



**NATIONAL APEX CHAMBER**

# **INTERIM BUDGET 2019-20**

**A Dynamic, Inclusive and Pragmatic Budget**



**PHD RESEARCH BUREAU  
PHD CHAMBER OF COMMERCE AND INDUSTRY**

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**A Dynamic, Inclusive and Pragmatic Budget**

**February 2019**

**PHD RESEARCH BUREAU**  
**PHD CHAMBER OF COMMERCE AND INDUSTRY**  
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### PHD Chamber's viewpoint



**Shri Rajeev Talwar**  
President

Interim Budget is the budget for all the citizens of India as it has focused on the livelihood of the poor, facilitation for the farmers, increasing the income level of the middle class, reforms in the promising housing and construction sector and creating employment for the youth. Increase in investment in one residential house to two residential houses with the benefit of rollover of capital gain tax upto Rs 2 crore, once in a lifetime is a great reform for the housing and construction sector. This Interim Budget may be called as the green budget for people and green budget for the Government.

The government has provided a great tax relief to middle class by giving tax exemption of upto Rs. 5 lakh to around 3 crore people. This would go a long way to boost the consumption demand and increased saving rates in the economy. Direct income support to 12 crore small and marginal farmer families with land upto 2 hectares at the rate of Rs. 6,000 is a major breakthrough which will create transparency in the system and will have positive impact on addressing the farm distress.



**Shri D K Aggarwal**  
Sr. Vice President



**Shri Sanjay Aggarwal**  
Vice President

The government has proposed path breaking announcements in the Interim Budget. The vision on social infrastructure for a USD 10 trillion economy and to provide ease of living are the well-thought reforms for the next 10 years to enhance the human development and standards of living. Digitalization of one lakh villages in the next five years would enhance speed of the economy and spread awareness of the policy environment at the grassroot level. Separate department of Fisheries would provide sustained and focussed attention to the sector and generate employment opportunities.

The ten dimensional vision for the next decade really shows the confidence of the government to transform India to the next level with the strong and sustainable growth trajectory. Increase in allocation to Rs. 64,587 crore for capital expenditure in railways would not only modernize the railways but would give an impetus to Make in India and create employment opportunities. Extension in the period of exemption from levy of tax on notional rent, on unsold inventories, from one year to two years is encouraging as it will give an impetus to the real estate sector.



**Shri Anil Khaitan**  
Immediate Former President



**Dr Mahesh Y Reddy**  
Secretary General

The Interim Budget for 2019-20 would promote all-inclusive growth of the country. The ten dimensions of the budget such as Digital India, Pollution-free India, Rural Industrialization, Cleaning of the rivers, self sufficiency in food, vision of a healthy society among others are inspiring and promising in building confidence of the people. The self-employment schemes such as MUDRA, Start-up India and Stand-up India would create self employment opportunities for the growing young workforce.

## EXPERTS' VIEW ON INTERIM BUDGET 2019-20

**Mr. Ajay Shankar, Former Secretary, DIPP, Government of India**



One of the positive aspects of the Budget is the reforms have been announced in boosting employment generation especially for youth. Going ahead, various effective measures need to be channelized in the direction of creation of manufacturing zones, development of youth and capital formation.

**Dr CSC Sekhar, Professor of Economics, Institute of Economic Growth**



The budget is balanced across all sectors and would have a positive effect on the economy. Direct transfer of Rs 6,000 per year to farmers is appreciable. The direct tax proposals would increase disposable income of consumers, increase demand and boost the economy.

**Mr Gopal Jiwarajka, Former President, PHD Chamber**



The Budget has rightly focused on roadmap for the developmental transformation of the country. Encouraging agriculture, rural development and manufacturing sector is the need of the hour along with creation of jobs. Going ahead, there is a need for a shift in the GDP growth towards capital creation.

**Mr Sharad Jaipuria, Former President, PHD Chamber**



Budget has laid greater stress on inclusive development. The ten dimensional vision of the Government truly depicts their commitment for sustainable growth of the country in the coming times. Schemes like MUDRA, Start-up India and Stand-up India would create immense employment opportunities for youth in the coming times.

**Ms Sushma Berlia, Former President, PHD Chamber**



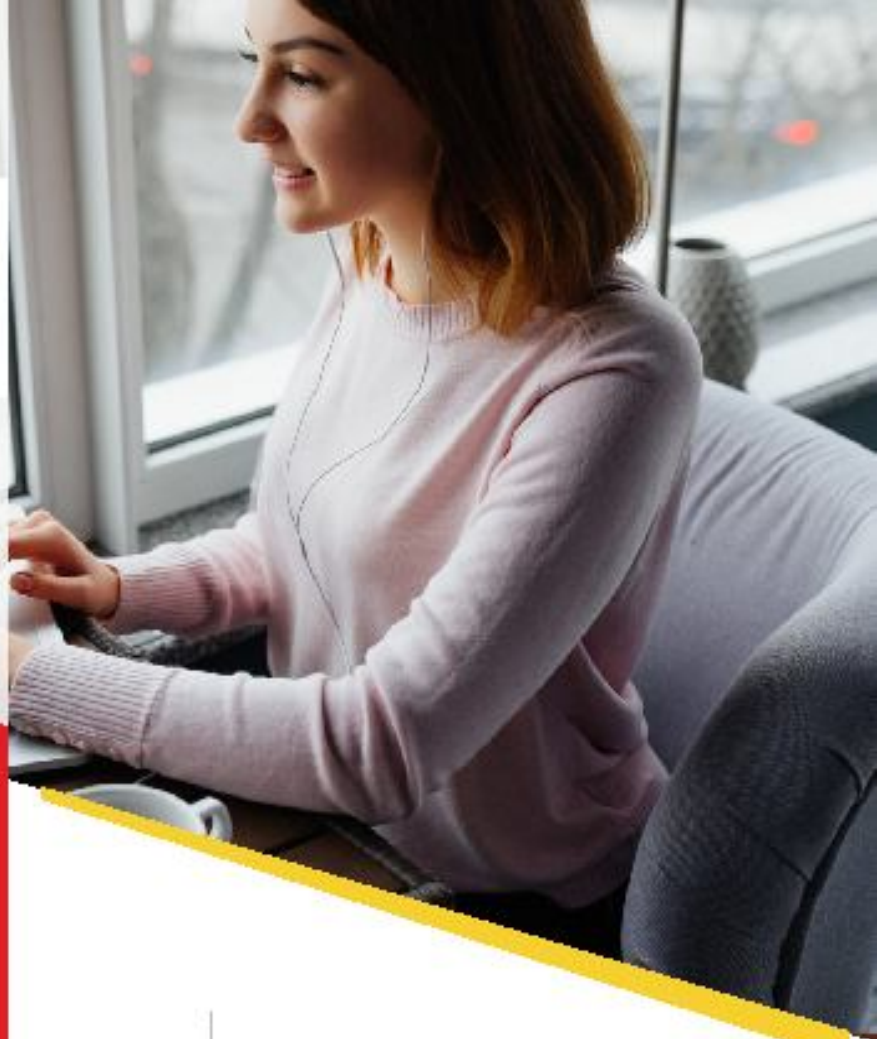
A great tax relief has been provided by the Government by giving tax exemption upto Rs. 5 lakh per annum will boost consumption in the economy. Announcement on supporting farmers in terms of direct income and social infrastructure development are inspiring.

**Mr Anil Chopra, Chairman, Direct Taxes Committee, PHD Chamber**



The budget is pragmatic for development of the nation. The announcement on rationalization of direct tax, increased compliance, online scrutiny, instant rebates, among others are highly appreciable. The benefit of rollover of capital gains from investment in two residential houses for a tax payer having capital gains up to Rs. 2 crore is an inspiring move.





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## 1. Executive Summary

The Interim budget for 2019-20 with a focus to boost consumption and to help India to become a USD 10 trillion economy has opened new avenues for every segment of the Indian economy. While maintaining fiscal prudence path at 3.4% of GDP, the agronomics has become the forefront with a bonanza of Rs. 6000 per year for each of 120 million small farm owners. Along, 30 million middle class will be benefitted by rebate in income tax on income of Rs. 5 lakh per year. Also, the unorganised sector has not left aside by earmarking Rs. 3000 per month as a pension after the age of 60 years.

While this is a boost to consumption let growth of the economy, higher inflationary expectations cannot be ruled out, going forward. The major short term and medium term costs would be Rs. 20,000 crore in FY 2018-19 and Rs. 75,000 crore in FY 2019-20 for direct transfers to farmers; Rs. 18,500 crore for annual tax sops to middle class. However, the election year budget is a dream budget of the Indian economy that would go a long way to give a big push to economic growth trajectory through consumption, agriculture, unorganised sector and middle class.

### Budget 2019-2020 (Key takeaways)

1	<b>GDP estimates (Nominal)</b>	Rs. 210 Lakh Crore; Growth Rate 11.5%
2	<b>Size of the Budget</b>	Rs. 27,84,200 crore; 13.3% of GDP
3	<b>Fiscal Deficit</b>	Rs. 7.03 Lakh Crore; 3.4% of GDP
4	<b>Direct Transfer to Farmers</b>	Direct income support at the rate of Rs. 6,000 per year under 'Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)'
5	<b>Tax Reforms for Middle Class</b>	No tax upto the income of Rs. 5 Lakh per annum
6	<b>Pension for Unorganised Sector Senior Citizen</b>	'Pradhan Mantri Shram-Yogi Maandhan' that will provide monthly pension of Rs. 3,000/- from the age of 60 years on a monthly Contribution.
7	<b>Rollover of Capital Gains</b>	The benefit of rollover of capital gains under section 54 of the Income Tax Act from investment in two residential houses for a tax payer having capital gains up to Rs. 2 crore.
8	<b>Vision for the Next Decade: 10 Dimensions in 2030</b>	Physical and Social infrastructure, Digital India, Pollution free India, Rural Industrialisation, Clean Rivers, Coastline and ocean waters, Space programme –Gaganyaan, Self-sufficiency in Food, Healthy India and Minimum Government and Maximum Governance Nation

9	<b>MSMEs</b>	GST registered Small and Medium Enterprises (SME) units will get 2% interest rebate on incremental loan of Rs 1 crore. Requirement of sourcing from SMEs by Government enterprises has been increased to 25% of which at least 3% will be sourced from women owned SMEs
10	<b>Real estate</b>	Extension in 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
11	<b>Entertainment Industry</b>	Single window clearance for ease of shooting films extended to Indian filmmakers. The Government will introduce anti-camcording provisions in the Cinematograph Act to address the issue of piracy.
12	<b>Defence sector</b>	Defence Budget will be crossing Rs 3,00,000 crore for the first time in 2019-20.

Source: PHD Research Bureau, compiled from Interim Budget 2019-20 Speech, Government of India

Increase in investment in one residential house to two residential houses with the benefit of rollover of capital gain tax up to Rs 2 crore, once in a lifetime is a great reform for the housing and construction sector. This would enhance the employment opportunities for the unskilled, semi-skilled and skilled workforce in the country. Also, extension in 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 is encouraging as it will give an impetus to the real estate sector.

Increase in allocation to Rs. 64,587 crore for capital expenditure in railways would not only modernize the railways but would give an impetus to Make in India and create employment opportunities. Digitalization of one lakh villages in the next five years would enhance speed of the economy and spread awareness of the policy environment at the grassroots level. This will help in the percolation of dynamic policies announced by the government at the village level and push transparency in the system and reduce further the corruption in the economy.

The increased allocations for MGNREGA to Rs. 60,000 crore in 2019-20 would enhance rural employment and rural demand and give impetus to rural incomes and reduce the poverty further which would go a long way to uplift the standards of living of masses. As the focus of the government to enhance the export growth trajectory and to explore new possibilities for the promotion of exports, fisheries are an area which can be explored. The budget proposal for a separate department of Fisheries would provide sustained and focussed



attention to the sector which would improve the standards of living of people employed in the fisheries sector.

Budget is a win-win situation not only for the consumers and producers, but also for the markets. As the focus of the budget is to boost consumption, markets are expected to gain in the long run with enhanced demand in the economy and increased price cost margins of the businesses. The ten dimensional vision for the next decade really shows the confidence of the government to transform India to the next level with the strong and sustainable growth trajectory.

Vision for social infrastructure for a USD 10 trillion economy and to provide ease of living is the well-thought reforms for the next 10 years to enhance the human development and standards of living. The other dimensions such as Digital India, Pollution-free India, Rural Industrialization, cleaning of the rivers, self sufficiency in food, vision of a healthy society among others are inspiring and promising in building confidence of the people.

The other developments such as the government is equally concerned about the national security of India as the defence budget would be crossing Rs 3 lakh crore for the first time in 2019-20. The self-employment schemes including MUDRA, Start-up India and Stand-up India would create employment opportunities as well as harness energy of the youth. Under MUDRA Yojana around 16 crore loans have been disbursed amounting to Rs. 7,23,000 crore. Ease of doing business for local film producers vis-a-vis a single window clearance mechanism would further boost the entertainment industry and its contribution to GDP growth.

In a nutshell, the trek to a USD 10 trillion economy would definitely require a double digit economic growth of which manufacturing sector should grow at least 12% with a support of 5% growth of agriculture and maintaining a trend growth of services sector at around 8 to 9%.

At this juncture, the delivery of the announcements would be crucial for the fruitful outcomes at the ground level. Directly and indirectly, budget has focussed to create conducive job environment in India by involving unskilled, semi-skilled and skilled workforce in the productive and promising areas of Indian economy, such as giving impetus to housing and construction sector, opening a new department for the fisheries and boosting consumption to promote growth of manufacturing and then services and finally the enhanced production possibility frontiers in the economy, which will lead to higher, strong and sustainable growth trajectory. The budget has clearly identified the roadmap to become a USD 10 trillion economy.

## 2. Indian Economy on the Eve of Interim Budget 2019-2020

Though the Government has not released the Economic Survey 2018-19, PHD Research Bureau, the research arm of PHD Chamber of Commerce and Industry has attempted to analyze the current economic indicators and has observed that there have been significant improvements over the period of recent years.

The journey of the Indian economy has been promising, as the economic growth trajectory increased from steady during 1960s to 1990s to strong in 2000s and fastest in the 2010s. The advent of economic reforms has not only enhanced the economic growth, but also provided a conducive and promising business environment to the citizens of India.

During the last five years, a broad based strength in the economic indicators have been observed as the growth rate of real GDP has increased from 6.4% in FY2014 to 7.2% in FY2019. The per capita income has increased from Rs 79,118 in FY2014 to Rs 1,25,397 in FY2019. Exports growth has increased from 7.8% in FY2014 to 12.1% in FY2019. FDI inflows have increased from USD 36 billion in FY2014 to USD 62 billion in FY2019. Industry growth has increased from 3.8% in FY2014 to 7.8% in FY2019. Gross Fixed Capital Formation (GFCF) growth has increased from 1.6% in FY2014 to 12.2% in FY2019. Forex reserves have increased from USD304.2 billion in FY2014 to USD393.2 billion in FY2019.

In the financial market segment, the BSE Sensex has increased from 22386 on 31st March 2014 to 35741 on 31st January 2019; showing an increase of 60% in less than five years. In the business segment, India's ranking in World Bank's EODB rankings has improved from 142<sup>nd</sup> in 2014 to 77<sup>th</sup> in 2019. Whereas, inflation has come down from 9.5% in FY2014 to 3.3% in FY2019. Accordingly, monetary stance softened from 8% in FY2014 to 6.5% in FY2019.

Going ahead, the economy needs further bold measures to boost the investment environment and to trigger demand growth to the next level. Time has come to rationalise the direct taxes starting from reduction in Corporate Tax to a level of 25% for all corporate tax payers, without any turnover criteria. Further, continuous reforms in housing and construction sector, increase in public investments in agricultural infrastructure, credit availability to small and marginal farmers, focus on twin merit goods of education with skill development and basic health with safety and continuous reforms in agriculture sector to improve farm productivity and income levels are some of the areas which should be focused upon in the budget.

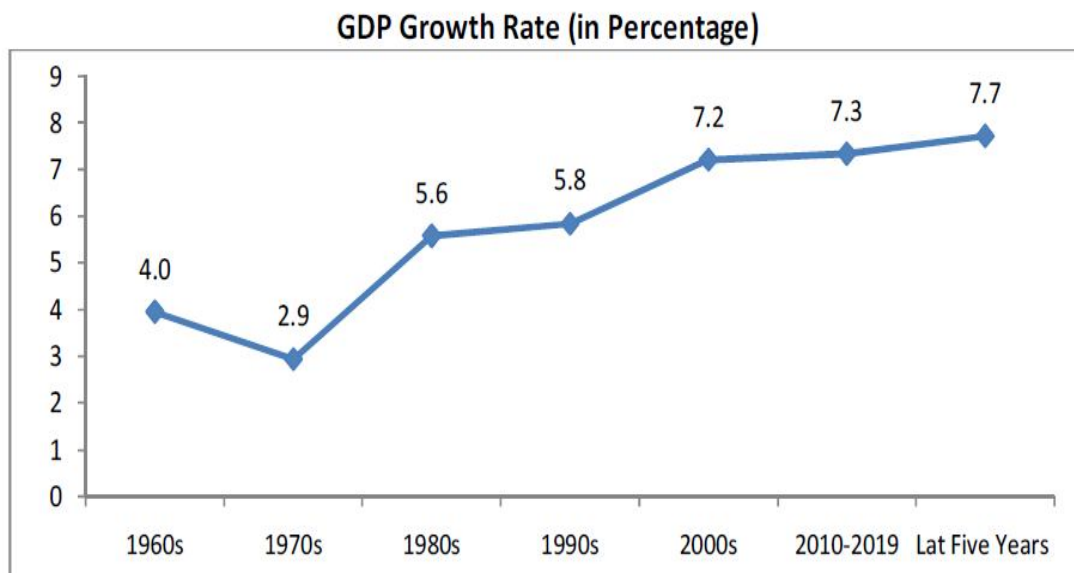
### 2.1 Trend of GDP Growth Rate

The GDP growth rate trend of Indian economy has changed from being steady to strong and now to fastest in the world. In 1960s, the growth rate of GDP has been at 4.0%, which decreased to 2.9% in 1970s. Decade of 1980s recorded a steep rise in the GDP growth rate, making the average growth rate rise to 5.6%. In 1990s and 2000s, the average growth rate

increase to 5.8% and 7.2% respectively. Over the nine years, spanning from 2010 to 2019, the average growth rate of India has been recorded at 7.3%.

In the last five years, that is from 2014-15 to 2018-19, the average growth rate of GDP has been at 7.7%. This has made India the fastest moving emerging economy in the world economic system. According to the IMF, India is a bright spot in the global ecosystem and India's growth is looking very lucrative in the coming years. India's growth has surpassed many emerging and developing economies.

Recent IMF data suggests that India is the fastest growing economy in the world and this trend will continue in 2019 and 2020 also. Recently, NITI Aayog expects India to grow at 9-10% by 2022-23 which would raise the size of the economy in real terms from USD 2.7 trillion in 2017-18 to nearly USD 4 trillion by 2022-23.



Source: PHD Research Bureau, compiled from RBI, Planning Commission (Note: Data of last five years pertains to 2014-15 to 2018-19, in which data for 2018-19 are from First Advance Estimates)

## 2.2 Key Economic Indicators

During the last 4-5 years, the Indian economy has witnessed remarkable improvement in macro-economic environment with lead indicators in positive trajectory. The real GDP growth has increased from 6.4% in FY2014 to 7.2% in FY2019. The per capita income at current prices has exhibited an increasing trend from Rs 79,118 in FY2014 to Rs 1,25,397 in FY2019. The overall inflation has contained over the last few years as WPI inflation decreased from 5.2% in FY2014 to 4.4% in FY2019 and CPI also dipped from 9.5% in FY2014 to 3.3% in FY2019 which is highly encouraging.

The exports growth has steadily increased from 7.8% in 2014 to 12.1% in 2019 and the total trade of the country has improved from USD 764.5 billion in 2014 to USD 769.1 billion in 2019. The fiscal deficit as share of GDP declined from 4.5% in 2014 to 3.3% in 2019. Further, India recorded a consistent increase in foreign inflows over the last few years. The FDI inflows have increased from USD 36.0 billion in 2014 to USD 61.9 billion in 2019. The exchange rate in 2014 was INR/USD 60.5 however it is expected to dwindle between INR/USD 69-67 in 2019.

Going ahead, the industry growth is expected to increase from 3.8% in 2014 to 7.8% in 2019, while the services growth is also expected to show a positive trend, increasing slightly from 7.7% in 2014 to 7.9% in 2019. On the flip side, the agriculture sector is expected to grow at 3.8% in 2019. The public consumption has increased from 0.6% in 2014 to 9.2% in 2019. The GFCF grew from 1.6% in 2014 to 12.2% in 2019.

## Summary of Economic Indicators

S. No.	Economic Indicators	FY2014	FY2019
1	Real GDP Growth	6.4%	7.2%*
2	Per Capita Income at current prices	79,118%	1,25,397*
3	WPI Inflation**	5.2%	4.4%°
4	CPI Inflation <sup>1</sup>	9.5%	3.3%°
5	Exports Growth	7.8%	12.1%*
6	Imports Growth	-8.1%	13%°
7	Fiscal Deficit as % of GDP	4.5%	3.3%* <sup>@</sup>
8	Current Account Deficit as % of GDP	1.7%	2.7%°
9	FDI Inflows	USD 36.0 bn	USD 61.9 bn**
10	Exchange Rate (INR/USD)	60.50	69-67°
11	Agriculture Growth**	5.6%	3.8%*
12	Industry Growth**	3.8%	7.8%*
13	Services Growth**	7.7%	7.9%*
14	Private Consumption	7.3%	6.4%*
15	Public Consumption	0.6%	9.2%*
16	GFCF (Growth)	1.6%	12.2%*
17	Forex Reserves	USD 304.2 bn	USD 393.2 bn≈
18	BSE Sensex <sup>#</sup>	22386	35749***
19	Crude Oil (Rs./1 BBL)	5982.36	4497.1≈
20	Repo Rate	8.0% <sup>@</sup>	6.5% <sup>@</sup>
21	EODB Ranking	142	77
22	Total Trade	USD 764.5 bn	USD 769.1 bn**

Source: PHD Research Bureau, compiled from various sources, Note: \*According to the First Advance Estimates of National Income, 2018-19; °Data pertains to first revised estimates of National Income, 2016-17; \*\* Data pertains to the new base year 2011-12; <sup>@</sup>Data pertains to Budget Estimates of 2018-19; <sup>^</sup>Data pertains to April-August FY2019; <sup>1</sup>Data pertains to old base year 2004-05; <sup>@</sup> Data pertains to 28-01-2014; <sup>@</sup> Data pertains to RBI Monetary Policy, December 2018, <sup>^^</sup>Data pertains to IMF's WEO April 2018 forecast; <sup>•</sup>data pertains to April to November 2018-19; <sup>≈</sup> data pertains to 21<sup>st</sup> Dec 2018; <sup>≈</sup>average of FY19 till 18 Jan 2019; <sup>••</sup>data pertains to FY2017-18; ° PHD Research Bureau Estimates; # Yearly average; \*\*\*data pertains to 31<sup>st</sup> January 2019.



## 3. Interim Budget 2019-2020: Key Highlights

The Interim Budget 2019-20 announced by the Hon'ble Finance Minister of India is a budget for consumption led growth with the focus on empowering farmers, the rural economy, the youth of the nation, and the middle class along with greater thrust on infrastructure development. The Interim Budget is progressive and welfare oriented and reflects an initiative for enhanced focus on farmers and rural development. The cumulative impact of the budget announcements made will give a steady push to the agricultural and the rural economy, MSMEs, development of socio-economic segments and to the overall economic growth of the country.

### Key highlights :

- Small and marginal farmers gets direct income support at the rate of Rs. 6,000 per year Under Pradhan Mantri Kisan SAMman Nidhi (PM-KISAN)" Scheme.
- Allocation increased for Rashtriya Gokul Mission to Rs. 750 crore in the current year itself. Setting up of "Rashtriya Kamdhenu Aayog" to upscale sustainable genetic up-gradation of cow resources.
- Government has decided to create a separate Department of Fisheries.
- Proposed to launch a mega pension yojana namely 'Pradhan Mantri Shram-Yogi Maandhan' for the unorganised sector to provide them an assured monthly pension of Rs 3,000 from the age of 60 years.
- Projected a Fiscal Deficit at 3.4% of GDP for the year 2019-20.
- Exemption for individual taxpayers having taxable annual income up to Rs. 5 lakhs per annum.
- Standard Deduction limit for salaried persons is being raised from the current Rs. 40,000 to Rs. 50,000.
- Tax Deducted at Source (TDS) threshold on interest earned on bank/post office deposits is being raised from Rs. 10,000 to Rs. 40,000.
- 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 crore.
- Allocation for the North Eastern Areas is being proposed to be increased by 21% to Rs. 58,166 crore in 2019-20 Budget Estimates (BE) over 2018-19 BE.
- Proposal to make 1 lakh villages into Digital Villages over next five years.
- Capital support from the budget for railways is proposed at Rs. 64,587 crore in 2019-20 (BE).
- GST registered Small and Medium Enterprises (SME) units will get 2% interest rebate on incremental loan of Rs 1 crore.
- Single window clearance for ease of shooting films extended to Indian filmmakers
- Extension in 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
- An amount of Rs. 60,000 crores is being allocated for Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) in BE 2019-20.

## 4. Vision for the Next Decade: 10 Dimensions in 2030

The Government in Interim Budget 2019-20 has given the vision for the next decade in terms of 10 important dimensions in 2030 as India is poised to become USD 5 trillion economy in next five years and aspire to become USD 10 trillion economy in next 8 years thereafter. The ten dimensional vision for the next decade really shows the confidence of the government to transform India to the next level with the strong and sustainable growth trajectory. The other dimensions such as Digital India, Pollution-free India, Rural Industrialization, Cleaning of the rivers, self sufficiency in food, vision of a healthy society among others are inspiring and promising in building confidence of the people

S.No	Dimension	Description
1	<b>Physical and Social infrastructure</b>	The vision is to build physical as well as social infrastructure for a ten Trillion Dollar economy and to provide ease of living. It will comprise next generation infrastructure of roads, railways, seaports, airports, urban transport, gas and electric transmission and inland waterways. On the social infrastructure side, every family will have a roof on its head and will live in a healthy, clean and wholesome environment. The Government will also build a quality, science oriented educational system with Institutes of Excellence providing leadership at the top.
2	<b>Digital India</b>	The vision is to create a Digital India reaching every sector of the economy, every corner of the country and impacting the life of all Indians. Digital Infrastructure and digital economy of 2030 will be built upon the successes achieved in recent years in digitisation of Government processes and private transactions. The youth will lead in this endeavour with innumerable start-ups creating digital India, and millions of jobs in this eco-system.
3	<b>Pollution free India</b>	The vision is to make India a pollution free nation with green Mother Earth and blue skies. India will drive on Electric Vehicles with Renewables becoming a major source of energy supply. India will lead the world in the transport revolution through electric vehicles and energy storage devices, bringing down import-dependence and ensuring energy security for our people.
4	<b>Rural Industrialisation</b>	The vision is to expand rural industrialisation 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 spread in every nook and corner of the country. India is now on the way to becoming a global manufacturing hub in various sectors including automobiles and electronics, defence and medical devices.

5	<b>Clean Rivers</b>	The vision is to have clean rivers and water bodies. The Government has worked vigorously for cleaning River Ganga. The vision for India of 2030 is 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	<b>Coastline and ocean waters</b>	The vision is to ensure better standards and quality of life for a large number of people living in the coastal areas. Government's efforts in the Sagarmala programme will be scaled up and we will develop other inland waterways faster.
7	<b>Space programme - Gaganyaan</b>	This vision aims at the outer skies. Government's space programme – Gaganyaan, India becoming the launch-pad of satellites for the World and placing an Indian astronaut into space by 2022 reflect this dimension of the vision of Government.
8	<b>Self-sufficiency in Food</b>	The vision is to make India self-sufficient in food, export to the world to meet their food needs and produce food in the most organic way. High farm production and productivity will be achieved through modern agricultural practices and value addition. An integrated approach towards agro and food processing, preservation, packaging and maintenance of the cold chain will be the focus of attention.
9	<b>Healthy India</b>	The Government will be aiming at healthy society with an environment of health assurance and the support of necessary health infrastructure. By 2030, the Government will work towards a distress free health care and a functional and comprehensive wellness system for all.
10	<b>Miniumum Government Maximum Governance Nation</b>	India of 2030 will have a proactive and responsible bureaucracy which will be viewed as friendly to people. The vision is that team India i.e employees and elected Governemnt will transform India into a Miniumum Government and Maximum Governance Nation.

Source: PHD Research Bureau, compiled from Interim Budget 2019-20

**This vision will create India - A modern, technology driven, high growth, equitable and transparent society.**

## 5. Budget at a Glance

<b>Fiscal deficit</b> in Revised Estimates (RE) 2018-19 has been increased marginally to 3.4% from 3.3% (BE) and in BE 2019-20 is pegged at 3.4%.	<b>Revenue Deficit</b> stands at 2.2% in BE and RE 2018-19. The Revenue Deficit for 2019-20 is pegged at 2.2%.	<b>Total expenditure in Budget for 2019-20</b> has been placed at Rs 27.84 lakh crores.
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### 5.1. Budget at a Glance

(Amount in Rs. Crore)

S. No.	Particulars	2017-18	2018-19		2019-20	2019-20 Y-o-Y growth
		Actuals	BE	RE	BE	%
<b>1</b>	<b>Revenue Receipts (2+3)</b>	<b>1435233</b>	<b>1725738</b>	<b>1729682</b>	<b>1977693</b>	<b>14.34</b>
2	Tax Revenue (Net to Centre)	1242488	1480649	1484406	1705046	14.86
3	Non-tax revenue	192745	245089	245276	272647	11.16
<b>4</b>	<b>Capital Receipts (5+6+7)<sup>\$</sup></b>	<b>706742</b>	<b>716475</b>	<b>727553</b>	<b>806507</b>	<b>10.85</b>
5	Recoveries of loans	15633	12199	13155	12508	-4.92
6	Other Receipts	100045	80000	80000	90000	12.50
7	Borrowings & other liabilities <sup>#</sup>	591064	624276	634398	703999	10.97
<b>8</b>	<b>Total Receipts (1+4)</b>	<b>2141975</b>	<b>2442213</b>	<b>2457235</b>	<b>2784200</b>	<b>13.31</b>
<b>9</b>	<b>Total Expenditure (10+13)</b>	<b>2141975</b>	<b>2442213</b>	<b>2457235</b>	<b>2784200</b>	<b>13.31</b>
10	On Revenue Account of which	1878835	2141772	2140612	2447907	14.36
11	Interest Payments	528952	575795	587570	665061	13.19
12	Grants in Aid for creation of Capital assets	191034	195345	200300	200740	0.22
13	On Capital Account	263140	300441	316623	336293	6.21
<b>14</b>	<b>Revenue deficit (10-1)</b>	<b>443602</b>	<b>416034</b>	<b>410930</b>	<b>470214</b>	<b>14.43</b>
15	as % of GDP	2.6	2.2	2.2	2.2	...
<b>16</b>	<b>Effective Revenue Deficit (14-12)</b>	<b>252568</b>	<b>220689</b>	<b>210630</b>	<b>269474</b>	<b>27.94</b>
17	as % of GDP	1.5	1.2	1.1	1.3	...
<b>18</b>	<b>Fiscal deficit {9-(1+5+6)}</b>	<b>591064</b>	<b>624276</b>	<b>634398</b>	<b>703999</b>	<b>10.97</b>
19	as % of GDP	3.5	3.3	3.4	3.4	...
<b>20</b>	<b>Primary deficit (16-11)</b>	<b>62112</b>	<b>48481</b>	<b>46828</b>	<b>38938</b>	<b>-16.85</b>
21	as % of GDP	0.4	0.3	0.2	0.2	...

Source: PHD Research Bureau compiled from Interim Budget 2019-20. BE: Budget Estimates, RE: Revised Estimates  
 Notes: \$ Excluding receipts under Market Stabilisation Scheme; #Includes drawdown of Cash Balance; GDP for BE 2019-2020 has been projected at Rs 21007439 crore assuming 11.5% growth over the estimated GDP of Rs 18840731 crore for 2018-19 (RE). Individual items in this document may not sum up to the totals due to rounding off; Figures in parenthesis are as a percentage of GDP. Y-O-Y growth is of BE of 2019-20 over RE of 2018-19.



# INTERIM BUDGET 2019-20

## 5.2. Summary of Receipts

(Amount in Rs. Crore)

S. No	Component					2019-20		
			2017-18	2018-19		2019-20	Y-o-Y growth	
				Actuals		BE	RE	BE
1	Tax Revenue Gross Tax Revenue	1919009	2271242	2248175	2552131	13.52		
a.	Corporation Tax	571202	621000	671000	760000	13.26		
b.	Taxes on Income	430772	529000	529000	620000	17.20		
c.	Wealth Tax	63	..	..	..			
d.	Customs	129030	112500	130038	145388	11.80		
e.	Union Excise Duties	259431	259600	259612	259600	0.00		
f.	Service Tax	81228	..	9283	..	..		
g.	GST	442561	743900	643900	761200	18.22		
	- CGST	203261	603900	503900	610000	21.06		
	- IGST	176688	50000	50000	50000	..		
	- GST Compensation Cess	62612	90000	90000	101200	12.44		
h.	Taxes on Union Territories	4721	5242	5342	5943	11.25		
Less - NCCD transferred to the NCCF/NDRF		3515	2500	2315	2480	7.13		
Less - State's share		673005	788093	761454	844605	10.92		
1a.	Centre's Net Tax Revenue	1242488	1480649	1484406	1705046	14.86		
2	Non-Tax Revenue	192744	245089	245276	272647	11.16		
	Interest receipts	13574	15162	12047	12911	7.17		
	Dividend and Profits	91360	107312	119265	136071	14.09		
	External Grants	3582	2667	1270	1006	-20.79		
	Other Non Tax Revenue	82338	117886	110619	120509	8.94		
	Receipts of Union Territories	1890	2062	2076	2149	3.52		
Total Revenue Receipts(1a + 2)		1435233	1725738	1729682	1977693	14.34		
3	Capital Receipts							
A.	Non-debt Receipts	115678	92199	93155	102508	10.04		
(i)	Recoveries of loans and advances@	15633	12199	13155	12508	-4.92		
(ii)	Disinvestment Receipts	100045	80000	80000	90000	12.50		
B.	Debt Receipts*	586971	581210	593197	652702	10.03		
Total Capital Receipts (A+B)		702650	673410	686352	755209	10.03		
4	DRAW-DOWN OF CASH BALANCE	4093	43066	41201	51297	24.51		
Total Receipts (1a+2+3)		2137882	2399147	2416034	2732902	13.12		
Receipts under MSS (Net)		...	...	...	...	...		

Source: PHD Research Bureau compiled from Interim Budget 2019-20. Note: Individual items in this document may not sum up to the totals due to repayments. BE-Budget Estimates, RE-Revised Estimates, Y-o-Y stands for Year on year growth. NCCD transferred to the National Calamity Contingency Fund/National Disaster Response Fund. \* The receipts are net of payment. @ Excludes recoveries of short term loans and advances.

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## 5.3. Summary of Expenditure

(Amount in Rs. Crore)

S.No.	Particulars	2017-18	2018-19		2019-20	2019-20 Y-o-Y growth
		Actuals	BE	RE	BE	%
<b>A</b>	<b>Centre's Expenditure</b>					
I	Establishment Expenditure	473031	508400	517025	541345	4.70
II	Central Sector Schemes/ Projects	587785	708934	736796	860180	16.75
III	Other Central Sector Expenditure of which	622900	678017	695609	777996	11.84
	Interest Payments	528952	575795	587570	665061	13.19
<b>B.</b>	<b>Transfers</b>					
IV	Centrally Sponsored Schemes	285448	305517	304849	327680	7.49
V	Finance Commission Grants	92244	109374	106129	131902	24.28
VI	Other Grants/Loans/Transfers	80567	131973	96827	145097	49.85
	<b>Grand Total</b>	<b>2141975</b>	<b>2442213</b>	<b>2457235</b>	<b>2784200</b>	<b>13.31</b>
<b>Capital Expenditure of the Government</b>						
1	Gross Budgetary Support	263140	300441	316624	336292	6.21
2	Ministry of Railways (IEBR)	58568	93440	85798	94071	9.64
3	IEBR (excluding Ministry of Railways)	552118	384831	558596	523370	-6.31
	<b>Total</b>	<b>873826</b>	<b>778712</b>	<b>961018</b>	<b>953733</b>	<b>-0.76</b>

Source: PHD Research Bureau compiled from Interim Budget 2019-20. Note: Individual items may not sum up to the totals due to rounding off. BE-Budget Estimates, RE-Revised Estimates, Y-o-Y stands for Year on year growth

## 5.4. Resources Transferred to State and U.T.

(Amount in Rs. Crore)

S.No.	Indicators	2017-18	2018-19	2019-20	2019-20 Y-o-Y growth%
		Actuals	RE	BE	
<b>I.</b>	<b>Devolution of States' share in taxes</b>	<b>673005</b>	<b>761454</b>	<b>844605</b>	10.92
<b>II.</b>	<b>Some Important Items of Transfer</b>	<b>37236</b>	<b>55558</b>	<b>54649</b>	-1.64
a	Assistance to States from NDRF	4723	10000	10000	0.00
b	Central Pool of Resources for North Eastern Region and Sikkim	702	657	592	-9.95
c	Externally Added Projects - Grants	3000	3500	4500	28.57
d	Externally Aided Projects - Loan	17500	23801	19723	-17.13
e	Schemes of North East Council	772	422	326	-22.79
f	Schemes under Proviso to Article 275(1) of the Constitution	1509	1565	1993	27.35
g	Special Assistance under the demand- Transfer to States	6951	13500	15000	11.11
h	Special Central Assistance to Scheduled Castes	731	876	1270	44.98
i	Special Central Assistance to Tribal Area	1348	1238	1245	0.57
<b>III.</b>	<b>Finance Commission Grants</b>	<b>92244</b>	<b>106129</b>	<b>131902</b>	24.29
a	Grant for Rural Local Bodies	34448	42815	60687	41.74

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b	Grants for Urban Local Bodies	12594	18879	26665	41.24
c	Grants-in-Aid for SDRF	9383	9852	10344	4.99
d	Post Devolution Revenue Deficit Grants	35819	34582	34206	-1.09
<b>IV.</b>	<b>Total Transfer to States [Other than (I)+(II)+(III)]</b>	<b>278811</b>	<b>315133</b>	<b>329651</b>	<b>4.61</b>
a	Under Centrally Sponsored Schemes (Revenue)	262043	277414	287221	3.54
b	Under Central Sector Schemes (Revenue)	15964	36637	41292	12.71
c	Under Other Categories of Expenditure (Revenue)	788	934	1029	10.17
d	Capital Transfers	16	148	109	-26.26
<b>V.</b>	<b>Total Transfer to Delhi and Puducherry</b>	<b>3832</b>	<b>8310</b>	<b>9813</b>	<b>18.08</b>
a	Under Centrally Sponsored Schemes (Revenue)	1016	1336	2008	50.30
b	Under Central Sector Schemes (Revenue)	70	77	-53	-168.07
c	Under Other Categories of Expenditure (Revenue)	2673	6767	7557	11.67
d	Capital Transfers	72	130	300	130.77
<b>Total Transfers to States/UTs</b>		<b>1085128</b>	<b>1246584</b>	<b>1370620</b>	<b>9.95</b>

Source: PHD Research Bureau, compiled from Interim Budget 2019-20. Note: BE-Budget Estimates, RE-Revised Estimates. UT stands for Union Territories and NDRF stands for National disaster Response Fund (NDRF), SDF: State's Disaster Relief Fund

### 5.5. Debt and Deficit Statistics

(Amount in Rs. Crore)

S. No.	Particulars	2017-18	2018-19		2019-20	2019-20 Y-o-Y growth
			BE	RE	BE	
<b>1</b>	<b>Fiscal Deficit</b>	<b>591064</b>	<b>624276</b>	<b>634398</b>	<b>703999</b>	<b>10.97</b>
	as a % of GDP	3.5	3.3	3.4	3.4	
<b>2</b>	<b>Primary Deficit</b>	<b>62112</b>	<b>48481</b>	<b>46828</b>	<b>38938</b>	<b>(-)16.84</b>
	as a % of GDP	0.4	0.3	0.2	0.2	
<b>3</b>	<b>Revenue Deficit</b>	<b>443602</b>	<b>416034</b>	<b>410930</b>	<b>470214</b>	<b>14.42</b>
	as a % of GDP	2.6	2.2	2.2	2.2	
<b>4</b>	<b>Effective Revenue Deficit</b>	<b>252568</b>	<b>220689</b>	<b>210630</b>	<b>269474</b>	<b>27.94</b>
	as a % of GDP	1.5	1.2	1.1	1.3	
<b>Sources of Financing Fiscal Deficit</b>						
<b>5</b>	<b>Debt Receipts (Net)</b>					
	6. Market Borrowings (G-Sec + T Bills)	455207	407120	447737	448122	0.09
	7. Securities Against Small Savings	102628	75000	125000	130000	4.00
	8. State Provident Funds	15799	17000	17000	18000	5.88
	9. Other Receipts (Reserve Fund, Deposit & Advances)	5407	84679	8353	59532	612.70
	10. External Debt	7931	(-)2589	(-)4893	(-)2952	(-)39.67
<b>11</b>	<b>Draw Down of Cash Balance</b>	<b>4093</b>	<b>43066</b>	<b>41201</b>	<b>51298</b>	<b>24.51</b>
<b>12</b>	<b>Grand Total</b>	<b>591064</b>	<b>624276</b>	<b>634398</b>	<b>703999</b>	<b>10.97</b>

Source: PHD Research Bureau compiled from Interim Budget 2019-20. Note: Individual items may not sum up to the totals due to rounding off; BE - Budget Estimates, RE - Revised Estimates

## 5.6. Sectoral Allocations

(Amount in Rs. Crore)

S.No.	Particulars	2017-18	2018-19		2019-20	2019-20 Y-o-Y growth
		Actuals	BE	RE	BE	%
1	Pension	145745	168466	166618	174300	4.61
2	Defence	276574	282733	285423	305296	6.96
3	Subsidy					
4	- Fertiliser	66441	70080	70075	74986	7.01
5	- Food	100282	169323	171298	184220	7.54
6	- Petroleum	24460	24933	24833	37478	50.92
7	Agriculture and Allied Activities	52628	63836	86602	149981	73.18
8	Commerce and Industry	24087	27956	28394	27660	-2.59
9	Development of North East	2514	3000	2629	3000	14.11
10	Education	80215	85010	83626	93848	12.22
11	Energy	42155	41104	46150	44101	-4.44
12	External Affairs	13738	15012	15582	16062	3.08
13	Finance	17392	20342	18852	19812	5.09
14	Health	52994	54667	55949	63538	13.56
15	Home Affairs	87547	93450	99034	103927	4.94
16	Interest	528952	575795	587570	665061	13.19
17	IT and Telecom	16899	22380	16282	21549	32.35
18	Others	66333	72845	74905	75822	1.22
19	Planning and Statistics	4559	5199	5415	5594	3.31
20	Rural Development	134973	138097	135109	138962	2.85
21	Scientific Departments	22115	24906	25099	26237	4.53
22	Social Welfare	37440	44220	46492	49337	6.12
23	Tax Administration	71755	105541	67448	117285	73.89
	of which, Transfer to GST Compensation Fund	56146	90000	51735	101200	95.61
24	Transfer to States	107501	142858	141353	166883	18.06
25	Transport	110399	134572	145399	156187	7.42
26	Union Territories	14216	14123	14133	15042	6.43
27	Urban Development	40061	41765	42965	48032	11.79
<b>Grand Total</b>		<b>2141975</b>	<b>2442213</b>	<b>2457235</b>	<b>2784200</b>	<b>13.31</b>

Source: PHD Research Bureau compiled from Interim Budget 2019-20. Note: Individual items may not sum up to the totals due to rounding off. BE - Budget Estimates, RE - Revised Estimates.



## 6. Impact on Economy

The Interim budget for 2019-20 with a focus to boost consumption and to help India to become a USD 10 trillion economy has opened new avenues for every segment of the Indian economy. While maintaining fiscal prudence path at 3.4% of GDP, the agronomics has become the forefront with a bonanza of Rs. 6000 per year for each of 120 million small farm owners. Along, 30 million middle class will be benefitted by rebate in income tax on income of Rs. 5 lakh per year. Also, the unorganised sector has not left aside by earmarking Rs. 3000 per month as a pension after the age of 60 years.

While this is a boost to consumption let growth of the economy, higher inflationary expectations cannot be ruled out, going forward. The major short term and medium term costs would be Rs. 20,000 crore in FY 2018-19 and Rs. 75,000 crore in FY 2019-20 for direct transfers to farmers; Rs. 18,500 crore for annual tax sops to middle class. However, the election year budget is a dream budget of the Indian economy that would go a long way to give a big push to economic growth trajectory through consumption, agriculture, unorganised sector and middle class.

### Impact on the Indian Economy

S.No	Parameter	Announcement	Impact
1	<b>Macro-economic stability</b>	The Budget proposals focus on empowering farmers and the rural economy, the middle class and the youth of the nation. It has focused on the livelihood of the poor, addressing the distress of the farmers, increasing the income level of the middle class, reforms in the promising sectors of housing and construction and creating employment for the youth.	The focus on farmers and the middle class will push up demand, create jobs and alleviate poverty. Focus on infrastructure creation and reforms for empowering the youth will give a boost to overall economic activity through multiplier effects.
2	<b>Fiscal Prudence</b>	The fiscal deficit in 2018-19 (Revised estimates) is pegged at 3.4% of GDP. The fiscal deficit in 2019-20 (Budget estimates) has also been kept at 3.4% of GDP.  Along with completion of the fiscal deficit consolidation programme, the Government has proposed to focus on Debt consolidation.	It shows the government's growing commitment towards maintaining fiscal prudence.  This will position India as a nation committed towards enhanced consolidation of debt.
3	<b>Agriculture, Allied Activities &amp; Rural</b>	It is proposed to launch a historic programme namely "Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)" to provide an assured income support	The programme is a major breakthrough and will pave a way for the farmers to earn and live a respectable living. It will not only

	<b>Economy</b>	<p>to the small and marginal farmers. Under this programme, vulnerable landholding farmer families, having cultivable land upto 2 hectares, will be provided direct income support at the rate of Rs 6,000 per year with effective from 1st December 2018. An outlay of Rs 75,000 crore for the programme is proposed for FY 2019-20.</p> <p>Considering the need for income support to farmers, the Government has allocated Rs 20,000 crore in 2018-19 RE and Rs 75,000 crore in 2019-20 BE.</p> <p>The Government has increased the allocation for Rashtriya Gokul Mission to Rs 750 crore in the current year itself. The Government has also announced the setting up of "Rashtriya Kamdhenu Aayog" to upscale sustainable genetic upgradation of cow resources and to enhance production and productivity of cows.</p>	<p>provide assured supplemental income to the most vulnerable farmer families, but will also meet their emergent needs especially before the harvest season.</p> <p>This will provide the desired push towards the welfare of the farmers.</p> <p>This will provide considerable support to the Animal Husbandry and Fisheries sector and enhance its productivity.</p>
	<b>Industry</b>	<p>GST registered Small and Medium Enterprises (SME) units will get 2% interest rebate on incremental loan of Rs 1 crore.</p> <p>Requirement of sourcing from SMEs by Government enterprises has been increased to 25% of which at least 3% will be sourced from women owned SMEs</p>	<p>This will provide relief to MSMEs on expanding their borrowings.</p> <p>This will incentivize employment of more women in the formal sector and enable higher take-home wages for them.</p>
	<b>Infrastructure</b>	<p>Capital support for railways is proposed at Rs 64,587 crore in 2019-20 (BE). The Railways' overall capital expenditure programme is of Rs 1,58,658 crore. The Operating Ratio is expected to improve from 98.4%</p>	<p>This will play a huge role in transforming the level of rail infrastructure in the country. The increase in the budgetary support along with the increase in capital expenditure reassures the</p>

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		in 2017-18 to 96.2% in 2018-19 (RE) and further to 95% in 2019-20 (BE).	Government's commitment towards the progressive development of Railways.
		Proposed to increase the allocation for the North Eastern Areas by 21% to Rs 58,166 crore in 2019-20 BE over 2018-19 BE.	This will lead to further improvement in the passing of the benefits of infrastructure development to the region.
6	<b>Health</b>	Setting up of the new 22 <sup>nd</sup> All India Institute of Medical Sciences (AIIMS) in Haryana.	This will enhance the accessibility of quality medical education and health care in the state.
7	<b>Finance &amp; Taxation</b>	Tax relief to middle class by giving tax exemption of upto Rs. 5 lakh per annum.	This would go a long way to boost the consumption demand and increased saving rates in the economy.
		Proposed to increase the benefit of rollover of capital gains under section 54 of the Income Tax Act from investment in 1 residential house to 2 residential houses for a tax payer having capital gains up to Rs 2 crore. This benefit can be availed once in a life time.	This will help in providing additional benefits to the taxpayers. It is a great reform for the housing and construction sector. This would enhance the employment opportunities for the unskilled, semi-skilled and skilled workforce in the country.

Source: PHD Research Bureau

## 7. Impact on Industry

The Government has provided impetus in the Interim Budget 2019-20 proposals for the growth of MSMEs, real estate sector, defence sector, entertainment industry, among others. One of the significant announcements made is the increase in investment in one residential house to two residential houses with the benefit of rollover of capital gain tax upto Rs 2 crore, once in a lifetime is a great reform for the housing and construction sector. This would enhance the employment opportunities for the unskilled, semi-skilled and skilled workforce in the country. Extension in 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 is encouraging as it will give an impetus to the real estate sector.

### Impact on Indian Industry

S.No	Industry/Sector	Announcement	Impact
1	<b>Micro, Small and Medium Enterprises (MSMEs)</b>	GST registered Small and Medium Enterprises (SME) units will get 2% interest rebate on incremental loan of Rs 1 crore.	This will provide relief to MSMEs on expanding their borrowings.
		Requirement of sourcing from SMEs by Government enterprises has been increased to 25% of which at least 3% will be sourced from women owned SMEs	This will incentivize employment of more women in the formal sector and enable higher take-home wages for them.
		Government e-Marketplace (GeM) is now being extended to all Central Public Sector Enterprises (CPSEs)	This will expand opportunities for MSMEs to sell their products on GeM.
2	<b>Real estate</b>	Extension in 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	This will provide impetus to the real estate sector by reducing tax burden for the stakeholders involved in the sector.
		Increase in investment in one residential house to two residential houses with the benefit of rollover of capital gain tax upto Rs 2 crore once in a lifetime	This is encouraging reform for housing and construction sector. It will enhance the employment opportunities for the unskilled, semi-skilled and skilled workforce in the country

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3	<b>Entertainment</b>	Single window clearance for ease of shooting films extended to Indian filmmakers	This will promote ease of doing business for indigenous film makers to attain plethora of clearances and permissions from various agencies of the Government for shooting.
		The Government will introduce anti-camcording provisions in the Cinematograph Act	This will help in addressing the menace of piracy.
4	<b>Capital goods</b>	National Programme on 'Artificial Intelligence has been envisaged by the Government and Nine priority areas have been identified. Further, a National Artificial Intelligence portal will also be developed soon.	This will help in providing boost to technology development in the capital goods sector.
5	<b>Defence sector</b>	Defence Budget will be crossing Rs 3,00,000 crore for the first time in 2019-20.	This will help in strengthening and securing borders and overall national security.

Source: PHD Research Bureau



## 8. Impact on Infrastructure

Infrastructure is one of the key growth drivers of any economy. It is the backbone of any nation's development and quality of life. The Interim Budget announcements of 2019-20, focus on inclusive and overall infrastructure development of the country. The announcements highlight the Government's vision to strengthen both the physical and the social infrastructure.

### Impact on Infrastructure

S.No	Parameter	Announcement	Impact
1	<b>Railways</b>	Capital support for railways is proposed at Rs 64,587 crore in 2019-20 (BE). The Railways' overall capital expenditure programme is of Rs 1,58,658 crore. The Operating Ratio is expected to improve from 98.4% in 2017-18 to 96.2% in 2018-19 (RE) and further to 95% in 2019-20 (BE).	This will play a huge role in transforming the level of infrastructure in the country. The increase in the budgetary support along with the increase in capital expenditure reassures the Government's commitment towards the progressive development of Railways.
2	<b>Roads</b>	Proposed to allocate Rs 19,000 crore in BE 2019-20 as against Rs 15,500 crore in RE 2018-19 for the Pradhan Mantri Gram Sadak Yojana (PMGSY).	This will promote the development of infrastructure and rural connectivity.
3	<b>Cargo Movement</b>	Proposed to introduce container cargo movement to the North East as well, by improving the navigation capacity of the Brahmaputra river.	This will strengthen the existing infrastructure and faster handling of export and import cargo.
4	<b>Allocation for the North Eastern Areas</b>	Proposed to increase the allocation for the North Eastern Areas by 21% to Rs 58,166 crore in 2019-20 BE over 2018-19 BE.	This will lead to further improvement in the passing of the benefits of infrastructure development to the region.
5	<b>Digital India Revolution</b>	It is proposed to make 1 lakh villages into Digital Villages over the course of next five years.	This will help in making more villages digitalized in the coming times.

Source: PHD Research Bureau

## 9. Impact on Finance & Taxation

The Interim Budget 2019-20 has delivered some quality and dynamic taxation reforms particularly for the middle class. The proposal to provide full tax rebate to individual taxpayers having taxable annual income up to Rs 5 lakhs will provide additional income in the hands of the middle class which will help in boosting spending, saving and investment in the economy. Additionally, announcements that have been made with regards to standard reduction, notional rent, Tax Deducted at Source (TDS), rollover of capital gains, returns, assessments, refunds and queries will go a long way in helping the taxpayers to contribute in nation building.

### Impact on Finance & Taxation

S.No	Parameter	Announcement	Impact
1	<b>Income Tax</b>	Proposed to provide full tax rebate to individual taxpayers having taxable annual income up to Rs 5 lakhs per annum. Also, persons having gross income up to Rs 6.50 lakhs may not be required to pay any income tax if they make investments in provident funds, specified savings, insurance etc.	This will provide additional income in the hands of the middle class which will help in boosting spending, saving and investment in the economy.
		Proposed to extend the benefits of Section 80-IBA of the Income Tax Act for one more year, i.e. to the housing projects approved till 31st March, 2020.	This will help in making more homes available under affordable housing.
2	<b>Standard Deduction</b>	Proposed to raise Standard Deduction from the current Rs 40,000 to Rs 50,000 for salaried persons.	This will provide additional tax benefit of Rs. 4,700 crore to more than 3 crore salary earners and pensioners.
3	<b>Notional Rent</b>	Proposed to exempt levy of income tax on notional rent on a second self-occupied house.	This will help in providing an impetus to the demand for houses and will give relief to the taxpayers.
		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.	This will provide impetus to the real estate sector.

4	<b>Tax Deducted at Source (TDS)</b>	<p>Proposed to raise TDS threshold on interest earned on bank/post office deposits from Rs 10,000 to Rs 40,000.</p> <p>TDS threshold for deduction of tax on rent is proposed to be increased from Rs 1,80,000 to Rs 2,40,000.</p>	<p>This will benefit small depositors and nonworking spouses.</p> <p>This will provide relief to small taxpayers.</p>
5	<b>Returns, assessments, refunds and queries</b>	<p>The Government has approved a path breaking, technology intensive project to transform the Income-tax Department into a more assessee-friendly one. It is proposed that all returns will be processed in twenty-four hours and refunds issued simultaneously.</p> <p>It is proposed that within the next 2 years, almost all verification and assessment of returns selected for scrutiny will be done electronically through anonymised back office, manned by tax experts and officials, without any personal interface between taxpayers and tax officers.</p>	<p>This will promote ease of processing returns, refunds and digitization.</p> <p>This will ensure a smooth user interface for the taxpayers.</p>
6	<b>Rollover of capital gains</b>	<p>Proposed to increase the benefit of rollover of capital gains under section 54 of the Income Tax Act from investment in 1 residential house to 2 residential houses for a tax payer having capital gains up to Rs 2 crore. This benefit can be availed once in a life time.</p>	<p>This will help in providing additional benefits to the taxpayers. It is a great reform for the housing and construction sector and would enhance the employment opportunities for the unskilled, semi-skilled and skilled workforce in the country.</p>
7	<b>Stamp Duty</b>	<p>It is proposed, through the Finance Bill, necessary amendments in Stamp duty levied and collected on financial securities transactions. Stamp duties would be levied on 1 instrument relating to 1 transaction and get collected at 1 place through the Stock Exchanges. The duty so collected will be shared with the State Governments seamlessly on the basis of domicile of buying client.</p>	<p>This will help in standardizing and rationalizing the process.</p>

Source: PHD Research Bureau

## 10. Impact on Agriculture and Allied sector & Rural Economy

Agriculture, Allied sectors and Rural economy are one of the major thrust area in the Interim Budget 2019-20. This year, one of the significant announcement is the launch of “Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)”. The programme will provide direct income support at the rate of Rs 6,000 per year to the vulnerable landholding farmer families, having cultivable land upto 2 hectares. The proposed scheme will provide an assured income support to the small and marginal farmers. Other announcements related to the development of the Animal Husbandry and Fisheries sector, more provisions under the National Disaster Relief Fund (NDRF), increased allocations under the MGNREGA will improve the overall growth of the agriculture sector and the rural economy, going forward.

### Impact on Agriculture, Allied Activities & Rural Economy

S.No	Parameter	Announcement	Impact
1	<b>Agriculture and farmer's welfare</b>	<p>It is proposed to launch a historic programme namely “Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)” to provide an assured income support to the small and marginal farmers. Under this programme, vulnerable landholding farmer families, having cultivable land upto 2 hectares, will be provided direct income support at the rate of Rs 6,000 per year. The programme would be made effective from 1st December 2018 . An outlay of Rs 75,000 crore for the programme is proposed for FY 2019-20. The Government is also providing Rs 20,000 crore in the RE of FY 2018-19.</p> <p>Considering the need for income support to farmers, the Government has provided Rs 20,000 crore in 2018-19 RE and Rs 75,000 crore for PM-KISAN in 2019-20 BE.</p>	<p>The programme is a major breakthrough for boosting farmers' income. It will pave a way for the farmers to earn and live a respectable living. It will not only provide assured supplemental income to the most vulnerable farmer families, but will also meet their emergent needs especially before the harvest season.</p> <p>This will provide the desired push towards the welfare of the farmers.</p>
2	<b>Mahatma Gandhi National Rural Employment Gurantee Act (MGNREGA)</b>	It is proposed to allocate Rs 60,000 crore in BE 2019-20.	This will enhance rural employment and rural demand and will create productive assets to improve farm productivity and incomes.

3	<b>Animal Husbandry and Fisheries sector</b>	<p>The Government has increased the allocation for Rashtriya Gokul Mission to Rs 750 crore in the current year itself. The Government has also announced the setting up of "Rashtriya Kamdhenu Aayog" to upscale sustainable genetic up-gradation of cow resources and to enhance production and productivity of cows.</p> <p>The Government has decided to create a separate Department of Fisheries.</p> <p>Proposed to provide the benefit of 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through Kisan Credit Card (KCC). In case of timely repayment of loan, they will also get an additional 3% interest subvention. It is also proposed to initiate a comprehensive drive with a simplified application form.</p>	<p>This will provide considerable support to the Animal Husbandry and Fisheries sector and enhance its productivity.</p> <p>This will help in providing sustained and focused attention towards the development of the fisheries sector.</p> <p>This will ensure provision of easy and concessional credit to farmers in animal husbandry and fisheries sector.</p>
4	<b>National Disaster Relief Fund (NDRF)</b>	<p>The Government has decided that 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.</p>	<p>This will have a positive impact on the farmers affected severely through natural calamities.</p>

Source: PHD Research Bureau



## 11. Impact on Socio-Economic Segments

The Interim Budget 2019-20 has focused on education, health, welfare of women, employment and skill development. The Budget has laid focus on the up-liftment of socio-economic segments. This would increase the domestic demand and enhance the economic growth along with all inclusive development.

### Impact on socio-economic segments

S.No	Parameter	Announcement	Impact
1	<b>Education</b>	To provide around 25% extra seats (approximately 2 lakh) in educational institutions to ensure no shortfall of presently available/reserved seats for any class.	This will help in strengthening the education outcomes and thus, improve the overall quality of education. This will also boost students to take up higher studies.
		Allocation for National Education Mission is being increased from Rs 32,334 crore in RE 2018-19 to Rs 38,572 crore in BE 2019-20.	This will strengthen educational infrastructure of the country and will provide a push to the National Education Mission.
2	<b>Health</b>	Setting up of the new 22 <sup>nd</sup> AIIMS in Haryana	This will enhance the accessibility of quality medical education and health care in the state.
3	<b>Welfare of women</b>	More than 6 crore free LPG connections have already been given under the Ujjwala Yojana and it is proposed to provide the remaining connections (target 8 crore) to the needy by next year.	This will help in reducing pollution and improving the quality of life in greater number of poor households in rural areas and generate meaningful employment.
		The requirement of sourcing from Small & Medium-sized Enterprises (SMEs) by Government enterprises has been increased to 25%. It is proposed that the material to the extent of at least 3% will be sourced from women owned SMEs.	This will further incentivize employment of more women in the formal sector and enable higher take-home wages for them.

4	<b>Skill development</b>	Proposed to enhance the National Programme on 'Artificial Intelligence' by the establishment of the National Centre on Artificial Intelligence as a hub along with Centres of Excellence. In this context, nine priority areas have been identified. It is also proposed to develop a National Artificial Intelligence portal soon.	This will facilitate skill development of the youth in the technologies of future, help in promoting innovation in the skill landscape.
5	<b>All inclusive development</b>	<p>Proposed to launch a mega pension yojana namely 'Pradhan Mantri Shram-Yogi Maandhan' for the unorganised sector workers with monthly income upto Rs 15,000. This pension yojana shall provide them 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. A sum of Rs 500 crore has been allocated for the Scheme. The scheme will also be implemented from the current year.</p> <p>It is proposed to allocate Rs 3,27,679 crore in BE 2019-20 as against Rs 3,04,849 crore in 2018-19 RE to Centrally Sponsored Schemes (CSS).</p> <p>It is proposed to increase the allocation for Integrated Child Development Scheme (ICDS) from Rs 23,357 crore in RE 2018-19 to Rs 27,584 crore in BE 2019-20.</p> <p>Proposed to set up a Committee under NITI Aayog to complete the task of identifying De-notified, Nomadic and Semi Nomadic communities not yet formally classified. The Government has also proposed to set up a Welfare Development Board under the Ministry of Social Justice and Empowerment specifically for the</p>	<p>This will provide comprehensive social security coverage to the workers in the unorganised sector in their old age such as for street vendors, rickshaw pullers, construction workers, rag pickers, among others for their old age.</p> <p>This will help in promoting welfare of the people and will provide boost to the overall development of the nation.</p> <p>This will lead to enhanced development of the children in the country.</p> <p>This will provide a major step forward towards the welfare and development of De-notified, Nomadic and Semi Nomadic communities.</p>

## INTERIM BUDGET 2019-20

	purpose of implementing welfare and development programmes for De-notified, Nomadic and Semi-Nomadic communities.	
	<p>The Government has proposed a substantial increase in the allocation for welfare of the Scheduled Castes and Scheduled Tribes. The allocation of Rs 56,619 crore made in BE of 2018-19 for Scheduled Caste, further increased to Rs 62,474 crore in RE is proposed to be enhanced to Rs 76,801 crore in BE for 2019- 20, an increase of 35.6% over BE of 2018-19. For the Scheduled Tribes, proposed allocation in 2019-20 BE is Rs 50,086 crore as against Rs 39,135 crore in BE 2018-19, an increase of 28%.</p>	<p>This will facilitate greater upliftment of marginalized sections of the society and promote all inclusive growth and development in the country.</p>

Source: PHD Research Bureau

## 12. Budget Viewing Session 2019-20

The Economic Affairs Committee of PHD Chamber of Commerce & Industry organized the Budget Viewing session 2019-20 on Friday, 1st February 2019 at PHD House, New Delhi. The session was addressed by Mr Ajay Shankar, Former Secretary, DIPP, Government of India and Dr C S C Shekhar, Professor of Economics, Institute of Economic Growth. Mr. Rajeev Talwar, President, PHD Chamber, Mr. D K Aggarwal, Senior Vice President, PHD Chamber, Mr. Sanjay Aggarwal, Vice President, PHD Chamber, Mr Anil Khaitan, Immediate Former President, PHD Chamber, Mr Gopal Jiwarajka, Former President, PHD Chamber, Mr Sharad Jaipuria, Former President, PHD Chamber, Ms Sushma Berlia, Former President, PHD Chamber, Mr Anil Chopra, Chairman, Direct Taxes Committee, PHD Chamber and Dr Mahesh Y Reddy, Secretary General, PHD Chamber were also present at the event.

### Glimpse of the Budget Viewing Session 2019-20



From left to right: Dr S P Sharma, Chief Economist, PHD Research Bureau, Mr Anil Khaitan, Immediate Former President, PHD Chamber, Mr Sanjay Aggarwal, Vice President, PHD Chamber, Mr DK Aggarwal, Sr. Vice President, PHD Chamber, Mr Rajeev Talwar, President, PHD Chamber, Mr Ajay Shankar, Former Secretary, DIPP Government of India, Dr C S C Shekhar, Professor of Economics, Institute of Economic Growth, Ms Sushma Berlia, Former President, PHD Chamber, Mr Gopal Jiwarajka, Former President, PHD Chamber, Mr Sharad Jaipuria, Former President, PHD Chamber



From left to right: Mr Anil Khaitan, Immediate Former President, PHD Chamber, Mr Sanjay Aggarwal, Vice President, PHD Chamber, Mr DK Aggarwal, Sr. Vice President, PHD Chamber, Mr Rajeev Talwar, President, PHD Chamber, Mr Ajay Shankar, Former Secretary, DIPP Government of India, Dr C S C Shekhar, Professor of Economics, Institute of Economic Growth, Ms Sushma Berlia, Former President, PHD Chamber, Mr Gopal Jiwarajka, Former President, PHD Chamber, Mr Sharad Jaipuria, Former President, PHD Chamber



**Mr Rajeev Talwar, President, PHD Chamber** in his welcome remarks said that he looks forward to a dynamic, inclusive and pragmatic budget. He said that the government has launched various reform measures and economy needs further bold measures to boost the investment environment and to trigger demand growth to the next level.

**Mr DK Aggarwal, Senior Vice President, PHD Chamber** said that he expects the budget to announce significant reforms in all the sectors of the economy along with meeting the fiscal target. He said that recent reforms in capital market are highly appreciable and the market reforms should continue further to facilitate ease of doing business.

**Mr Sanjay Aggarwal, Vice President, PHD Chamber**, said that the last five budgets of the present Government have focused on each and every segment of the economy and the intent of the Government has been to do welfare for every citizen of India. He mentioned that he look forward to continuation of the dynamic reforms in the forthcoming budget also.

**Ms Sushma Berlia, Former President, PHD Chamber** expressed her expectations about the Interim Budget 2019-20. She expected that government focus areas in the interim budget 2019-20 would be direct taxes. She also expected that the government would be focusing on health sector, social sector. She added that she expected that the main focus of budget 2019-20 would be around farmers and agriculture sector.

**Mr Sharad Jaipuria, Former President, PHD Chamber** highlighted his expectation from the budget 2019-20 before its release that budget could focus on rural sector as the government has given major impetus to development of the rural sector in the past. He added that the government would also focus on creating employment for the growing population in the country.

**Mr Gopal Jiwarajka, Former President, PHD Chamber** expressed that GDP growth in India was coming majorly from the services sector. He stressed that the country also needs large job creation. He said that for jobs to grow it is important for agriculture and manufacturing sector to grow. He added that there is a need for a shift in the GDP growth towards capital creation.



**Mr Ajay Shankar, Former Secretary, DIPP Government of India** said that GST reforms were settling down in the economy. He said that the right approach is to learn from China as India needs to see what works for its economy without any prior commitment. He suggested that there is a need to get the right approach to check how to get rid of poverty, create job and bridge gap between India and China. He highlighted that India would have to grow by 9-10% and sustain its growth rate and create jobs. He added that there is a need to create manufacturing zones.

### **Budget Viewing Session 2019-20**

Hon'ble Interim Finance Minister Mr Piyush Goyal made significant announcements in the Interim Budget 2019-20. Remarkable announcements such as 12 crore small and marginal farmers to be provided with assured yearly income of Rs. 6000 per annum under PM-KISAN; Outlay for Rashtriya Gokul mission increased to Rs 750 crore; New separate Department of Fisheries for welfare of 1.5 crore fishermen; 2% interest subvention to Farmers for Animal husbandry and Fisheries activities; additional 3% in case of timely repayment; and allocation of Rs. 60,000 crore to MGNREGA were made for the agriculture sector. The direct tax proposals included income upto Rs. 5 lakh exempted from Income Tax; more than Rs. 23,000 crore tax relief to 3 crore middle class taxpayers; standard Deduction to be raised to Rs. 50,000 from Rs. 40,000; TDS threshold to be raised from Rs. 10,000 to Rs. 40,000 on interest earned on bank/post office deposits and tax exempted on notional rent on a second self-occupied house.

For the poor and backward classes, 25% additional seats in educational institutions to meet the 10% reservation for the poor; targeted expenditure to bridge urban-rural divide & to improve quality of life in villages were announced. The allocation for defence budget has been increased to Rs. 3 lakh crore in the Interim Budget. In the Railways, capital support of Rs.64,587 crore proposed in 2019-20 (BE) from the budget and overall capital expenditure programme to be of Rs. 1,58,658 crore. For the entertainment industry, Indian filmmakers to get access to Single window clearance as well for ease of shooting films; anti-camcording provisions in the Cinematograph Act to control piracy was introduced.

In the real estate sector, TDS threshold for deduction of tax on rent to be increased from Rs. 1,80,000 to Rs. 2,40,000; benefit of rollover of capital gains increased from investment in one residential house to two residential houses for capital gains up to Rs. 2 crore were announced in the Budget. For the labour, Pradhan Mantri Shram Yogi Maandhan scheme to ensure fixed monthly pension to 10 crore unorganized sector workers, Rs 3000 per month after 60 years of age with an affordable contribution of only Rs 100/55 per month were announced. For the development of North-east, allocation to be increased by 21% to Rs. 58,166 crore in 2019-20 BE over 2018-19 BE. The Hon'ble Finance Minister announced to make 1 lakh villages into Digital Villages over next five years.

The budget has pegged fiscal deficit at 3.4% of GDP for 2019-20. Further, the target of 3% of fiscal deficit to be achieved by 2020-21. The total expenditure increased by over 13% to

Rs.27,84,200 crore in 2019-20 BE. Capital Expenditure for 2019-20 BE estimated at Rs. 3,36,292 crore.

Shri Piyush Goyal also elaborated the ten dimensional vision of the government for the next decade which includes Digital India, Pollution-free India, Rural Industrialization, Cleaning of the rivers, self sufficiency in food, vision of a healthy society among others are inspiring and promising in building confidence of the people, among others.

**After, the viewing of the Budget Session, the post budget session was organized wherein the speakers gave their views on the Budget.**

**Dr CSC Sekhar, Professor of Economics, Institute of Economic Growth** expressed that the budget was balanced across all sectors and would have a positive effect on the economy. He opinionated that the direct transfer of Rs 6000/- p.a. to farmers is appreciable. He further suggested that there should be some provisions for agricultural labourers also. He mentioned that fisheries sector was neglected in so many years and therefore formation of separate department and increased allocation is an important step taken by the government. He emphasized that the direct tax proposals would increase disposable income of consumers, increase consumer demand and boost the economy.

**Mr Anil Chopra, Chairman, Direct Taxes Committee, PHD Chamber** said that due credit has been given to tax payers in the budget. He appreciated the government's announcement regarding rationalization of direct tax, increased compliance, online scrutiny, instant rebates, among others. He opined that the benefit of rollover of capital gains from investment in two residential houses for a tax payer having capital gains up to Rs. 2 crore is a good move.

**Mr Anil Khaitan, Immediate Former President, PHD Chamber**, expressed that the 10 year vision provided by the government in the budget will give right direction to the economy. He also appreciated the government's announcement regarding unorganised sector workers. He further emphasized that interest subvention to the farmers pursuing the activities of animal husbandry and fisheries and a separate department for fisheries is a very good move. He further mentioned that the budget was all-round and holistic and supported the motto of Hon'ble Prime Minister - 'Sabka Sath, Sabka Vikas.'

**Mr Rajeev Talwar, President, PHD Chamber** expressed that the budget has focused upon almost all sections of the economy, such as rural, defence, middle and salaried class, among others. According to him, this budget may be called green budget for people and green budget for the government. He praised the government for increase in outlay for education, benefits to middle class population in form of tax exemption, exemption of income tax on notional rent from one to two houses, benefits for unorganized sector senior citizen, among others. He appreciated the government's move regarding rollover of capital gains from investment in two residential houses. He said that this step would keep the prices of property down and thereby increase investment by young generation in the housing sector.

**Mr D K Aggarwal, Senior Vice President, PHD Chamber** said that all should welcome the budget wholeheartedly. According to him the budget would please middle class, farmers, workers, real estate players, senior citizens, among others. He appreciated the announcement of tax exemption on notional rent on second house and full tax exemption on income upto Rs 5 lakh. He highlighted that direct transfer of Rs 6000 per annum to farmers would help relieve farmers' distress as this would directly go into their bank account. He further mentioned that pension of Rs 3000 per month would bring major benefits to workers in the unorganized sector.

**Mr Sanjay Aggarwal, Vice President, PHD Chamber**, welcomed the ten point vision of the government for the next ten years and said that budget was path breaking. He emphasized on the importance of digital India and appreciated the government's announcement for making 1 lakh villages into Digital Villages over next five years. He mentioned that the railway accidents have been kept under check through significant capital expenditure on railways, which is appreciable. He emphasized that the direct transfer to farmers is a welcoming move.

The discussion was followed by an interactive Question and Answer Session. The session was attended by more than 250 delegates from diverse fields.

### 13. Conclusions

Interim Budget 2019-20 is the budget for all the citizens of India as it has focused on the livelihood of the poor, addressing the distress of the farmers, increasing the income level of the middle class, reforms in the promising sectors of housing and construction and creating employment for the youth. As the economy is projected to become a USD 10 trillion economy in the next 8 years, the Government has rightly focussed on the roadmap for the developmental transformation of the country. The government has provided a great tax relief to the middle class by giving tax exemption of upto Rs 5 lakh to around 3 crore people. This would go a long way to boost the consumption demand and increased saving rates in the economy.

Increase in investment in 1 residential house to 2 residential houses with the benefit of rollover of capital gain tax upto Rs 2 crore, once in a lifetime is a great reform for the housing and the construction sector. This would enhance the employment opportunities for the unskilled, semi-skilled and skilled workforce in the country. Extension in 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 is encouraging as it will give an impetus to the real estate sector.

Increase in the allocation to Rs. 64,587 crore for capital expenditure in railways would not only modernize the railways but would give an impetus to Make in India and create employment opportunities. Digitalization of 1 lakh villages in the next 5 years would enhance speed of the economy and spread awareness of the policy environment at the grassroot level. Similarly, the increased allocations for MGNREGA to Rs. 60,000 crores in 2019-20 would enhance rural employment and rural demand.

Seperate department of Fisheries would provide sustained and focussed attention to the sector which would improve the standards of living of people employed in the fisheries sector. Direct income support to 12 crore small and marginal farmer families with land upto 2 hectares at the rate of Rs 6,000 is a major breakthrough which will create transparency in the system and will have a positive impact on addressing the farm distress.

The 10 dimensional vision for the next decade shows the confidence of the Government to transform India to the next level with a strong and sustainable growth trajectory. The vision for social infrastructure for a USD 10 trillion economy and to provide ease of living are the well-thought reforms for the next 10 years to enhance human development and the standards of living.

Other dimensions such as Digital India, Pollution-free India, Rural Industrialization, Cleaning of the rivers, self sufficiency in food, vision of a healthy society among others are inspiring and promising in building the confidence of the people. The government is equally concerned about the national security of India as the defence budget would be crossing Rs 3 lakh crore for the first time in 2019-20.

The self-employment schemes including MUDRA, Start-up India and Stand-up India would create employment opportunities as well as harness energy of the youth. Under MUDRA Yojana around 16 crore loans have been disbursed amounting to Rs.7,23,000 crore. Overall, the budget is pragmatic and would promote all-inclusive growth of the country in the coming times.

Budget is a win-win situation not only for the consumers and producers, but also for the markets. As the focus of the budget is to boost consumption, markets are expected to gain in the long run with enhanced demand in the economy and increased price cost margins of the businesses.

In a nutshell, the trek to a US \$ 10 trillion economy would definitely require a double digit economic growth of which manufacturing sector should grow at least 12% with a support of 5% growth of agriculture and maintaining a trend growth of services sector at around 8 to 9%. At this juncture, the delivery of the announcements would be crucial for the fruitful outcomes at the ground level.

Directly and indirectly, budget has focussed to create conducive job environment in India by involving unskilled, semi-skilled and skilled workforce in the productive and promising areas of Indian economy, such as giving impetus to housing and construction sector, opening a new department for the fisheries and boosting consumption to promote growth of manufacturing and then services and finally the enhanced production possibility frontiers in the economy, which will lead to higher, strong and sustainable growth trajectory. The budget has clearly identified the roadmap to become a US\$10 trillion economy.



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## PHD Research Bureau

PHD Research Bureau; the research arm of the PHD Chamber of Commerce and Industry was constituted in 2010 with the objective to review the economic situation and policy developments at sub-national, national and international levels and comment on them in order to update the members from time to time, to present suitable memoranda to the government as and when required, to prepare State Profiles and to conduct thematic research studies on various socio-economic and business developments.

The Research Bureau has been instrumental in forecasting various lead economic indicators national and sub-national. Many of its research reports have been widely covered by media and leading newspapers. Recently, the Research Bureau has undertaken various policy projects of Government of India including Framework of University-Industry Linkages in Research assigned by DSIR, Ministry of Science & Technology, Study on SEZ for C&AG of India, Study on Impact of Project Imports under CTH 9801 for C&AG of India, among others.

Research Activities	Comments on Economic Developments	Newsletters	Consultancy
<ul style="list-style-type: none"> <li>Research Studies</li> </ul>	<ul style="list-style-type: none"> <li>Macro Economy</li> </ul>	<ul style="list-style-type: none"> <li>Economic Affairs Newsletter (EAC)</li> </ul>	<ul style="list-style-type: none"> <li>Trade &amp; Investment Facilitation Services (TIFS)</li> </ul>
<ul style="list-style-type: none"> <li>State Profiles</li> </ul>	<ul style="list-style-type: none"> <li>States Development</li> </ul>	<ul style="list-style-type: none"> <li>Forex and FEMA Newsletter</li> </ul>	
<ul style="list-style-type: none"> <li>Impact Assessments</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Global Economic Monitor (GEM)</li> </ul>	
<ul style="list-style-type: none"> <li>Thematic Research Reports</li> </ul>	<ul style="list-style-type: none"> <li>Foreign exchange market</li> </ul>	<ul style="list-style-type: none"> <li>Trade &amp; Investment Facilitation Services (TIFS) newsletter</li> </ul>	
<ul style="list-style-type: none"> <li>Releases on Economic Developments</li> </ul>	<ul style="list-style-type: none"> <li>International Trade</li> <li>Global Economy</li> </ul>	<ul style="list-style-type: none"> <li>State Development Monitor (SDM)</li> <li>Industry Development Monitor (IDM)</li> </ul>	

### Studies undertaken by the PHD Research Bureau

#### A: Thematic research reports

1. Comparative study on power situation in Northern and Central states of India (September 2011)
2. Economic Analysis of State (October 2011)
3. Growth Prospects of the Indian Economy, Vision 2021 (December 2011)
4. Budget 2012-13: Move Towards Consolidation (March 2012)
5. Emerging Trends in Exchange Rate Volatility (Apr 2012)
6. The Indian Direct Selling Industry Annual Survey 2010-11 (May 2012)
7. Global Economic Challenges: Implications for India (May 2012)
8. India Agronomics: An Agriculture Economy Update (August 2012)
9. Reforms to Push Growth on High Road (September 2012)
10. The Indian Direct Selling Industry Annual Survey 2011-12: Beating Slowdown (March 2013)
11. Budget 2013-14: Moving on reforms (March 2013)
12. India- Africa Promise Diverse Opportunities (November 2013)
13. India- Africa Promise Diverse Opportunities: Suggestions Report (November 2013)
14. Annual survey of Indian Direct Selling Industry-2012-13 (December 2013)
15. Imperatives for Double Digit Growth (December 2013)
16. Women Safety in Delhi: Issues and Challenges to Employment (March 2014)
17. Emerging Contours in the MSME sector of Uttarakhand (April 2014)
18. Roadmap for New Government (May 2014)
19. Youth Economics (May 2014)
20. Economy on the Eve of Union Budget 2014-15 (July 2014)
21. Budget 2014-15: Promise of Progress (July 2014)
22. Agronomics 2014: Impact on economic growth and inflation (August 2014)
23. 100 Days of new Government (September 2014)
24. Make in India: Bolstering Manufacturing Sector (October 2014)
25. The Indian Direct Selling Industry Annual Survey 2013-14 (November 2014) Participated in a survey to audit SEZs in India with CAG Office of India (November 2014)
26. Role of MSMEs in Make in India with reference to Ease of Doing Business in Ghaziabad (Nov 2014)
27. Exploring Prospects for Make in India and Made in India: A Study (January 2015)
28. SEZs in India: Criss-Cross Concerns (February 2015)
29. Socio-Economic Impact of Check Dams in Sikar District of Rajasthan (February 2015)
30. India - USA Economic Relations (February 2015)
31. Economy on the Eve of Union Budget 2015-16 (February 2015)
32. Budget Analysis (2015-16)
33. Druzhba-Dosti: India's Trade Opportunities with Russia (April 2015)
34. Impact of Labour Reforms on Industry in Rajasthan: A survey study (July 2015)
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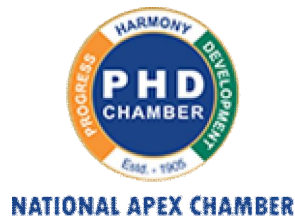
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### About Us

PHD Chamber of Commerce & Industry, a leading Industry Chamber of India, ever since its inception in 1905, has been an active participant in the India Growth Story through its Advocacy Role for the Policy Makers and Regulators of the country. Regular interactions, Seminars, Conference and Conclaves allow healthy and constructive discussions between the Government, Industry and International Agencies bringing out the Vitals for Growth. As a true representative of the industry with a large membership base of 1,30,000 direct and indirect members, PHD Chamber has forged ahead leveraging its legacy with the Industry knowledge across sectors (58 Industry verticals being covered through Expert Committees), a deep understanding of the economy at large and the populace at the micro level.

At the National Level, the PHD Chamber is well represented in 16 states with its own offices and MOUs with eleven Partner Chambers in different states.

At the Global level, we have been working with the Concerned Ministries, Embassies and High Commissions to bring in the International Best Practices and Business Opportunity.

#### PHD Chamber has special focus on seven thrust areas:

- Infrastructure
- Housing
- Health
- Education & Skill Development
- Agriculture & Agri-Business
- Industrial Development
- Digital India