving loan waiver. This will help the farmer to reduce the financial burden and buy the required inputs for the crop as per his choice.

Budget 2019: Agricultural Sector

The budgetary estimate for the Agriculture Ministry for 2019-20 is 140 per cent higher than that for 2018-19 at Rs.57, 600 crore, primarily due to Rs.75, 000 crore allocation to PM-Kisan.

The agricultural and allied sectors in India have grown at an annual growth rate of nearly 2.9 per cent from 2014-15 to 2018-19. Women's participation in agriculture has been increasing with 13.9 per cent in 2015-16 from 11.7 per cent in 2005-06. Food inflation based on consumer food price index, maintaining its declining trend, has remained below 2 per cent for the last two consecutive years.

The Interim Budget announced Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) to provide Rs 6,000 in income support to 12.6 crore small and marginal farmers. The economic survey cautioned difficulties in expanding sources of funds for schemes such as PM-KISAN without compromising on the fiscal deficit target as per the revised glide path of 3 per cent of GDP by 2020-21. The fertilizer response ratio has been declining over time. It was expected that the allocation towards fertilizers would remain unchanged or even decrease. In the Union Budget, the allocation for the Ministry of Agriculture is Rs. 1,30,485 crore and fertilizer subsidy is Rs 79,996 crore for the year 2019-20. The budgetary estimate for the Agriculture Ministry for 2019-20 is 140 per cent higher than that for 2018-19 at Rs 57,600 crore, primarily due to Rs 75,000 crore allocation to PM-Kisan. However, this is Rs 10,000 crore lesser than the allocation in the interim budgetary estimate 2019-20.

While fertilizer subsidy allocation increased from Rs 70,090 crore to Rs 79,996 crore, innovative pilots of 'zero budget farming' will be replicated across the country to reduce fertilizer dependency. The newly carved out Ministry of Fisheries, Animal Husbandry and Dairying have been allocated Rs 3,737 crore. Of this, Rs 805 crore has been allocated to Pradhan Mantri Matsya Sampada Yojana (PMMSY) to address critical gaps in the value chain, including infrastructure, modernization, traceability, production, productivity, post-harvest management and quality control.

Allocation under Pradhan Mantri Krishi Sinchai Yojana (PMKSY) remains unchanged from the interim budget at Rs.3,500 crore. The focus is also on the creation of 10,000 new farm producer organizations (FPOs) to improve economies of scale over the next five years. The Budget also outlines setting up of 80 livelihood business incubators (LBIs) and 20 technology business incubators (TBIs) to develop 75,000 skilled entrepreneurs in the agro-rural industry sector. The budget overall was dominated by schemes to reduce financial stress and boost complementary income opportunities towards the goal of doubling farmers' income by 2022.

Zero budget farming is a set of farming methods that involve zero credit for growing agricultural produce and no use of chemical fertilizers.

It evolved as an agriculture movement in Karnataka due to collaboration between agriculturist Subhash Palekar and state farmers association Karnataka Rajya Raitha Sangha (KRRS). Success in Karnataka saw zero budget farming model being adopted in other states as well. Sitharaman said the government will give it further push.

In her budget speech, Sitharaman said farmers should be encouraged to adopt dairying by creating infrastructure for cattle feed manufacturing, milk procurement, processing and marketing. She said this would turn "Annadata" (a reference to farmers) into "Urjadata" (energy provider).

According to government figures released in late June, Rs 12,305 crore has so far been disbursed to PM-KISAN beneficiaries. The government has disbursed Rs 6,590.51 crore for the first instalment and Rs 5,714.77 crore for the second tranche, the data showed.

Till date, the first instalment to 3,29,52,568 beneficiaries and the second instalment to 2,85,73,889 beneficiaries have been credited directly to the bank accounts of farmers' families, as per a government statement.

Conclusion

The Union Budget 2019 has focused on the nation's growth and brings a positive sentiment to the overall economy. With its focus on the agricultural and rural sector, infrastructure, education, job creation, digital economy etc., it is a budget for all. The Budget 2019 has given more importance to the agricultural and the rural sector to overcome from their problems.

The economic consequences of a distress in the agrarian sector were visible in the fourth quarter GDP results announced a month ago. India's GDP for Q4FY19 grew by 5.8 percent. A year ago, it had grown at 8.1 percent. Agricultural growth was recorded at 2.9 percent. Productivity in the farm sector, a year ago, was recorded at 5.9 percent. Agriculture certainly received the policy-makers attention and was the buzzword during the recently conclude election season as well as the interim budget. The interim Budget 2019-20 touched on several areas such as an increase in outlay on schemes like PM-Kisan, price support, agriculture mechanization, the Green Revolution, etc. During the budget the total allocation across Central Sector Schemes and Centrally Sponsored Schemes in agriculture has been doubled from Rs 67,800 crore to Rs 129,550 crore.

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2. 5 TRILLION ECONOMY

Introduction

The Union Budget 2019 was presented on 5 July 2019 by the Modi government with the purpose of boosting investments. Finance Minister, Nirmala Sitharaman announced that there is a proposal to raise the surcharge for incomes above Rs.2 crore. This is clearly an indication of the government's effort on levying more tax on the super-rich.

The government is also looking to reduce corporate tax and sops to start-ups, electric vehicles, and the housing industry. Digital payments are likely to get cheaper and affordable housing will be encouraged through new rental laws

Finance Minister Nirmala Sitharaman presented the first Union Budget of the new government in Parliament on Friday, centred on the growth of the Indian economy and investment-led growth, Sitharaman's Budget speech also talked about tax simplification, start-ups and electric mobility in India and also highlighted the plan to achieve a US$5 trillion economy by 2024-25, compared with the current US$2.6 trillion.

- Learning from the global financial crisis, India's Survey 2018-19 departed from the traditional thinking by viewing the economy as being either in a virtuous or a vicious cycle, and thus never in an equilibrium. Rather than viewing the national priorities of fostering economic growth, demand, exports as well as job creation as separate issues, the Survey approached the macroeconomic phenomena as complementary to each other. The Survey suggested that by driving the virtuous cycle with investment, especially private investment, as the main driver can enable growth in each of the important macro variables - inclusive economic growth, export activity, consumer demand, capacity building, and technology integration. The Survey also sought to strengthen the economy by encouraging entrepreneurship and setting up of micro, small and medium enterprises (MSMEs). Besides creating new jobs, this can empower manufacturing and R&D capabilities while ascertaining the best utilization of resources.

- Government has proposed granting of loans up to Rs 1 crore (US$ 0.15 million) for MSMEs within 59 minutes through a committed online portal. Under the Interest Subvention Scheme for MSMEs, Rs 350 crore (US$ 52.50 million) has been allocated for FY 2019-20

- Government will create a payment stage for MSMEs to enable filing of bills and payment thereof on the platform itself.

- The Government e-Marketplace (GeM) is being extended to all Central Public Sector Enterprises (CPSEs), providing more opportunities for MSMEs to sell their products.

5 Trillion Economy from Youth Perspective

Without sustained growth at that level it has little hope of employing the roughly one million young people who join its workforce every month. And unless it takes advantage of its current, favourable demographics it is never likely to emerge as an upper-middle-income economy with a prosperous and thriving middle class.

Energy supply and infrastructure are far better than they were, but still not up to the standards required to build a world-class manufacturing sector. And although successive governments have paid lip service to the need to educate young Indians and provide them with the vocational skills they need to succeed in a modern economy, the outcomes of various attempts to do so have been frankly disappointing.

Referring to the government's Make in India initiative, he said India has become a hub of mobile phone manufacturing, which has provided employment to 4-5 lakh youth in the last four years and has helped the country save Rs 3 lakh crore foreign exchange.

Talking about the Rs 25,703-crore convention centre, the prime minister said it would help create jobs for 500,000 youths.

Conclusion

Prime Minister Narendra Modi said that his government will continue to take tough decisions and expressed hope that the size of the Indian economy will double to $5 trillion in the next five-seven years and will rise further to $10 trillion in the next decade". And he said that it would help create jobs for 500,000 youths. But without sustained growth at that level it has little hope of employing the roughly one million young people who join its workforce every month. And unless it takes advantage of its current, favourable demographics it is never likely to emerge as an upper-middle-income economy with a prosperous and thriving middle class.

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3. SOCIAL SECURITY

Introduction

The Union Budget for 2019-20 was announced by Ms Nirmala Sitharaman, Minister for Finance and Corporate Affairs, Government of India, in Parliament on July 05, 2019. India is all set to become US$ 3 trillion economy by the end of FY20. The budget focusses on reducing red tape, making best use of technology, building social infrastructure, digital India, pollution free India, make in India, job creation in Micro, Small and Medium Enterprises (MSMEs) and investing heavily in infrastructure.

Total expenditure for 2019-20 is budgeted at Rs 2,786,349 crore (US$ 417.95 billion), an increase of 14.09 per cent from 2018-19 (budget estimates).

Social Security for middle class

A new pension benefit scheme, namely Pradhan Mantri Karam Yogi Maandhan Scheme, has been announced for traders and small shopkeepers with annual turnover of less than Rs 1.5 crore.

The Pradhan Mantri Sharm-Yogi Maandhan Yojana has been announced for workers in the unorganized sector with a monthly income up to INR 15,000. The scheme will provide them with an assured monthly pension of INR 3,000. The scheme is contributory, and the government will make a matching contribution.

Jal Shakti

The Jal Shakti Ministry, which is executing the government's mission to provide clean and piped drinking water to every household in the country, has been earmarked Rs.28,261.59 crore in the budget 2019-20. Ensuring India's water security and providing access to safe and adequate drinking water to all Indians is a priority of the government.

The Ministry of Drinking Water and Sanitation and Ministry of Water Resources and Ganga Rejuvenation have been merged into the Jal Shakti Ministry under the second term of the Modi government.

The Department of Drinking Water and Sanitation has been earmarked Rs. 20,016.34 crore in 2019-20 as compared to Rs. 19,992.97 crore in 2018-19. Under this, the National Drinking

Rural Mission has been allocated Rs.7,750.36 Crore in 2019-20 as against Rs.5,391.32 crore in 2018-19.

The Department of Water Resources and Ganga Rejuvenation has been allocated Rs. 8,245.25 crore compared to Rs. 7,269.25 crore earmarked in 2018-19.

New Jal Shakti Mantralaya to look at the management of our water resources and water supply in an integrated and holistic manner

Jal Jeevan Mission to achieve Har Ghar Jal (piped water supply) to all rural households by 2024

To focus on integrated demand and supply side management of water at the local level.

Conclusion

Compared to 2018-19 union budget more importance is given in 2019-20 union budget on social security and Jal Shakti.

4. TAX REFORMS

Introduction

Many developing countries have embarked on tax reforms in recent years. Such reforms were motivated both by local factors as well as by rapid internationalization of economic activities. The need to correct fiscal imbalances and the transition from a centralized plan to a market economy were the important local factors hastening tax reforms. Difficulties in compressing expenditures necessitated that tax system reform take an important role in fiscal adjustment strategy. The transition from plan to market required the substitution of administered prices with market determined prices, the replacement of physical controls with financial controls, and the substitution of public enterprise profits with tax revenues. Likewise, tax reforms become imperative in a globalizing environment.

Union Finance Minister Nirmala Sitharaman in her maiden budget on Friday kept the income tax slab rates unchanged but announced new income tax proposals that could impact many taxpayers. Making it convenient for the tax-payers, the government has proposed to make PAN and Aadhaar card interchangeable and allow those who don’t have PAN to file Income Tax Returns by quoting their Aadhaar card number. Sitharaman also told the House that more than 120 crores Indians have Aadhaar and so the proposal intends to make the process more convenient for the tax-payers. As the government laid down a clear road map for the tax administration for over the next five years, here are the key changes in the income tax provisions:

- Additional income tax deduction of Rs 1.5 lakh on home loans for affordable houses costing below Rs 4 lakh till March 31, 2020. This would provide a total benefit of Rs7 lakh over a loan period of 15 years. The interest paid on home loan deduction will go up to ₹3.5 lakh, from the current ₹2 lakh for self-occupied house property.

- Additional income tax deduction of Rs 1.5 lakh on interest paid on loans taken to buy electric vehicles. "This leads to a benefit of Rs 2.5 lakh crores over the tax period of the loan for the loan payer," said Sitharaman.

- The Budget also proposes to levy a TDS of 2 per cent on cash withdrawal exceeding Rs 1 crores annually from a bank account.

- The government set Rs 1.05 lakh crores divestment target this year. Currently, investments made in ELSS (equity-linked savings scheme) mutual funds, which come with a lock-in period of three years, are eligible for a tax deduction of up to Rs 1.50 lakh under Section 80C of the Income Tax Act. However, the mutual fund advisors ask investors to be cautious as government ownership does not ensure capital protection in equity instruments.

- The government increased the income tax surcharge of 3 % for high net worth individuals (HNIs) with annual income between Rs. 2 crore to Rs 5 crores a year. The income tax on incomes of Rs 5 crores and above will also be increased by 7%.
- The Budget also proposes faceless tax assessments. "The existing system of scrutiny assessments in the Income-tax Department involves a high level of personal interaction between the taxpayer and the Department, which leads to certain undesirable practices on the part of tax officials," she said.
- It was also proposed that pre-filled tax returns will be made available to taxpayers which will contain details of salary income, capital gains from securities, bank interests, and dividends, etc. and tax deductions

a. TAX REFORMS ON INDIAN YOUTH

In recent years, the UPA and now the NDA government have tried to implement reforms. That each opposed or defended the same proposals depending on which side of the Lok Sabha they sat is immaterial now. But both the Goods and Service Tax (GST) Bill and the Direct Tax code (DCT) would be landmark forms, if implemented. The ultimate objective of the GST reform is to replace multiple indirect taxes at the Centre and State levels by a Single Tax (GST), levied on a comprehensive base of all goods and services at a moderate tax rate. A vision of this reform is provided in the report of the 13th Finance Commission, which outlines the design of a flawless GST levied at a moderate tax rate of 12 percent (combined Centre and States tax rates).

Unfortunately the states have been reluctant to support such a measure whole- heartedly and have proposed exclusions and increases that will only end up harming the country in the long run. Rates as high as 27% are being spoken of, which would effectively kill economic growth, not to mention sending inflation soaring. Some states have actually changed local tax laws in a manner intensely detrimental to the principles of uniformity and ease of collection.

b. TAX REFORMS ON WOMEN IN THE UNION BUDGET 2019

Equity and fairness are principles that should be taken into account when tax systems are shaped. This should ensure that the largest contributions of tax should be made by those most able to pay in order to reduce inequality, redistribute income and wealth and build social provision. Similarly, taxes should also raise enough revenue to invest adequately in public services, and opportunities for avoidance or evasion should be eliminated. Beyond income generation and redistribution, taxes or charges can also be levied to shape and transform – explicitly or implicitly – the choices and behaviours of taxpayers, as in the case of charges on the use of plastic bags.

In practice, most tax systems have put women at the margins. They are not designed in a way that gives sufficient attention to the effect (actual or potential) of tax systems on: women's high levels and disproportionate share of responsibility for unpaid care work and their constrained resources and mobility; society's responsibility to fund care services and infrastructure; and women's persistently low incomes and the 'male wealth' being built on the back of those unequal care loads. Women have also remained largely outside of tax decision-making and accountability mechanisms. Women are more reliant on tax revenues to fund public services, infrastructure and social security payments.

Income Tax Proposal and Its Tax Impact

For the financial year 2019-20, no changes in the income tax slabs and rates were announced in July's Budget 2019. However, the super-rich, i.e., those earning more than Rs 2 crore but less than Rs 5 crore and those earning more than Rs 5 crore will have to pay higher surcharge.

Individuals whose taxable income does not exceed Rs 5 lakh for the FY 2019-20 will continue to avail the tax-rebate and thereby will pay zero tax. Below are the latest income tax slabs along with rates and surcharge for resident individuals below age 60 years:

Income slabs

	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	12500 + 20% of (Total income minus 5,00,000)	Nil	4%

Rs 10,00,001 to Rs 50,00,000	1,12500 + 30% of (Total income minus 10,00,000)	Nil	4%
Rs 50,00,001 to Rs 1 crore	1,12500 + 30% of (Total income minus 10,00,000)	10%	4%
More than 1 crore but less than 2 crores	1,12500 + 30% of (Total income minus 10,00,000)	15%	4%
More than 2 crores but less than 5 crores	1,12500 + 30% of (Total income minus 10,00,000)	25%	4%
More than 5 crores	1,12500 + 30% of (Total income minus 10,00,000)	37%	4%

Rebate up to Rs 12,500 is available for those whose net taxable income does not exceed Rs 5 lakh, thereby resulting in zero tax liability.

Due to the newly introduced surcharge, those with incomes between Rs 2 crore and 5 crores will effectively have to pay 39 percent as tax and those with income more than Rs 5 crore will have to pay more than 42 percent as tax according to EY analysis.

This same tax slab is applicable for both men and women as gender equality is being followed in Indian tax reforms hence union budget 2019 with respect to tax reforms has no special impact on women.

c. TAX REFORMS FOR SMALL BUSINESS

Public sector bank shares jumped up 5% as Government agreed to add funds unto Rs 70,000 crore. This was primarily done to strengthen the banks and increase their lending capacity for small businesses.

Budget 2019: What Sitharaman's budget had for India's banks

There was an announcement for bank account holders too, with Sitharaman saying that customers may get control over cash deposited by other into their accounts. In the Union Budget presented today, Finance Minister Nirmala Sitharaman announced Rs 70,000 crore capital infusion into public sector banks in an effort to boost credit.

She announced that there has been a record recovery of over 4 lakh crore of bad loans through IBC in the last 4 years, and that provision coverage has been the highest in the last 7 years.

She also pointed out the smooth consolidation of public sector banks under Modi goverment, which she said should get credit for bringing a significant number of banks out of the prompt corrective action (PCA) framework.

In his February Budget speech, interim Finance minister Piyush Goyal had said that the government expected banks on RBI's Prompt Corrective Action (PCA) list to soon turn the corner. Goyal's budget, however, had not provided any allocation for recapitalisation of banks.

As of late June 2019, five banks were still under the framework that imposes certain restrictions on lending. Banking giants such as PNB and Union Bank of India reported major losses in the last quarter. Loans worth Rs 17 lakh crore have been identified as NPAs since 2016. A humongous 80 per cent of these loans are held by public sector banks.

Modi government recapitalized state-run lenders with Rs 1.6 lakh crore in 2018-19, the highest ever so far. The move helped five banks come out of the PCA framework.

Officials say most Indian banks are currently well-provisioned (at around 75% or above). They also say a number of expected recoveries via IBC in the first quarter of this financial year will add to the profitability of banks.

Earlier in June, the government had announced that it may infuse Rs 40,000 crore into public sector banks in 2019-20, which it said is expected to shore up their balance sheets, thereby enabling them to step up lending. Officials had said that the amount would be used to aid credit growth, besides helping weaker banks to maintain regulatory norms.

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5. INFRASTRUCTURE & RAILWAYS

Union Budget 2019: Massive stress on infra investments to become $5 trillion economy

Finance Minister Nirmala Sitharaman outlined a host of measures to boost infrastructure to achieve USD 5 trillion economy target and said a massive push to all forms of physical connectivity is helping bridge the rural-urban divide.

Modi Government 2.0 has continued its push for affordable housing by increasing annual tax exemption on interest paid for self-occupied property from Rs 2 lakh to Rs 3.5 lakh besides making available land from public sector enterprises for construction of affordable homes.

The government will also bring in a model tenancy law to push utilization of vacant houses in a country where real estate sales are moving at a sluggish pace due to high prices.

Pankaj Kapoor, MD and founder of real estate consultancy Liases Foras, said the increase in tax exemption for houses under the Rs 45 lakh bracket will push sales in the category which has 6.87 lakh unsold units over 50 cities and contributes 53 per cent of the total unsold inventory. "This measure will help in clearing up inventory and make houses affordable to customers," Kapoor said.

"This is expected to drive the much-needed urgency in sales and bring the fence-sitters back into the market within this financial year," Aashish Agarwal, Senior Director, Valuation and Advisory at Colliers International India.

Cumulatively, this will result in annual savings of nearly Rs 7 lakh for first time homebuyers. It will include Rs 3.5 lakh on interest, Rs 1.5 lakh tax exemption on principal and subsidy under the Prime Minister Awas Yojna (PMAY) where households with an annual income of up to Rs 18 lakh can avail Rs 2.3 lakh upfront subsidy.

Tabling the Modi 2.0 government's maiden budget in Parliament, Sitharaman said infrastructure financing needs have been estimated at around Rs 20 lakh crore (USD 300 billion) a year and proposed to enhance the sources of capital for infrastructure financing including setting up a Credit Guarantee Enhancement Corporation for which regulations have been notified by the Reserve Bank of India.

Terming the connectivity as the lifeblood of the economy, the minister announced a slew of steps to scale up India's infrastructure programmes including augmenting 1,25,000 km of rural roads under the Pradhan Mantri Gram Sadak Yojana at a cost of Rs 80,250 crore and creating a national highways grid.

While the industrial corridors would improve infrastructure availability for greater industrial investment in the catchment regions, the dedicated freight corridors would mitigate the congestion of railway network benefitting the common man, she said.

"The ambitious programme of Bharatmala would help develop national road corridors and highways, while Sagarmala would enhance port connectivity, modernization and port-linked industrialization. If Sagarmala is aimed at improving the infrastructure for external trade, equally it is the poor man's transport too. Waterways are proven as a cheap mode of transport," she said.

The Jal Marg Vikas project for capacity augmentation of navigation on national waterways is aimed at smoothening internal trade carried through inland water transport. These initiatives will improve logistics tremendously, reducing the cost of transportation and increasing the competitiveness of domestically produced goods, she added.

Sitharaman said with the changing economic scenario, it is important to upgrade roads connecting villages to rural markets and for this PMGSY-III is envisaged to upgrade 1,25,000 km of road length over the next five years, with an estimated cost of Rs 80,250 crore.

Saying that the schemes like UDAN were bridging rural-urban divide, she said as the world's third largest domestic aviation market, the time was ripe for India to enter into aircraft financing and leasing activities from Indian shores.

About metro rail projects, she said a total route length of 300 kilometres have been approved during 2018-19 and 657 km of the metro rail network has become operational in the country.

The finance minister said India's first indigenously developed payment ecosystem for transport, based on National Common Mobility Card (NCMC) standards, launched by the Prime Minister in March 2019 will enable people to pay multiple kinds of transport charges, including metro services and toll tax, across the country.

The budget estimated railway infrastructure would need an investment of Rs 50 lakh crore from 2018 to 2030.

The minister also said that large public infrastructure can be built on land parcels held by central ministries and Central Public Sector Enterprises across the country.

Stressing the need for innovative financing for infrastructure, she said India has had reasonable success in brownfield asset monetization and additionally, NHAI carried out one ToT (Toll Operate Transfer) transaction garnering Rs 24,000 crore.

Highlighting PMGSY, Sitharaman said it has brought many socio-economic gains in the rural areas and all weather connectivity has now been provided to over 97 per cent of such habitations.

Budget Benefit on Infrastructure & Railways

1. A total allocation of Rs. 39,61,354 crore has been made for infrastructure.
2. Total allocation for Railways is Rs. 1,31,000 crore.
3. No service charge on tickets booked through IRCTC.
4. Raksha coach with a corpus of Rs. 1 lakh crore for five years (for passenger safety).
5. Unmanned level crossings will be eliminated by 2020.
6. 3,500 km of railway lines to be commissioned this year up from 2,800 km last year.
7. SMS-based "clean my coach service" is put in place.
8. Coach mitra facility will be introduced to register all coach related complaints.
9. By 2019 all trains will have bio-toilets.
10. Five-hundred stations will be made differently-abled friendly.
11. Railways to partner with logistics players for front-end and back-end solutions for select commodities.
12. Railways will offer competitive ticket booking facility.
13. Rs. 64,000 crore allocated for highways.
14. High speed Internet to be allocated to 1,50,000 gram panchayats.
15. New Metro rail policy will be announced with new modes of financing.

Some of the major highlights of Union 2019-20 for Infrastructure are given below:

- The Government of India has allocated Rs.94,071 crore (US$ 14.11 billion) in 2019-20 to Indian Railways.
- An investment of Rs 5,000,000 crore (US$ 750 billion) has suggested by the Central Government which aims to improve the railway infrastructure from 2018 – 2030.
- The Central Government has also announced that it will invest Rs.10,000,000 crore (US$ 1.5 trillion) in infrastructure in the next five years.

- Under the Government's Pradhan Mantri Gram Sadak Yojana-III (PMGSY), it is contemplated that it will cost Rs.80,250 crore (US$ 12.03 billion) to upgrade 1,25,000 kms of road length in the next five years.
- The Government has been able to build 30,000 kms of PMGSY Road using Waste Plastic, Green Technology, and Cold Mix Technology.
- It has been announced that a proposal has been made by the Government of India to permit investments by Foreign Portfolio Investments (FPIs)/ Foreign Institutional Investments (FIIs) in debt securities as issued by Infrastructure Debt Fund.
- The Central Government of India has ensured that all the states in India will have access to the availability of power at affordable rates under the model – One Nation, One Grid.
- The Government of India will launch the Road - Bharatmala phase 2 to improve the state road networks.
- The model tendency law – promotion of rental housing has been finalised by the Government of India.
- The metro rail network in India has reached up to 657 km.
- There has been an improvement in the operating ratio by 95% in 2019-20.

Budget 2019-20: Government allocates Rs. 64,587cr for Railways

"Indian Railways has experienced the safest year in its history as all Unmanned Level Crossings on broad gauge network have been eliminated", said Piyush Goyal February 1, 2019 14:47 IST | India Infoline News Service

In the Interim Budget 2019-20, the Railways has been allocated Rs. 64,587cr. The Railways' overall capital expenditure programme is of Rs.1,58,658cr. This was stated by the Union Minister for Finance, Corporate Affairs, Railways & Coal, Piyush Goyal, while presenting the Interim Budget 2019-20 in Parliament today.

"Indian Railways has experienced the safest year in its history as all Unmanned Level Crossings on broad gauge network have been eliminated", said Piyush Goyal.

Conclusion

Importance of performing railway infrastructure. The Indian people, who demanded a shift of freight transport from road to rail, decided on it in several popular referendums. But as well use and maintain the existing infrastructure. Access lines have to be finished and the network must work not only new "high speed" projects. Hardware needs to be accompanied by software. In 2017 Union Budget, presented by Finance Minister Arun Jaitley on Wednesday, was broadly focused on 10 themes — the farming sector, the rural population, the youth, the poor and underprivileged health care, infrastructure, the financial sector for stronger institutions, speedy accountability, public services, prudent fiscal management and tax administration for the honest. The operating ratio for the current fiscal year has improved to 96.2% , followed by 95% in next upcoming financial year. Indian Railways should judiciously invest in track creation to strengthen stressed routes and also open up intrinsically remunerative routes.

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6. EFFECTS OF BUDGET 2019-2020 ON FINANCE & BANKING SECTOR

Introduction

The Banking & Financial Services industry serves an important role in the global economy. By facilitating the movement of money from people or organizations with surplus capital to people or organizations wanting capital, financial intermediaries help power innovation and growth, creating jobs, building infrastructure and funding new ideas. Individuals tend to borrow more early in life (to pay for college and buy homes, for example) but invest more lately in life (to build wealth and save for retirement). Financial intermediaries offer a service to help an individuals or firm to save or borrow money.

Financial institutions are central actors in providing financial inclusion to children and youth. Financial inclusion is more than simply offering a product though. Understanding the needs and interests of children and youth requires a broader perspective and programmatic focus of the bank or financial institution. A youth friendly product proposition will focus on asset accumulation, financial management and skills development while respecting and supporting children's rights. This components (or building blocks) that will deliver both a compelling and sustainable proposition for young people, one that increases access to financial services and builds financial capability. One of the key factors for financial inclusion and getting people to use accounts actively is strong product design, something recently emphasized by the World Bank. A strong, market research-based product design is essential for uptake, 'recent studies show that product design features can affect both the extent and the impact of use by individuals of financial services.' The required investment will pay dividends by creating an active, educated and empowered new generation of banking customers.

Youth have a requirement for access, control, a positive financial incentive, security and Economic Citizenship Education as part of a basic bank account product which underlie the Principles for Child and Youth Friendly Banking Products:

- Access should be assessed in terms of access to open an (savings/current or prepaid) account and access to operating an account (via delivery channels suited to age and T&Cs in legible print employing child and youth centred communication techniques) once it is opened. Regulations such as the legal age of majority and Know Your Customer (KYC) can impede access to banking services for young people. However, financial services providers are finding ways of working within the confines of local and international restrictions with, for example, proxy representation via work contracts for those aged 15-18. Access can also be affected by socio-demographic and/or environmental factors. For example, cultural or religious barriers may require a different approach to communication strategies, whilst reaching rural populations may require a mobile platform and school banks.

• Financial institutions should strive to give maximum control to the account holder whilst adhering to local laws and social/cultural norms, balancing the need of children and youth for autonomy in managing their money with parental support and guidance. Child and youth centred communication (simple, straightforward and transparent) regarding all information and materials is important to ensure that the account holder has effective control.

• Financial institutions should provide education, support and recourse for children and youth in terms of physical and virtual security, fraud and identity theft in relation to their bank account(s) and personal data. Attention should also be paid to the more vulnerable where security may be required from, for example, family members.

• Whilst it is important that children and youth learn to appreciate the fact that offering a bank account costs money, ensuring a Positive Financial Incentive matters as this is children/youth's introduction to the formal financial system. By providing them with self-confidence, children and youth will be empowered to engage in sustained longer term economic activity. • Economic Citizenship Education, a combination of financial education with life skills and livelihoods education, is the translation of the child's right for education and autonomy, and an essential accessory for children and youth accessing financial products and is necessary for financial inclusion. Further information can be found in section 4.11 Economic Citizenship Education

7. BUDGET 2019: START-UPS

Introduction

The Union Budget for 2019-20 was announced by Ms Nirmala Sitharaman, Minister for Finance and Corporate Affairs, Government of India, in Parliament on July 05, 2019. India is all set to become US$ 3 trillion economy by the end of FY20. The budget focuses on reducing red tape, making best use of technology, building social infrastructure, digital India, pollution free India, make in India, job creation in Micro, Small and Medium Enterprises (MSMEs) and investing heavily in infrastructure.

Total expenditure for 2019-20 is budgeted at Rs 2,786,349 crore (US$ 417.95 billion), an increase of 14.09 per cent from 2018-19 (budget estimates).

Major Expenditure Items:

- Total capital expenditure will be Rs 876,209 crore (US$ 131.43 billion) for 2019-20.
- Centrally sponsored schemes have been allocated Rs 331,610 crore (US$ 49.74 billion) in 2019-20.
- Amount of Rs 174,300 crore (US$ 26.14 billion) has been approved for pension in the budget 2020.
- The government has allocated Rs 184,220 crore (US$ 27.63 billion), Rs 79,996 crore (US$ 11.99 billion) and Rs 37,478 crore (US$ 5.62 billion) for Food, fertilizer and Petroleum subsidies respectively.

Tax Reforms: Start- Up

The initiatives announced by the government for start-ups in the Union Budget would significantly improve flow of funds and encourage budding entrepreneurs, a top official said. Secretary in the Department for Promotion of Industry and Internal Trade (DPIIT) Ramesh Abhishek said the Budget proposals have also resolved angel tax issues of start-ups.

“Major tax reforms have been announced for start-ups that will significantly improve flow of funds to them and address many tax related issues they have been facing,” Abhishek told PTI. The Budget has proposed special administrative arrangements to be made by the Central Board of Direct Taxes (CBDT) for resolving pending tax assessments of start-ups and redressal of their grievances.

The government will ensure that no inquiry or verification in pending cases can be carried out by the assessing officer without obtaining approval of his supervisory officer. These measures, he said, would help budding entrepreneurs focus more on their businesses and not on regulatory matters. “Overall, it is seen that the Budget has addressed important issues such as improving the flow of funds and credit growth,” the secretary said. In February, the DPIIT and the CBDT gave a major relief to budding entrepreneurs by relaxing the definition of start-ups and allowing them to avail full angel tax concession on investments up to Rs 25 crore. This was done as several start-ups claimed to have received angel tax notices, impacting their businesses.

Various start-ups have raised concerns on notices sent to them under the section 56(2) (viib) of Income Tax Act, 1961 to pay taxes on angel funds received by them.

Since governmental support is critical for constant innovation, policymakers should act as enablers in the start-up ecosystem. If the government wants to foster a spirit of entrepreneurship among the youth, it needs to drive game-changing reforms that offer relief and tax sops to the start-up ecosystem—this alone will give it a fillip rather than curtail its meteoric rise on the global platform.

To meet these objectives, both the Central and State governments— with the help of India’s start-ups should focus on sowing the seeds for a sustainable future. It is necessary to empower start-ups to help them scale, unlock their potential and seize new mentoring and revenue opportunities.

The government should help start-ups collaborate with corporates and the academia to nurture innovation, drive skills development and create employment opportunities for the country’s youth.

8. RURAL SECTOR REGARDING THE SMALL BUSINESS

Presenting the Budget 2019-20 in Parliament, Nirmala Sitharaman unveiled a slew of initiatives and new provisions to tackle issues related to the MSME sector in the country. From widening the net for a reduction in corporate tax for companies to strengthening TReDS, Sitharaman's budget speech will have wide-ranging impact on small businesses. Here are the key takeaways:

1) Lower rate of 25 % Corporate Tax extended to companies with annual turnover up to Rs 400 crore from earlier cap of up to Rs 250 crore.

2) For the MSME sector, Rs 350 crore has been allocated for FY 2019-20 under the Interest Subvention Scheme, for 2% interest subvention for all GST registered MSMEs, on fresh or incremental loans.

3) The Finance Minister said that the Government will create a payment platform for MSMEs to enable filing of bills and payment. This will help eliminate delays in payment and give a boost to investment in MSME's.

4) To bring more participants, especially NBFCs, not registered as NBFCs-Factor, on the TReDS platform, amendment in the Factoring Regulation Act, 2011 is necessary and steps will be taken to allow all NBFCs to directly

5) Government of India has decided to extend the pension benefit to about three crore retail traders and small shopkeepers whose annual turnover is less than Rs.1.5 crore under a new Scheme Pradhan Mantri Karam Yogi Maandhan Scheme. Enrolment into the Scheme will be kept simple requiring only Aadhaar and a bank account and rest will be on self-declaration.

6) The Stand-Up India Scheme has been extended up to the year 2025.

7) Skill development to focus on new-age skills like Artificial Intelligence (AI), Internet of Things, Big Data, 3D Printing, Virtual Reality and Robotics.

8) More than Rs. 3.75 Lakh Crore is blocked in litigations in Service Tax and Excise (pre-GST regime). The budget proposes a dispute resolution-cum-amnesty scheme, called "The Sabka Vishwas Legacy Dispute Resolution Scheme, 2019" that will allow quick closure of these litigations. The relief under the scheme varies from 40 percent to 70 percent of the tax dues for cases other than voluntary disclosure cases.

9) To ease the liquidity crisis in NBFCs, the Government says fundamentally sound ones should continue to get funding from banks and mutual funds without being unduly risk averse.

For purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs 1 lakh crore during the current financial year, Government will provide one time six months' partial credit guarantee to Public Sector Banks for first loss of up to 10%.

10) “Make in India”, with particular emphasis on Micro, Small and Medium Enterprises, is one of the major focus areas of the Union Budget this year.

11) Under the Scheme of Fund for Upgradation and Regeneration of Traditional Industries’ (SFURTI) 100 new clusters will be set up during 2019-20 enabling 50,000 artisans to join the economic value chain. Focused sectors are Bamboo, Honey and Khadi clusters.

12) The Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship’ (ASPIRE) would be consolidated for setting up of 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs)in 2019-20 to develop 75,000 skilled entrepreneurs in agro-rural industry sectors.

13) There will be an interchangeability of PAN and Aadhaar to file tax return proposed.

14) 2 % TDS on cash withdrawal exceeding Rs. 1 crore in a year from a bank account to encourage digital payments.

15) Businesses with annual turnover more than Rs. 50 crore to offer low cost digital modes of payment; no MDR charges to be imposed on customers/ merchants.

Conclusion

The agricultural sector is of vital importance for the region. It is undergoing a process of transition to a market economy, with substantial changes in the social, legal, structural, productive and supply set-ups, as is the case with all other sectors of the economy. These changes have been accompanied by a decline in agricultural production for most countries, and have affected also the national seed supply sectors of the region. The region has had to face problems of food insecurity and some countries have needed food aid for IDPs and refugees.

Due to the relatively low demographic pressure projected for the future, the presence of some favorable types of climates and other positive factors, including a very wide formal seed supply sector, it should be possible to overcome problems of food insecurity in the region as a whole, and even to use this region to provide food to other food-deficient regions. Opportunities must therefore be created to reach these results.

In order to address the main constraints affecting the development of the national and regional seed supplies that are mentioned here, the region requires integrated efforts by all national and international stakeholders and institutions involved in seed supply and plant genetic resource management. On practical issues, lessons learned by some countries could be shared with other countries; e.g. on how to progress with the transition or how to recognize the most immediate needs of farmers. Appropriate policies should also be established, at various levels, in order to facilitate seed investment and development in the region.

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