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UNION BUDGET 2019-20 (I): IMPACT ANALYSIS

Note: This is an interim budget

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Given the election year, it was widely expected that the Interim Budget 2019-20 will be a 'Populist Budget'. The budget has given more sweeteners than expected. Targeted towards the marginalised farmers, rural economy, workers in the unorganised sector, MSMEs, and low income earning population, this budget has addressed the bulk of the population which are most impacted by any turmoil in the economy. We believe that this will help in alleviating some of the stress in the rural sector, have a positive impact on consumption and kick-start the investment cycle. Given such an aggressive expenditure plan and deductions given in the direct tax with no new avenues for revenue collection, achieving the fiscal deficit target for 2019-20 seems ambitious. The latest data on fiscal deficit is that we will miss the target in 2018-19, the second year in a row and is not credit positive.

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The Interim Budget of FY20 addressed the rural economy, MSMEs and the marginalised segment of the economy giving the much needed impetus to the segment that was under distress. The Pension Yojana for the unorganised sector is expected to bring the unorganised workforce into a formal accounting framework and help the government to plan for target oriented welfare schemes for different income groups. The measures announced to stimulate the consumption demand is expected to uplift the consumer sentiment and in turn the business optimism levels necessary to accelerate the industrial activity. This has thus led to higher budgeting of the fiscal deficit in FY20 at 3.4%. The revised estimates for fiscal deficit for FY19 also stands breached from the budgeted estimate. At 0.3% of GDP, the Extra Budgetary Resources (EBRs), at end Dec 2018, also exerts pressure on the government finances.

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BUDGET AT A GLANCE

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates
1) Revenue Receipts	**17,297**	**19,777**
1.1) Tax Revenue (net to centre)	14,844	17,050
1.2) Non-Tax Revenue	2,453	2,726
2) Capital Receipts (2.1+2.2+2.3)**	**7,276**	**8,065**
2.1) Recoveries of loans	132	125
2.2) Other receipts	800	900
2.3) Borrowings and other liabilities*	6,344	7,040
3) Total Receipts (1+2)	**24,572**	**27,842**
4) Total Expenditure (4.1+4.4)	**24,572**	**27,842**
4.1) On Revenue Account	21,406	24,479
4.2) Of which, Interest Payments	5,876	6,651
4.3) Grants in Aid for creation of capital assets	2,003	2,007
4.4) On Capital Account	3,166	3,363
5) Revenue Deficit (4.1-1)	**4,109**	**4,702**
% of GDP	(2.2)	(2.2)
6) Effective Revenue Deficit (5-4.3)	**2,106**	**2,695**
% of GDP	(1.1)	(1.3)
7) Fiscal Deficit {4-(1+2.1+2.2)}	**6,344**	**7,040**
% of GDP	(3.4)	(3.4)
8) Primary Deficit (7-4.2)	**468**	**389**
% of GDP	(0.2)	(0.2)

*** Excluding receipts under Market Stabilisation Scheme*

** Includes draw-down of Cash Balance*

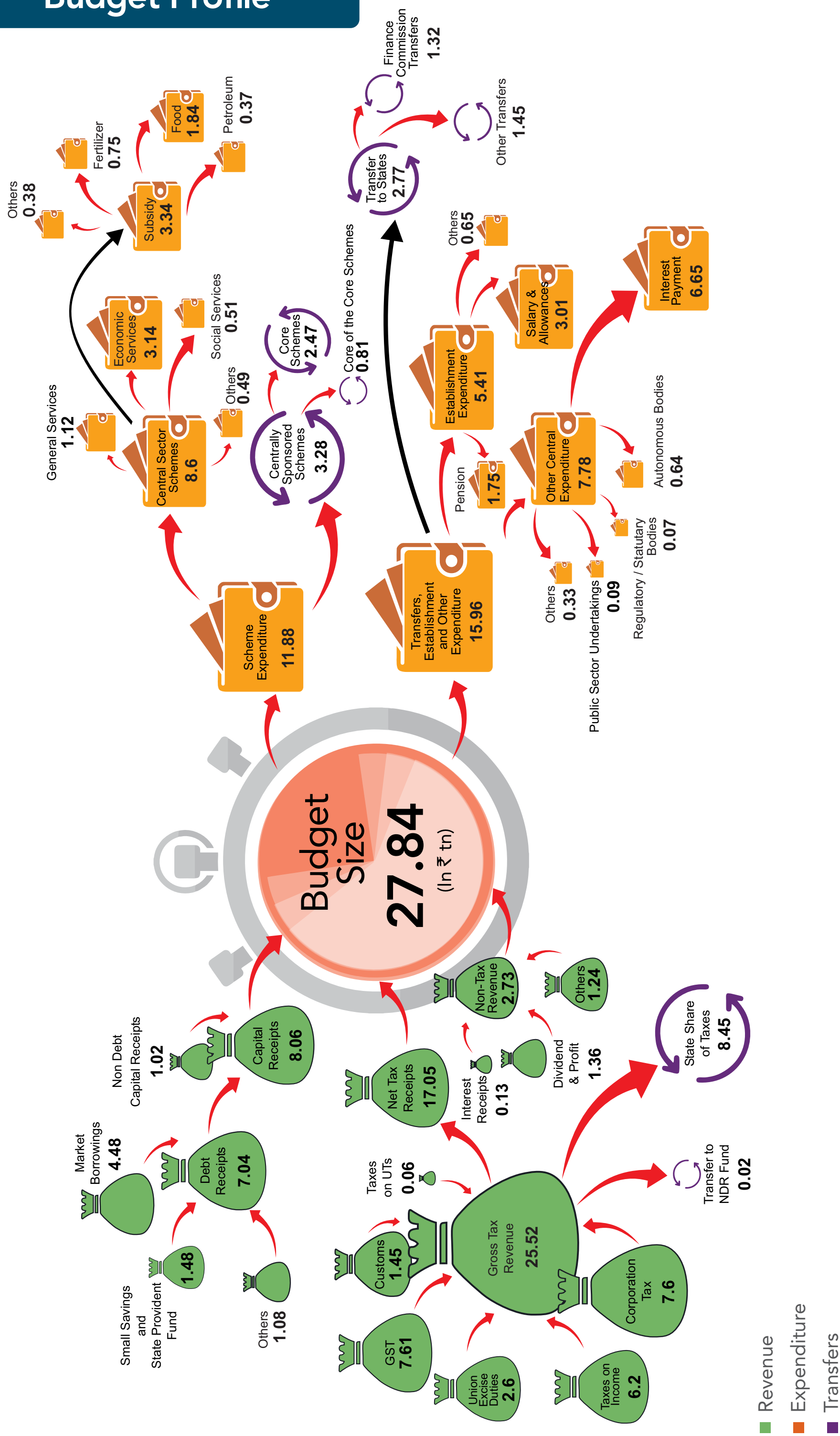
GDP for BE 2019-2020 has been projected at ₹ 210,074.39 bn assuming 11.5% growth over the estimated GDP of ₹ 188,407.31 bn for 2018-19 (RE).

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

Source: Union Budget 2019-20 (I)

Budget Profile



Source: Union Budget, 2019-20 (I)

Note: All figures are in ₹ tn

A MACROECONOMIC PERSPECTIVE

As widely expected, the government announced a few populist measures in the Interim Budget for FY20, budgeting the fiscal deficit higher at 3.4% compared to the earlier FRBM target of 3.1%. The fiscal constraints faced by expected lower revenue realisations and downside risks to growth provided limited scope for big-ticket announcements during the budget. The Budget has nonetheless, covered more grounds than expected in certain sections raising concerns about meeting the fiscal deficit goal for FY20.

Targeted towards the rural economy including the farmers, the workers in the unorganised sector and overall the low income earning segment, this budget has focused on stimulating the consumption demand. A 'populist budget' has the potential to boost the consumption demand, particularly, in the short run. To what extent such populist measures will drive consumption beyond the short term depends on the ability of the measures undertaken to bring about a structural change.

The income support given to the farmers is a step towards the right direction given the distress in the farm sector. It will be able to push demand only marginally but has limited ability to making farming a profitable business for farmers. This also raises the probability that going ahead there will be additional pressure on the government to extend this scheme to include other farmers as was witnessed in the case of loan waiver for states. Expected to support around 120 mn small and marginal farmers in the farm sector, the ₹ 750 bn allocated for this scheme will be a huge fiscal burden for the government to carry on over the years given other ambitious schemes such as Ayushman Bharat and National Food Security Scheme. We consider that the farmer needs - supporting infrastructure to realise profits from farm related activities and to compete in the global market.

On the other hand, we consider that measures such as interest rate subvention for loans through Kisan Credit Card will encourage borrowing from formal sources and discourage informal sources of financing.

Moreover, additional interest subvention for farmers who repay loans will also promote credit discipline.

The other populist measure towards increasing the disposable income of the masses have been the changes in the direct income taxation which was largely unexpected. The benefit given to all the income groups, especially, to the lower income category, as well as the senior citizens will give an impetus to consumer sentiment and in turn the business optimism levels necessary to accelerate the industrial activity.

Another structural reform initiated in the Budget has been the Pension Yojana for the unorganised sector, who remain outside any kind of voluntary or mandatory pension scheme. The Atal Pension Yojana (APY) launched in 2015 was a similar contribution-based pension scheme for the unorganised sector. Within 3 years of implementation, the scheme for which the minimum contribution amount was ₹ 1000 was able to include only a little more than 2% of the unorganised sector workforce, estimated to be at around 420 million. The new pension scheme with a very low contribution amount starting at ₹ 55, is expected to bring many of the unregistered and unaccounted workforce into a formal accounting framework. This will also help the government to indirectly estimate the job growth and plan welfare schemes for different income groups. The other structural reform has been the digital drive in the transformation of the income tax department. This will increase transparency, reduce corruption thereby winning the trust of common people which might help in widening the tax base.

Given that this is an Interim Budget, much was not expected for all the sectors in the economy. The absence of the focus in the infrastructure sector was, however, disconcerting. Given such an aggressive expenditure plan and deductions given in the direct taxes with no new avenues for revenue collection, achieving the fiscal deficit target for FY20 seems ambitious. The latest data on the Fiscal Deficit at 3.4% (Revised Estimates) shows that we have missed the target in FY19, the second year in a row which is not credit positive for India.

Given lower revenue collections from GST and the expenditure for the income support scheme for farmers, the fiscal deficit for FY20 has been budgeted at 3.4%. Earlier the FRBM targets were set at 3.3% in FY19 and was aimed to be brought down to 3.1% in FY20. Further, the outstanding liabilities on account of Extra budgetary resources (EBRS), as at the end of Dec 2018, amounted to 0.3% of GDP. The pressure on the government finances for FY19 from the extra budgetary resources is also high. Since the repayment of the entire principal and interest is done from Government budget, it will add to the fiscal pressure. It remains to be seen what the final numbers add up to when the accounting exercise is completed and the data is released by May 2019.

SECTORAL IMPACT

Sector	Rating
Agriculture	Positive Plus
Social Sector	Positive Plus
Infrastructure	Positive
Railways	Positive
Services	
Banking / Insurance	Marginally Negative / Marginally Positive
IT & IT-BPM	Marginally Positive
Media & Entertainment	Marginally Positive
Retail	Marginally Positive
Telecom	Marginally Positive
Manufacturing	
Automotive	Marginally Positive
Capital and Engineering Goods	Marginally Positive
Cement	Marginally Positive
Consumer Goods	Positive
Metals & Mining	Marginally Positive
MSMEs	Marginally Positive
Oil & Gas and Petrochemicals	Neutral
Pharma & Healthcare	Marginally Positive
Power	Marginally Positive
Real Estate and Construction	Positive
Personal Budget Impact Analysis	Positive Plus

Ratings:

Positive Plus	Predominantly positive proposals
Positive	Positive proposals
Marginally Positive	Positive proposals but not upto industry expectations
Neutral	Negative proposals offsetting positive proposals
Marginally Negative	Negative proposals having less severe impact on the sector
Negative	Negative proposals impacting the sector

Agriculture

- The total allocation for agriculture and allied activities increased by 73% to ₹ 1,499.81 bn in FY20 (BE) from ₹ 866.02 bn in FY19 (RE).
- A proposal to launch Pradhan Mantri Kisan Samman Nidhi (PM-Kisan), under which farmer families having cultivable land upto 2 hectares, will be provided direct income support at the rate of ₹ 6,000 per year. This income support will be transferred directly into the bank accounts of beneficiary farmers, in three equal instalments of ₹ 2,000 each. The programme would be made effective from December 1, 2018 and will be funded by Government of India.
- The Budget has proposed an outlay of ₹ 750 bn for PM-Kisan for FY20 and has also proposed ₹ 200 bn in FY19 (RE).
- For all farmers affected by severe natural calamities, where assistance is provided from National Disaster Relief Fund (NDRF), the Budget has proposed to provide the benefit of interest subvention of 2% and prompt repayment incentive of 3% for the entire period of reschedulement of their loans.

Fisheries and Animal Husbandry

- The Budget proposed to create a separate Department of Fisheries.
- A proposal to provide benefit of 2% interest subvention to the farmers pursuing the activities of animal husbandry and fisheries, who avail loan through Kisan Credit Card. Further, in case of timely repayment of loan, they will also get an additional 3% interest subvention.
- The Budget announced setting up of Rashtriya Kamdhenu Aayog to upscale sustainable genetic up-gradation of cow resources and to enhance production and productivity of cows.

Other

- The government has proposed to initiate a comprehensive drive to bring all farmers under Kisan Credit Card. It has also proposed to introduce a simplified application form for the same.

Positive Plus

As expected, the Interim Budget for FY20 has made an attempt to provide further respite to the distressed farmers in the country. The new income support scheme (PM-Kisan) is expected to benefit around 120 mn small and marginal farmer families thus leading to wider implications for the overall agriculture sector. Apart from providing assured supplemental income to the small farmers, it will help meet the small investment needs that arise before the harvest season. Although, the income support scheme provides some immediate relief to farmers, it does not provide a long-term and sustainable solution for farmer's distress. The measures to improve farm sector productivity and agricultural supply chain are required to address long-standing problems of agriculture sector in India.

A significant portion of damage caused by natural disasters like droughts, flash floods and torrential rains are borne by the agriculture sector. The losses due to natural calamities affect small farmers more adversely, making them unable to repay their crop loans. The proposal of interest subvention for farmers hit by natural calamities will try to address this issue.

The budget has given special emphasis on animal husbandry and fisheries sectors by providing interest subvention benefit to farmers availing loan through Kisan Credit Card to pursue these activities. Further, the creation of a separate department for fisheries will help in quick decision making at the administrative level which in turn will benefit the sector in the long run.

Another positive aspect of the budget is that the government has avoided giving any large farm loan waiver despite recent assembly election results in some key states and scheduled general election this year.

Social Sector

- Allocation toward Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGA) of ₹ 600 bn in FY20 from ₹ 610.8 in FY19 (RE).
- An allocation for Integrated Child Development Scheme (ICDS) increased to ₹ 275.8 bn in FY20 (BE) from ₹ 233.5 bn in FY19 (RE).
- The allocation for rural development increased to ₹ 1.39 tn in FY20 (BE) from ₹ 1.35 bn in FY19 (RE).
- The allocation for social welfare sector increased to ₹ 493.4 bn in FY20 (BE) from ₹ 464.9 bn in FY19 (RE).

Health & Sanitation

- The allocation for health sector increased to ₹ 635.4 bn in FY20 (BE) from ₹ 559.5 bn in FY19 (RE).
- The allocation for Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana increased to ₹ 64 bn in FY20 (BE) from ₹ 24 bn in FY19 (RE).
- The Budget has proposed to set up the 22nd All India Institute of Medical Sciences (AIIMs) in Haryana.

Education

- The allocation for education sector increased to ₹ 938.5 bn in FY20 (BE) from ₹ 836.36 bn in FY19 (RE).
- An allocation for National Education Mission increased to ₹ 385.7 bn in FY20 (BE) from ₹ 323.3 bn in FY19 (RE).
- A proposal to provide 25% extra seats (approximately 200,000) in educational institutions for new reserved category of Economically Backward Classes.

Job creation, Social security & Women empowerment

- The Budget proposed to launch a pension scheme named Pradhan Mantri Shram-Yogi Maandhan for the unorganised sector workers with monthly income upto ₹ 15,000. This pension scheme will provide them an assured monthly pension of ₹ 3,000 from the age of 60 years on a monthly contribution during their working age.
- The government proposed to deposit equal matching share in the pension account of the worker every month. An allocation of ₹ 5 bn has been made towards this scheme and more allocation will be provided if required.

SC/ST and Minorities

- The allocation for Scheduled Caste increased to ₹ 768.0 bn in FY20 (BE) from ₹ 624.7 bn in FY19 (RE).
- The allocation for Scheduled Tribes increased to ₹ 500.9 bn in FY20 (BE) from ₹ 391.3 bn in FY19 (BE), an increase of 28%.
- The government 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 proposed to set up a Welfare Development Board under the Ministry of Social Justice and Empowerment specifically for the purpose of implementing welfare and development programmes for de-notified, nomadic and semi-nomadic communities.

Positive Plus

The government has provided a big boost to workers from the unorganised sector. Demonetisation had impacted unorganised sector adversely. Hence, in the budget the government has announced various social security measures. This will strengthen the social security net for a large portion of the work force which is employed in the unorganised sector *without any social security benefits. The mega pension scheme is expected to benefit at least 100 mn workers in the unorganised sector. Likewise, the increased allocation for SC/ST and set up of Welfare Development Board for implementing welfare and development programmes for de-notified, nomadic and semi-nomadic communities is a positive step towards holistic development of economically and socially backward sections of the society.*

MGNREGA is a flagship programme which has helped in large rural employment generation and poverty alleviation. However, the budget data reveals that the proposed outlay for FY20 is less than the amount spent in FY19 i.e. the revised estimates for FY19 which stands at ₹ 610.8 bn. The lower allocation can give rise to problems like delay in payment of wages and reduced scale of work in the implementation of MGNREGA.

The combined allocation towards education and health sector in the budget has witnessed significant increase of 12.8% y-o-y to ₹ 1.6 tn (BE). The increased allocation will help in improving the infrastructure in education and health sectors, thereby helping the economy to reap the benefits of demographic dividend.

Infrastructure

Roads & Highways

- Allocation towards road transport and highways increased to ₹ 830.16 bn in FY20 from ₹ 786.26 bn (RE) in FY19.

Railways

- Budgetary support towards railways is increased to ₹ 667.69 bn in FY20 from ₹ 551.35 bn (RE) in FY19.
- Overall capex for FY20 pegged at ₹ 1.59 tn as against ₹ 1.39 tn (RE) for FY19.

Aviation

- Allocation reduced to ₹ 45 bn in FY20 from ₹ 97 bn (RE) in FY19.
- Of this, ₹ 26 bn has been allocated for FY20 towards servicing Air India's debt. This is to be done by way of transfers to Air India Asset Holding Ltd, an SPV set up as part of the financial restructuring plan.

Shipping, Ports and Waterways

- Allocation towards shipping sector reduced marginally to ₹ 19.03 bn in FY20 from ₹ 19.39 bn (RE) in FY19.
- However, allocation towards Sagarmala project enhanced to ₹ 5.5 bn in FY20 from ₹ 3.81 bn (RE) in FY19.

Rural Infrastructure

- Allocation towards Pradhan Mantri Gram Sadak Yojana (PMGSY) enhanced to ₹ 190 bn in FY20 from ₹ 155 bn (RE) in FY19.
- However, allocation towards Pradhan Mantri Awas Yojana (PMAY) declined marginally to ₹ 190 bn in FY20 from ₹ 199 bn (RE) in FY19.
- The Government has set a target of creating 100,000 Digital Villages over the next five years.

- Allocation of ₹ 8 bn towards Shyama Prasad Mukherjee Rurban Mission in FY20 from ₹ 4.51 bn in FY19 (RE).

Social Infrastructure

- Under the National Rural Health Mission (NRHM), ₹ 13.49 bn has been allocated for setting up Ayushman Bharat – Health and Wellness Centers, an increase of 35% over previous year.

Metro Projects

- Allocation towards Mass Rapid Transportation Systems (MRTS) and Metro Projects enhanced to ₹ 191.52 bn in FY20 from ₹ 156 bn (RE) in FY19.

Smart Cities Mission

- Allocation towards Smart Cities Mission enhanced by 7% to ₹ 66 bn in FY20 from ₹ 61.69 bn (RE) in FY19.

North Eastern Regional Development

- Budgetary allocation towards North Eastern Areas proposed to be increased by 21% in FY20 to ₹ 581.66 bn.
- The Government to introduce container cargo movement to the North East by improving the navigation capacity of the Brahmaputra river.

Positive

The Interim Budget of 2019-20 has given the highest-ever allocation towards railways and has increased allocation towards roads & highways. These will go a long way in strengthening transport infrastructure and connectivity. The increased allocation towards the Smart Cities Mission will augur well for the development of urban infrastructure. The increase in allocation to set up Ayushman Bharat – Health and Wellness Centers is *expected to improve the healthcare infrastructure in the country. Likewise, the focus on development of rural roads and the North-Eastern region will contribute to the vision of providing connectivity to unconnected regions, and will allow more regions to reap the benefits of infrastructure development.*

Railways

- Capital support of ₹ 645.9 bn has been provided to railways in FY20 (BE), up by 21.7% from FY19 (RE).
- Government announced the highest ever capex for Railways in FY20 estimated at ₹ 1.58 tn against ₹ 1.38 tn in FY19 (RE), an increase of nearly 14.3%.
- Operating ratio of Railways is likely to improve to 96.2% in FY19 (RE) and further to 95% in FY20 (BE) from 98.4% in FY18.
- Transfer to Rashtirya Rail Sanraksha Kosh in FY20 (BE) remained unchanged.
- Launch of "Vande Bharat Express", an indigenously developed semi high-speed train.

Positive

The capex for Railways is pegged at ₹ 1.58 tn, the highest ever for the national carrier indicating government's commitment to enhance the country's rail infrastructure. This would lead to higher demand for railway equipment, capital goods and other allied sectors. Higher allocations for passenger amenities, computerisation and doubling of railway lines further highlights the Government's intentions to improve passenger experience. Launch of "Vande Bharat Express", India's indigenous semi high-speed train would provide a significant push to "Make in India" accompanied *by employment generation. The train would set new standards for speed, safety and service thereby garnering higher revenue for Indian Railways. The growth in earnings along with improving operating ratio indicates a recovery in the financial health of railways. Improving finances would lead to better amenities for passengers consequently drawing a higher number of passengers which will set in motion a positive trend for growth in the sector.*

Services

BFSI

Banking

- The Government aims to provide assistance to all farmers affected by severe natural calamities from the National Disaster Relief Fund (NDRF). Under this, the farmers 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.
- Provision of 2% interest subvention to farmers pursuing activities of animal husbandry and fisheries who avail loan through Kisan Credit Card. Further, an additional 3% interest subvention will be provided for timely repayment of loan.
- To ensure provision of easy and concessional credit and to bring all farmers under KCC fold, our Government has decided to initiate a comprehensive drive with a simplified application form.
- The Government has proposed to increase the outlay towards interest subsidy for short term credit to the farmers from ₹ 150 bn in FY19 to ₹ 180 bn in FY20.
- The Government has proposed to increase the outlay towards Interest Equalisation Scheme from ₹ 26 bn in FY19 to ₹ 30 bn in FY20.

Marginally Negative

The Interim Budget announcements to provide interest rebate and subsidy will cause additional stress to the already troubled banking sector affecting their earnings. At the same time the announcement to offer prompt repayment incentive to the farmers may help banks address the problem of stressed assets on their balance sheet by enabling them to recover their outstanding loan amount.

Insurance

- The government has proposed to more than double the allocation towards Ayushman Bharat scheme from ₹ 24 bn in FY19 to ₹ 64 bn in FY20.
- The Government has proposed to increase the outlay for Crop Insurance Scheme from ₹ 129.8 bn in FY19 to ₹ 140 bn in FY20.
- The Government has proposed to increase the outlay for Rashtriya Swasthya Bima Yojna (RSBY) from ₹ 27 bn in FY19 to ₹ 65.6 bn in FY20.
- The Government has proposed to increase the outlay for Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) from ₹ 38.3 bn in FY19 to ₹ 40 bn in FY20.
- The Government has proposed an outlay of ₹ 5 bn towards the mega pension Yojana namely 'Pradhan Mantri Shram-Yogi Maandhan' for unorganised workers.

Marginally Positive

The Interim Budget does not have direct announcements that will provide the boost to the insurance sector. However, the Government has proposed to increase the outlay towards few schemes, especially the Ayushman Bharat scheme and Rashtriya Swasthya Bima Yojna (RSBY) in which the outlay is expected to grow by 167% and 143% respectively. Increase in outlay towards PMJAY and other schemes is expected to have positive impact on the insurance sector. However, the actual impact of such huge allocations towards national insurance scheme will unfold gradually over a period of time.

IT & IT-BPM

- The Government will convert 100,000 villages into Digital Villages over the next five years.
- In order to take the benefits of 'Artificial Intelligence' and related technologies to the people, a National Programme on 'Artificial Intelligence' has been envisaged by the Government. This would be catalysed by the establishment of the National Centre on Artificial Intelligence as a hub along with Centres of Excellence. Nine priority areas have been identified. A National Artificial Intelligence portal is proposed to be developed.
- Increased outlay on promotion of electronics and IT hardware manufacturing from revised estimates of ₹ 8.4 bn in FY19 to budget estimates of ₹ 9.8 bn in FY20.

Marginally Positive

There are no major announcements made in the Interim Budget directly related to the IT & IT-BPM. The announcements are likely to impact the IT and IT-BPM sector indirectly. The increased outlay on promotion of electronic and IT hardware will provide a fillip to domestic hardware firms. The announcements and vision 2030 highlighted by the Government show that it is ready to encourage the usage of digital platforms and latest technology including digitisation of Government processes, which will provide boost to the Information Technology sector.

Media & Entertainment

- The Government has proposed single window clearance for ease of shooting films to Indian filmmakers.
- Regulatory provisions for single window clearance will rely more on self-declaration.
- Proposal to introduce anti-camcording provisions in the Cinematograph Act to curtail piracy.

Marginally Positive

Media and entertainment industry will benefit from the single window clearance facility which was available only to foreign filmmakers. This will reduce time taken in seeking permissions before commencement of film shoots. Also, greater reliance on self-declaration in this regard may help in reducing bureaucracy in this area. Proposal to introduce anti-camcording provisions in the Cinematograph Act will support the industry's growth by restricting unlawful recording of films thereby controlling piracy. The entertainment industry is one of the major employment generating sectors and the announced measures will boost revenue of the industry leading to further investment and subsequently even greater employment generation.

Retail

- The Budget has introduced major sops for farmers, middle class and introduced pension schemes for the informal sector.

Marginally Positive

There are no announcements in the Budget directly related to the retail sector. However, some inferences can be made about the impact on the *retail sector based on other announcements about personal taxes and its impact on the consumption levels. Retail sector is likely to be impacted by the announcements in the Budget which are likely to boost demand for the sector.*

Telecom

- The Government will make 100,000 villages into Digital Villages over next five years.
- The Common Service Centres (CSCs) are expanding their services and also creating digital infrastructure in the villages, including connectivity, to convert the villages into Digital Villages.

Marginally Positive

There were no major announcements in the Budget for the telecom sector. However, in the Budget speech, the Finance Minister has placed increased thrust on creating digital infrastructure and digital economy, which will indirectly boost the telecom sector going forward.

Manufacturing

Automotive

- Envisioning and endeavouring complete transition to Electric Mobility by 2030.
- Vision for Pollution free India.

Marginally Positive

While there are no direct announcements for the Automotive sector, various announcements like increased allocation to infrastructure sector, rural sector and tax benefits are likely to support demand for the Automobile sector going forward. Thrust towards rural development is likely to provide impetus to two wheelers and tractors. Rise in disposable income owing to income tax benefits will help push demand for passenger cars, whereas infrastructure thrust might provide a push to commercial vehicles. Also, renewed focus on increasing domestic production of hydrocarbons is likely to reduce India's dependency on imports of crude oil. Further, the vision of achieving complete transition to Electric Mobility by 2030 lends a directional perspective to the automobile OEMs as far as adaptation is concerned.

Capital and Engineering Goods

- Customs duties on 36 capital goods have been abolished.
- A revised system of importing duty-free capital goods and inputs for manufacture and export has been introduced.

Marginally Positive

Rationalisation of customs duties and procedures will reduce the dependence on imports subsequently giving a fillip to the Make in India campaign. By introducing a revised system for import of capital goods and inputs along with the introduction of single point of approval under section 65 of the Customs Act can facilitate ease of doing business for the sector. Further, there were other announcements that would indirectly have a positive impact on the sector.

The increased thrust on infrastructure and an increase in allocation towards various segments of infrastructure is likely to boost the demand of the construction equipment sector. Increased capital expenditure towards railways is likely to facilitate growth of the capital and engineering goods sector.

Further, the sector is expected to benefit from the government's 10 most important dimensions of 2030 vision mainly - building world class physical infrastructure, expansion of rural industrialisation, development of inland waterways and capacity addition in the agro and food processing sectors among others.

Cement

- Benefit under Section 80-IBA of the income tax act to be extended till March 31, 2020 for making homes available under affordable housing.
- Extension of exemption period 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.
- Proposal to exempt income tax on notional rent on a second self-occupied house.

- Proposal to increase the benefit of rollover of capital gains under section 54 of the Income-tax Act from investment in one residential house to two residential houses for a tax payer having capital gains up to ₹ 20 mn. This can be availed once in a lifetime.

Marginally Positive

While there are no direct announcements pertaining to the cement sector in India, the increased budgetary allocations in Infrastructure and real estate sector will drive the growth of the cement industry. The announcement related to extension of exemption period from levy of tax on notional rent, exemption of income tax on notional rent on a second self-occupied house and increase in the benefit of rollover of capital gains has a potential to kick start housing demand in turn benefitting construction sector and cement industry.

Consumer Goods

- The Government has emphasised the need of electric vehicles with renewables energy.
- The Budget has introduced major sops for farmers and unorganised sector which includes the following:
  - Relief package of ₹ 750 bn under a new scheme PM Kisaan Samman Nidhi (PM-KISAN) is proposed in the Budget under which farmer families having cultivable land upto 2 hectares, will be provided direct income support at the rate of ₹ 6,000 per year.
  - The Budget proposes to launch mega pension yojana namely 'Pradhan Mantri Shram-Yogi Maandhan' for the unorganised sector workers with monthly income upto ₹ 15,000. This pension yojana shall provide them an assured monthly pension of ₹ 3,000

from the age of 60 years on a monthly contribution of a small affordable amount during their working age.

- The Budget has also introduced major benefits to the taxpayers which includes tax rebate of individual tax payers, high standard deduction, increasing threshold for TDS deductions for interest income from banks and post offices, benefits under the housing schemes etc.

Positive

While there is no direct announcement in the budget for the consumer goods sector, various announcement towards middle class and farmers are likely to provide a push to the demand for consumer goods. More money in the hands of the consumers along with social security steps announced in the Budget should give more disposable income to the consumers, thereby impacting the sector positively.

Metals & Mining

- Allocation of ₹ 14.98 bn for Ministry of Mines in FY20, 10.96% higher than FY19 (RE) allocation of ₹ 13.5 bn.
- Capital expenditure allocation of ₹ 1.08 bn to Ministry of Mines for FY20, as against ₹ 0.75 bn in FY19 (RE).
- Allocation of ₹ 8.2 bn for Ministry of coal; 5.3% higher than FY19 (RE) allocation of ₹ 7.81 bn.
- Proposal to develop 100,000 villages into Digital Villages over next five years and Electrification of rural India.
- Impetus given towards deployment of electric vehicles and energy storage devices.

Marginally Positive

The Interim Budget did not highlight any measures specific to the metals & mining sector. However, the thrust in the overall infrastructure sector, would generate demand for metals. Usage of fibre optic cables for digitisation and demand from power and automobile sectors will spur demand for base metals like aluminium and copper.

MSMEs

- Government e-Marketplace (GeM) has been extended to all Central Public Sector Enterprises (CPSEs).
- The requirement of sourcing from MSMEs by Government enterprises was earlier increased to 25%. Now, at least 3% of this 25% is to be sourced from women owned MSMEs.
- The subject of "promotion of internal trade including retail trading and welfare of traders, and their employees" has been assigned to the Department of Industrial Policy and Promotion, which will now be renamed as the Department for Promotion of Industries and Internal Trade.

Marginally Positive

The budget has given a thrust for the MSME sector. The Interest Subvention Scheme for Incremental Credit to MSMEs received an allocation of ₹ 3.5 bn for FY20 (BE) compared to ₹ 2.8 bn in FY19 (RE). This increased allocation, in addition to the recently announced scheme of sanctioning loans up to ₹ 10 mn in 59 minutes, would lead to an increase in the credit disbursement to the sector. Extension of the GeM platform to all CPSEs to procure a fixed proportion of materials from women owned SMEs is a commendable measure given that nearly one-fifth of all proprietary firms *in India are women owned. The Marketing Development Assistance (MDA) Scheme which received an allocation of ₹ 1.3 bn for FY20 (BE) compared to ₹ 0.5 bn in FY19 (RE) is yet another positive for MSMEs exports. Apart from these benefits, the sector would also gain from the other measures which are targeted at improving the overall business environment and through increased allocation towards farm, infrastructure and social sector.*

Oil & Gas and Petrochemicals

- More emphasis on increasing demand through usage of bio-fuel and alternate technologies rather than having import dependence on crude oil and natural gas.
- Petroleum subsidy (LPG and Kerosene) hiked by 51% to ₹ 374.78 bn for FY20.

Neutral

Though there is no direct announcement related to Oil, Gas and Petrochemicals sector, the Budget has given clear indications about providing more importance to renewable energy sources. This is an indirect indication about petrol and diesel prices remaining either at an unchanged level from the current one or increased from the current level in the future.

Pharmaceuticals & Healthcare

- The Budgetary allocation for healthcare sector is ₹ 614 bn for FY20, 13% higher than the previous year. Nearly 52% of the total allocation is towards the National Health Mission (NHM), the flagship healthcare program of the government.

- Budgetary allocation for Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY), world's largest healthcare program, has been increased by nearly 167% over the previous year, taking the allocation to ₹ 64 bn.
- Under the National Rural Health Mission (NRHM), ₹ 13.5 bn has been allocated for setting up Ayushman Bharat – Health and Wellness Centers, an increase of 35% over previous year.
- The government has announced the setting up of the 22nd All India Institute of Medical Sciences (AIIMS) in Haryana.
- National Rural Health Mission (NRHM) accounted for nearly 42% of the total allocation made to the Ministry of Health and Family Welfare. However, the allocation of ₹ 257.9 bn is just 2.2% higher than the previous year.
- The allocation to Rashtriya Swasthya Bima Yojna (RSBY) have declined to ₹ 1.5 bn in FY20 from ₹ 3 bn in FY19.

Marginally Positive

The increase in allocation to Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY) is expected to widen the coverage of the program, benefitting many poorer families. So far nearly 1 mn patients have benefitted by this scheme, and the aggressive increase in allocation would help in reaching the mark of covering 500 mn patients faster.

Furthermore, the aggressive increase in allocation to set up Ayushman Bharat – Health and Wellness Centers is expected to improve the rural healthcare infrastructure in the country

The prominence allotted to the healthcare sector in Vision 2030, outlined in the Budget, is an indication of the government's commitment towards making healthcare affordable to all sections of the society. The focus is on developing a strong healthy infrastructure and wellness system. The *flagship Ayushman Bharat program is expected to play a central role in developing this healthcare infrastructure. Once fully implemented, the Ayushman Bharat scheme is expected to benefit nearly 500 mn people, making it the world's largest healthcare program. The program is expected to form the core of Indian healthcare sector, and subsequently help in meeting the ambitious healthcare goals mentioned in Vision 2030.*

Power

- Total Budgetary allocation to the Ministry of Power is ₹ 158.75 bn, marginally higher than the previous year's allocation of ₹ 156.25 bn.
- Approximately 76.4% of the allocation to the Ministry of Power is for central sector schemes /projects, which includes Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY), Integrated Power Development Scheme (IPDS) and strengthening of power systems.
- Compared to previous year, the allocation for Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY) has declined by 37.9%. As against an allocation of ₹ 65.50 bn in FY19, the Budgetary allocation for FY20 period is only ₹ 40.66 bn.
- Similarly, the Budgetary allocation for the strengthening of power systems too has declined from ₹ 27.67 bn in FY19 to ₹ 16.40 bn in FY20.
- However, the allocation for Integrated Power Development Scheme (IPDS) has been increased by 33% over the previous year.
- The Budgetary allocation for Ministry of New and Renewable Energy (MNRE) is pegged at ₹ 52.55 bn, which is only 2.1% higher than previous year allocation.
- The allocation for grid interactive renewable power has been increased by 7.8% to ₹ 42.72 bn. Solar power generation segment continues to receive the largest share. Of the ₹ 42.72 bn allocated to grid interactive

renewable power, approximately 58% goes to solar power segment. Compared to last year, the allocation to grid interactive solar power segment has increased by 15% to ₹ 24.80 bn.

- Meanwhile, the allocation for off-grid interactive renewable power has been decreased by 26.8% to ₹ 6.88 bn.

Marginally Positive

The focus to improve renewable energy infrastructure has continued uninterrupted in this year's Budget too. Nearly 15% increase in allocation to solar power sector is an indication on the government's commitment to improve the share of renewables in the country's energy mix.

The higher investment in renewables is also in line with the energy specific goals highlighted in Vision 2030. The continued investment in renewables would achieve the twin goals of a cleaner energy mix and reduction in import dependency. From that perspective the higher allocation to solar power is part of the larger plan of promoting renewables.

Real Estate and Construction

- Benefit under Section 80-IBA of the income tax act to be extended till March 31, 2020 for making homes available under affordable housing
- Extension of exemption period 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.
- Proposal to exempt income tax on notional rent on a second self-occupied house.
- Proposal to increase the benefit of rollover of capital gains under section 54 of the Income-tax Act from investment in one residential

house to two residential houses for a tax payer having capital gains up to ₹ 20 mn. This can be availed once in a lifetime.

- TDS threshold for deduction of tax on rent is proposed to be increased from ₹ 0.18 mn to ₹ 0.24 mn for providing relief to small taxpayers.
- Allocation of ₹ 190 bn under Pradhan Mantri Gram Sadak Yojana (PMGSY) in FY20 as against ₹ 155 bn in FY19
- Allocation towards Smart Cities Mission enhanced by 7% to ₹ 66 bn in FY20 from ₹ 61.69 bn (RE) in FY19.
- Capital support from the budget for railways proposed at ₹ 645.87 bn in FY20 from ₹ 530.60 bn in FY19.
- Allocation of Rs 8 bn towards Shyama Prasad Mukherjee Rurban Mission in FY20 from Rs 4.51 bn in FY19 (RE).

Positive

The government has given a much needed impetus to the real-estate sector by providing incentive for supply and demand. On the supply side, a deduction of 100% of profits and gains from the business of developing and building house projects (subject to provisions of Section 80-IBA) for one more year is expected to help the sector. The move will push the real-estate market players to invest in affordable housing projects. A two-year tax exemption window on notional rent on unsold inventories will enable the real-estate players to reduce their losses. On the demand side, the budget announcement of income tax benefit from notional rent and capital gains benefit from investment in the second house is expected to accelerate the demand for housing. Further, increased budgetary allotment in the overall infrastructure sector is expected to indirectly impact the sector. There is a 22% increase in fund allocation for Pradhan Mantri Gram Sadak Yojana (PMGSY) and capital expenditure to railways.

Increased budgetary allocation towards smart cities mission along with other favorable announcements will drive the employment and growth in construction sector. Incremental increase in cargo and customer traffic due to capacity expansion of airways and waterways will further boost the sector growth. Overall, the budgetary announcements have been positive anchoring further development in the sector.

Personal Budget Impact Analysis

- Individual taxpayers having taxable annual income up to ₹ 500,000 will get full tax rebate and therefore will not be required to pay any income tax.
- Standard deduction is proposed to be raised from ₹ 40,000 to ₹ 50,000
- TDS threshold for deduction of tax on rent is proposed to be increased from ₹ 180,000 to ₹ 240,000 mn for providing relief to small taxpayers.
- The benefit of rollover of capital gains under section 54 of the Income Tax Act will be increased from investment in one residential house to two residential houses for a tax payer having capital gains up to ₹ 20 mn. This benefit can be availed once in a life time.
- The Budget proposes to exempt levy of income tax on notional rent on a second self-occupied house.
- TDS threshold on interest earned on bank/post office deposits raised from ₹ 10,000 to ₹ 40,000.
- Proposal to launch 'Pradhan Mantri Shram-Yogi Maandhan' for the unorganised sector workers with monthly income upto ₹ 15,000. The worker will get an assured monthly pension of ₹ 3000 per month from the age of 60 on a monthly contribution of a small affordable amount during their working age and an equal amount will be contributed by the Government. The worker joining pension yojana at the age of 29 years will have to contribute ₹100 per month, a worker joining the pension yojana at 18 years, will have to contribute ₹55 per month till

the age of 60 years. Allocation of ₹5 bn for the scheme. Scheme to be implemented in the current year.

Positive Plus

The Interim Budget for FY20 provides relief to middle class in more than one ways. Firstly, it reduces tax burden of persons having income less than ₹ 500,000. Further, income tax exemption can be availed by tax payers earning gross income of ₹ 650,000 and above through investments in provident funds, specified savings, insurance and availing additional deductions such as interest on home loan up to ₹ 200,000 and interest on education loans, This is a huge bonus for the middle class taxpayers, estimated at 30 mn which comprises of self-employed, small business, small traders, salary earners, pensioners and senior citizens. Secondly, by increasing standard deduction, it provides relief of ₹ 10,000 to all tax payers as they will have to pay less tax on income. Thirdly, by raising TDS threshold on interest earned, the Budget has reduced hassle for people earning income from interest as they will not have to file tax returns to claim the tax deducted for amount upto ₹ 40,000. Since the Budget proposes to exempt levy of income tax on notional rent on a second self-occupied house, this should provide relief to people who have two self-occupied properties by reducing the tax burden.

The overall impact of tax benefits and other schemes announced for tax payers is likely to increase the disposable income and kick start consumption in the economy.

EXPENDITURE OF MINISTRIES AND DEPARTMENTS

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Department of Agriculture, Cooperation and Farmers' Welfare	678.0	1,295.9	91.1
Department of Agricultural Research and Education	79.5	80.8	1.6
Department of Animal Husbandry, Dairying and Fisheries	32.7	31.0	-5.3
Atomic Energy	169.7	167.3	-1.4
Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	16.9	17.4	2.8
Department of Chemicals and Petrochemicals	3.4	2.6	-22.7
Department of Fertilisers	701.2	750.4	7.0
Department of Pharmaceuticals	2.2	2.4	6.9
Ministry of Civil Aviation	97.0	45.0	-53.6
Ministry of Coal	7.8	8.2	5.1
Department of Commerce	62.0	62.2	0.4
Department of Industrial Policy and Promotion	61.4	56.7	-7.6
Department of Posts	110.8	113.0	2.0
Department of Telecommunications	215.8	273.4	26.7
Department of Consumer Affairs	17.8	22.7	27.5
Department of Food and Public Distribution	1,778.7	1,922.4	8.1
Ministry of Corporate Affairs	5.9	5.5	-6.9
Ministry of Culture	28.0	30.4	8.7
Ministry of Defence (Misc.)	163.2	170.7	4.6
Defence Services (Revenue)	1,881.2	1,984.9	5.5
Capital Outlay on Defence Services	939.8	1,033.8	10.0
Defence Pensions	1,067.8	1,120.8	5.0
Ministry of Development of North Eastern Region	26.3	30.0	14.1
Ministry of Drinking Water and Sanitation	199.9	182.2	-8.9
Ministry of Earth Sciences	18.0	19.0	5.7
Ministry of Electronics and Information Technology	63.8	64.2	0.6
Ministry of Environment, Forests and Climate Change	26.8	31.8	18.7

EXPENDITURE OF MINISTRIES AND DEPARTMENTS (Cont.)

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Ministry of External Affairs	155.8	160.6	3.1
Department of Economic Affairs	120.5	141.2	17.1
Department of Expenditure	3.4	4.0	17.5
Department of Financial Services	57.2	46.9	-17.9
Department of Investment and Public Asset Management (DIPAM)	1.5	0.5	-67.8
Department of Revenue	524.4	1,020.5	94.6
Direct Taxes	73.8	73.4	-0.6
Indirect Taxes	76.3	79.0	3.6
Indian Audit and Accounts Department	45.2	46.7	3.3
Interest Payments	5,875.7	6,650.6	13.2
Repayment of Debt	-	-	-
Pensions	464.3	485.7	4.6
Transfers to States	1,413.5	1,668.8	18.1
Ministry of Food Processing Industries	10.0	12.0	19.7
Department of Health and Family Welfare	543.0	614.0	13.1
Department of Health Research	17.4	19.0	9.0
Department of Heavy Industry	10.4	11.6	12.1
Department of Public Enterprises	0.2	0.2	5.6
Ministry of Home Affairs	49.0	49.0	-0.1
Cabinet	16.4	8.3	-49.3
Police	925.0	982.0	6.2
Andaman and Nicobar Islands	45.9	48.2	5.0
Chandigarh	40.8	42.9	5.1
Dadra and Nagar Haveli	10.8	11.8	9.1
Daman and Diu	7.4	8.2	11.6
Lakshadweep	12.5	12.8	2.2
Transfers to Delhi	8.7	11.1	28.2
Transfers to Puducherry	15.3	15.5	1.3
Ministry of Housing and Urban Affairs	429.7	480.3	11.8

EXPENDITURE OF MINISTRIES AND DEPARTMENTS (Cont.)

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Department of School Education and Literacy	501.1	563.9	12.5
Department of Higher Education	335.1	374.6	11.8
Ministry of Information and Broadcasting	40.9	43.8	7.0
Ministry of Labour and Employment	97.5	104.3	7.0
Law and Justice	63.3	30.6	-51.7
Election Commission	2.4	2.9	18.7
Supreme Court of India	2.6	2.7	4.2
Ministry of Micro, Small and Medium Enterprises	65.5	70.1	7.0
Ministry of Mines	13.5	15.0	11.0
Ministry of Minority Affairs	47.0	47.0	0.0
Ministry of New and Renewable Energy	51.5	52.5	2.1
Ministry of Panchayati Raj	7.2	8.7	21.7
Ministry of Parliamentary Affairs	0.2	0.2	4.7
Ministry of Personnel, Public Grievances and Pensions	15.5	16.3	5.3
Central Vigilance Commission	0.3	0.4	4.6
Ministry of Petroleum and Natural Gas	324.6	429.0	32.1
Ministry of Planning	4.9	3.6	-25.3
Ministry of Power	156.3	158.7	1.6
Staff, Household and Allowances of the President	0.6	0.6	5.5
Lok Sabha	8.0	8.1	1.8
Rajya Sabha	4.4	4.0	-8.1
Secretariat of the Vice-President	0.1	0.1	7.9
Union Public Service Commission	2.8	3.0	6.3
Ministry of Railways	551.4	667.7	21.1
Ministry of Road Transport and Highways	786.3	830.2	5.6
Department of Rural Development	1,124.0	1,176.5	4.7
Department of Land Resources	20.0	22.3	11.6
Department of Science and Technology	51.1	53.2	4.0
Department of Biotechnology	24.1	25.8	7.0

EXPENDITURE OF MINISTRIES AND DEPARTMENTS (Cont.)

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Department of Scientific and Industrial Research	45.7	49.0	7.1
Ministry of Shipping	19.4	19.0	-1.9
Ministry of Skill Development and Entrepreneurship	28.2	29.9	6.0
Department of Social Justice and Empowerment	99.6	78.0	-21.7
Department of Empowerment of Persons with Disabilities	10.7	11.4	7.0
Department of Space	112.0	115.4	3.0
Ministry of Statistics and Programme Implementation	49.3	52.3	6.1
Ministry of Steel	1.5	2.4	55.8
Ministry of Textiles	69.4	58.3	-16.0
Ministry of Tourism	21.1	21.9	3.6
Ministry of Tribal Affairs	60.0	65.3	8.8
Ministry of Water Resources, River Development and Ganga Rejuvenation	76.1	80.4	5.6
Ministry of Women and Child Development	247.6	291.6	17.8
Ministry of Youth Affairs and Sports	20.0	22.2	10.7
Grand Total	**24,572.4**	**27,842.0**	**13.3**
Central Sector Schemes/Projects	7,368.0	8,601.8	16.7
Centrally Sponsored Schemes	3,048.5	3,276.8	7.5
Establishment Expenditure of the Centre	5,170.2	5,413.5	4.7
Finance Commission Grants	1,061.3	1,319.0	24.3
Other Central Sector Expenditure	6,956.1	7,780.0	11.8
Other Grants/Loans/Transfers	968.3	1,451.0	49.9

Source: Union Budget 2019-20 (I)

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Core of the Core Schemes			
National Social Assistance Progam	89.0	92.0	3.4
Mahatma Gandhi National Rural Employment Guarantee Program	610.8	600.0	-1.8
Umbrella Scheme for Development of Schedule Castes	76.1	53.9	-29.1
Umbrella Programme for Development of Scheduled Tribes	37.8	38.1	0.8
Umbrella Programme for Development of Minorities	14.4	15.5	7.7
Umbrella Programme for Development of Other Vulnerable Groups	15.5	12.3	-20.8
Core Schemes			
Green Revolution	118.0	126.1	6.9
White Revolution	24.3	21.4	-12.0
Blue Revolution	5.0	5.6	11.8
Pradhan Mantri Krishi Sinchai Yojna	82.5	95.2	15.3
Pradhan Mantri Gram Sadak Yojna	155.0	190.0	22.6
Pradhan Mantri Awas Yojna (PMAY)	264.1	258.5	-2.1
National Rural Drinking Water Mission	55.0	82.0	49.1
Swachh Bharat Mission	169.8	127.5	-24.9
National Health Mission	311.9	322.5	3.4
National Education Mission	323.3	385.7	19.3
National Programme of Mid Day Meal in Schools	99.5	110.0	10.6
Umbrella ICDS	233.6	275.8	18.1
Mission for Protection and Empowerment for Women	11.6	13.3	15.0
National Livelihood Mission - Ajeevika	62.9	95.2	51.3
Jobs and Skill Development	68.3	75.1	10.0
Environment, Forestry and Wildlife	10.0	10.8	8.6
Urban Rejuvenation Mission: AMRUT and Smart Cities Mission	125.7	139.0	10.6

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Modernisation of Police Forces	31.9	33.8	5.8
Infrastructure Facilities for Judiciary	6.6	7.2	9.4
Border Area Development Programme	7.7	8.2	7.0
Shyama Prasad Mukherjee Rurban Mission	4.5	8.0	77.4
Rashtriya Gram Swaraj Abhiyan (RGSA)	6.8	8.3	23.0
Rashtriya Swasthya Bima Yojna	27.0	65.6	142.8
Major Central Sector Schemes			
Crop Insurance Scheme	129.8	140.0	7.9
Interest Subsidy for Short Term Credit to Farmers	149.9	180.0	20.1
Market Intervention Scheme and Price Support Scheme (MIS-PSS)	20.0	30.0	50.0
Pradhan Mantri Annadata Aay Sanrakshan Yojna (PM-AASHA)	14.0	15.0	7.1
Distribution of Pulses to State / Union Territories for Welfare Schemes	5.5	8.0	45.4
Promotion of Agricultural Mechanisation for in-situ Management of Crop Residue	5.9	6.0	1.4
Income Support Scheme	200.0	750.0	275.0
Crop Science	6.5	7.0	7.6
Agricultural Universities and Institutions	5.3	5.7	7.6
Nuclear Fuel Inventory	4.2	7.5	79.4
Feedstock	11.0	11.0	-0.6
R and D Basic Science and Engineering	10.0	13.2	32.0
Fuel Cycle Projects (Fast Reactor Fuel Cycle Fascility)	6.5	7.5	15.4
Urea Subsidy	450.0	501.6	11.5
Nutrient Based Subsidy	250.9	248.3	-1.0
Purchase of two new aircraft for Special Extra Section Flight operations.	35.5	10.8	-69.5
Air India Asset Holding Limited (SPV)	13.0	26.0	100.0
Exploration of Coal and Lignite	5.0	6.0	20.0
Interest Equalisation Scheme	26.0	30.0	15.4

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
National Industrial Corridor Development and Implementation Trust (NICDIT)	11.0	8.5	-22.5
Exhibition-Cum-Convention Centre, Dwarka	7.0	5.0	-28.6
Refund of Central and Integrated GST to Industrial Units in North Eastern Region and Himalayan States	15.0	17.0	13.3
Postal Operation	6.6	7.7	16.9
Optical Fibre Cable based network for Defence Services	25.0	47.3	89.0
Compensation to Service Providers for creation and augmentation of telecom infrastructure	50.0	83.5	67.0
Price Stabilisation Fund	15.0	20.0	33.3
Assistance to State Agencies for intra-state movement of foodgrains and FPS dealers margin under NFSA	38.8	41.7	7.3
Food Subsidy to Food Corporation of India under National Food Security Act.	1,401.0	1,510.0	7.8
Food Subsidy for Decentralised Procurement of Foodgrains under NFSA	310.0	330.0	6.5
Scheme for Creation and Maintenance of Buffer Stock of Sugar	4.5	5.5	22.2
Scheme for Assistance to Sugar Mills for 2018-19 season	-	10.0	-
Other works	6.1	7.0	14.4
Transfer to Central Road and Infrastructure Fund	19.5	20.0	2.7
Defence Ordnance Factories	8.0	8.8	10.0
Research and Development	96.8	104.8	8.3
Construction Works	53.9	61.8	14.6
Aircrafts and Aeroengines	23.7	21.2	-10.7
Other equipment	169.9	185.6	9.2
Construction Works	8.3	10.0	20.8
Other equipment	34.7	35.0	0.9
Naval Fleet	113.1	121.8	7.7

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Naval Dockyard/projects	24.1	30.5	26.8
Joint Staff	8.9	9.3	4.7
Construction Works	17.2	18.4	7.1
Special Projects	9.4	10.3	9.7
Aircrafts and Aeroengines	248.1	248.1	0.0
Other equipment	82.2	114.5	39.2
Heavy and Medium Vehicles	17.3	21.3	22.8
Aircrafts and Aeroengines	19.0	24.0	26.3
Schemes of North East Council	6.1	5.8	-4.5
Central Pool of Resources for North East and Sikkim	7.8	9.3	19.2
Promotion of Digital payment	6.9	6.0	-13.3
Promotion of Electronics and IT HW Manufacturing (MSIPS, EDF and Manufacturing Clusters)	8.4	9.9	16.8
Mauritius	6.6	7.0	6.1
Scheme for Bhutan	25.1	26.2	4.2
Scheme for Nepal	7.5	7.0	-6.7
Maldives	4.4	5.8	30.7
National Investment and Infrastructure Fund (NIIF)	10.0	10.0	0.0
Exim Bank	6.3	6.3	0.0
Subscription to Share Captial of National Bank for Agricultural and Rural Development (NABARD)	20.0	15.0	-25.0
Subscription to the Share Capital of Export-Import Bank of India	5.0	9.5	90.0
Pradhan Mantri Kisan Sampada Yojana	8.7	11.0	26.5
National AIDS and STD Control Programme	19.3	25.0	29.9
Family Welfare Schemes	5.2	7.0	34.9
Pardhan Mantri Swasthya Suraksha Yojana	38.3	40.0	4.6
Relief and Rehabilitation for migrants and repatriates	10.5	8.1	-22.8
Freedom Fighters (pension and other benefits)	8.6	9.5	11.0

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Border Infrastructure and Management	20.0	20.0	0.0
Police Infrastructure	48.4	51.2	5.8
Residential	16.9	15.5	-8.3
Non-residential	14.4	13.3	-7.5
Metro Projects	148.6	177.1	19.2
National Capital Region Transport Corporation	6.6	10.0	51.7
Technical Education Quality Improvement Programme of Government of India (EAP)	5.0	9.5	90.0
Higher Education Financing Agency (HEFA)	27.5	21.0	-23.6
Interest Subsidy and contribution for Guarantee Funds	18.0	19.0	5.6
Employees Pension Scheme, 1995	49.0	50.0	2.0
National Manufacturing Competitiveness Programme (NMCP)	10.1	7.4	-27.2
Prime Minister Employment Generation Programme (PMEGP)	21.2	23.3	9.8
Credit Support Programme	7.2	6.0	-16.5
Education Empowerment	24.5	24.6	0.2
Skill Development and Livelihoods	6.0	5.2	-13.4
Wind Power	9.5	7.2	-24.2
Solar Power	21.6	24.8	15.0
Green Energy Corridors	5.0	7.0	40.0
Solar Power	8.1	5.3	-35.4
Phulpur Dhamra Haldia Pipeline Project	12.1	15.5	28.6
Direct Benefit Transfer	164.8	295.0	79.0
LPG Connection to Poor Households	32.0	27.2	-14.9
Other subsidy payable including for North Eastern Region	5.1	6.7	31.3
Under-recovery (other Subsidy Payable)	42.0	40.6	-3.4
Payment of differential royalty to State Governments	42.6	19.5	-54.1
National Seismic Programme	13.0	16.2	24.9

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Deen Dayal Upadhyaya Gram Jyoti Yojna	38.0	40.7	7.0
Integrated Power Development Scheme	39.7	52.8	33.0
Strengthening of Power Systems	27.7	16.4	-40.7
Power System Development Fund	5.4	10.3	90.2
Transfer to Central Road and Infrastructure Fund	130.0	140.0	7.7
Transfer to National Investement Fund	400.6	505.9	26.3
New Lines (Construction)	80.1	72.6	-9.4
Gauge Conversion	20.0	22.0	10.0
Doubling	5.9	7.0	18.6
Traffic Facilities - Yard Remodeling and Others	9.3	12.1	30.4
Computerisation	2.3	5.1	123.7
Rolling Stock	37.2	61.1	64.2
Leased assets - Payment of Capital Component	91.1	105.6	15.9
Road Safety Works - Level Crossings	7.4	7.0	-5.8
Road Safety Works - Road Over/Under Bridges	46.4	41.0	-11.6
Track Renewals	101.1	101.2	0.1
Bridge Works	5.1	7.5	46.0
Signalling and Telecom	12.6	17.5	39.2
Traction Distribution Works	3.6	6.0	66.7
Machinery and Plant	4.4	6.7	51.3
Workshop Including Production Units	16.9	25.5	50.9
Passenger Amenities	24.1	34.2	42.0
Investment in Governent Commericial Undertaking - Public Undertakings	18.7	25.0	33.4
Investment in Non Governent Undertakings Including Joint Venture/Special Purpose Vehicle	93.8	158.1	68.6
Other Specified Works	2.6	7.2	174.8
Stores Suspense	199.9	232.0	16.1
Manufacturing Suspense	358.3	396.1	10.6
Metropolitan Transportation Projects	10.0	16.0	60.0
New Lines (Construction) - Dividend Free Projects	11.5	18.0	56.5

OUTLAY ON MAJOR SCHEMES

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates	% Change
Transfer to Rashtirya Rail Sanraksha Kosh	200.0	200.0	0.0
Road Works	409.1	458.8	12.2
National Highways Authority of India	373.2	366.9	-1.7
Science and Technology Institutional and Human Capacity Building	10.0	10.9	8.3
Innovation, Technology Development and Deployment	7.8	8.6	10.4
Biotechnology Research and Development	13.5	14.7	9.3
Sagarmala	3.8	5.5	44.3
Space Technology	69.9	74.8	7.0
Space Applications	16.0	18.9	18.2
INSAT Satellite Systems	13.3	8.8	-33.5
Capacity Development (CD)	2.4	5.3	121.3
Member of Parliament Local Area Development Scheme (MPLAD)	39.5	39.6	0.3
Remission of State Levies (ROSL)	36.6	10.0	-72.7
Amended Technology Upgradation Fund Scheme(ATUFS)	6.2	7.0	12.4
Central Silk Board	6.0	7.3	21.5
Procurement of Cotton by Cotton Corporation under Price Support Scheme	9.2	20.2	118.4
Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	11.0	11.1	0.5
National Ganga Plan and Ghat Works	7.5	7.5	0.0
National River Conservation Programme	16.2	12.2	-24.7

Source: Union Budget 2019-20 (I)

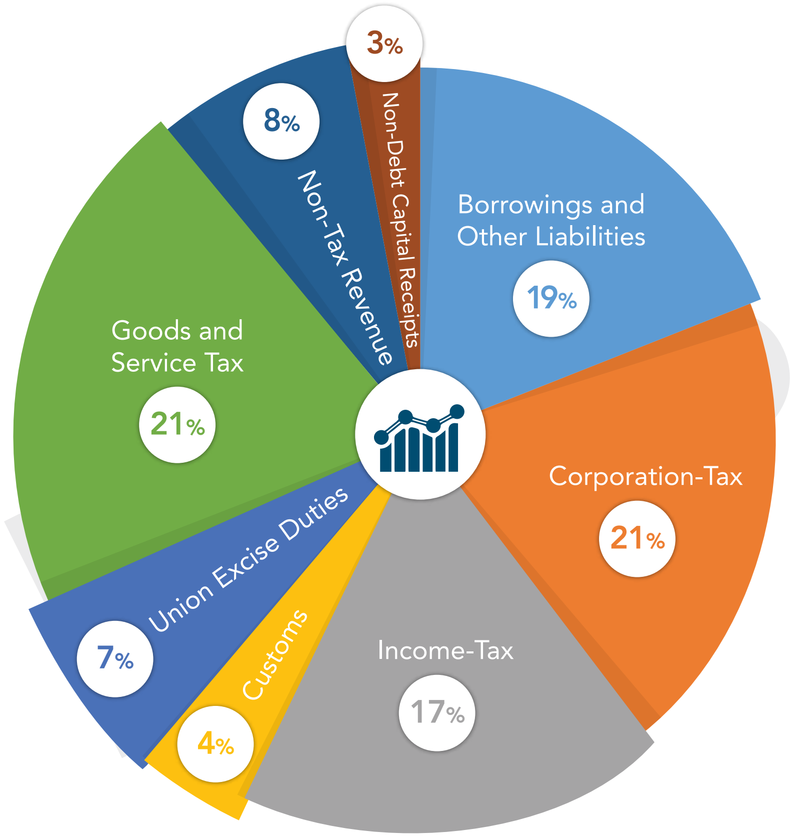
RECEIPTS

(₹ bn)	**2018-19 Revised Estimates**	**2019-20 Budget Estimates**
A. REVENUE RECEIPTS		
1. Tax Revenue		
Gross Tax Revenue	22,482	25,521
Corporation Tax	6,710	7,600
Taxes on Income	5,290	6,200
Wealth Tax	-	-
Customs	1,300	1,454
Union Excise Duties	2,596	2,596
Service Tax	93	-
Goods and Services Tax (GST)	6,439	7,612
CGST	5,039	6,100
IGST	500	500
GST Compensation Cess	900	1,012
Taxes on Union Territories	53	59
Less - NCCD transferred to the National Calamity Contingency Fund/National Disaster Response Fund	23	25
Less - State's share	7,615	8,446
1.a Centre's Net Tax Revenue	14,844	17,050
2. Non-Tax Revenue	**2,453**	**2,726**
Interest receipts	120	129
Dividend and Profits	1,193	1,361
External Grants	13	10
Other Non Tax Revenue	1,106	1,205
Receipts of Union Territories	21	21
Total Revenue Receipts (1.a + 2)	**17,297**	**19,777**
3. Capital Receipts	-	-
A. Non-debt Receipts	932	1,025
(i) Recoveries of loans and advances@	132	125
(ii) Disinvestment Receipts	800	900
B. Debt Receipts*	**5,932**	**6,527**
Total Capital Receipts (A+B)	**6,864**	**7,552**
Total Receipts (1.a+2+3)	**24,160**	**27,329**
4. Draw-Down of Cash Balance	**412**	**513**
Receipts under MSS (Net)	-	-

Note: @ Excludes recoveries of short-term loans and advances. * The receipts are net of payment.
Individual items in this document may not sum up to the totals due to rounding off

Source: Union Budget 2019-20 (I)

Major Items of Revenue - 2019-20 (% of total revenue)



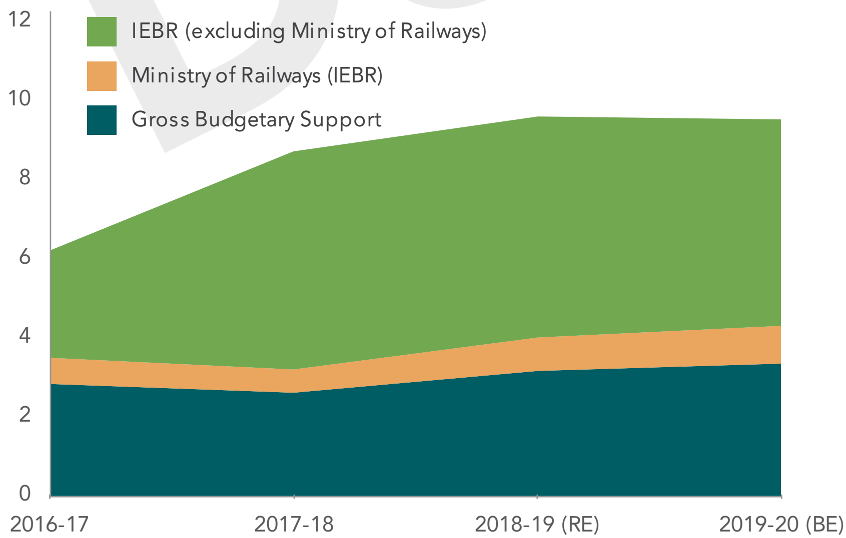
Source: Union Budget 2019-20 (I)

EXPENDITURE

(₹ bn)	2018-19 Revised Estimates	2019-20 Budget Estimates
A. Centre's Expenditure		
I. Establishment Expenditure of Centre	5,170	5,413
II. Central Sector Schemes/Projects	7,368	8,602
III. Other Central Sector Expenditure	6,956	7,780
of which Interest Payments	5,876	6,651
B. Centrally Sponsored Schemes and other Transfers		
IV. Centrally Sponsored Schemes	3,048	3,277
V. Finance Commission Grants	1,061	1,319
VI. Other Grants/Loans/Transfers	968	1,451
Grand Total	24,572	27,842

Source: Union Budget 2019-20 (I)

Capital Expenditure of the Government - 2019-20 (in ₹ tn)



Source: Union Budget 2019-20 (I)

Major Items of Expenditure (% of total expenditure)

Source: Union Budget 2019-20 (I)

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KEY ECONOMIC INDICATORS
(Absolute Values)

	2016-17	2017-18	2018-19
Gross Domestic Product at factor cost (₹ tn)			
At current market prices	154	171	188[a]
At 2011-12 prices	123	132	140[a]
Output			
Foodgrains (mn tonnes)	275	285	142[b]
Power generation (by utilities) (bn units)	1,160	1,206	749[c]
Prices (Average)			
Wholesale Price Index (All commodities)	112	115	120[d]
CPI-Combined (Rural & Urban) (Base 2012)	130	135	140[d]
External Sector (US$ bn)			
Export	276	303	245[d]
Import	384	465	388[d]
Current Account Balance (net)	-14	-49	-35[e]
Foreign Direct Investment (net)	36	30	18[e]
Monetary and Finance			
Money Supply (M3) (₹ tn)*	128	140	148[f]
Foreign Exchange Reserves (US$ bn)*	370	425	397[g]
Exchange rate (₹/US$) (Average)	67.09	64.45	69.80[h]

Note - a: Advance Estimates; b: 1st Advance Estimates for Kharif foodgrains only; c: Apr-Oct FY19 (tentative); d: Apr-Dec FY19; e: Q1 and Q2 FY19; f: As of 4 Jan, 2019; g: Upto 18 Jan, 2019; h: Apr-Jan FY19;*: Outstanding till date

Source: RBI, CSO, Ministry of Commerce, Ministry of Power, Ministry of Agriculture & Farmers Welfare

KEY ECONOMIC INDICATORS
(Percentage Change Over Previous Year)

(%)	2016-17	2017-18	2018-19
Gross Domestic Product at factor cost			
At current market prices	11.5	11.3	10.2[a]
At 2011-12 prices	8.2	7.2	5.9[a]
Sectoral Growth Rates at Constant (2011-12) prices			
Agriculture & allied	6.3	5.0	2.2[a]
Industry	7.7	5.9	6.6[a]
Services	8.4	8.1	6.4[a]
Prices (Average)			
Wholesale Price Index (All commodities)	1.7	2.9	4.8[d]
CPI-Combined (Rural & Urban) (Base 2012)	4.5	3.6	3.7[d]
External Sector			
Export	5.2	10.0	10.0[d]
Import	0.9	20.9	13.0[d]
Foreign Direct Investment (net)	-1.1	-15.0	-9.3[e]
Monetary and Finance			
Money Supply (M3)*	10.1	9.2	10.2[f]
Foreign Exchange Reserves*	2.7	14.8	-4.4[g]
Exchange rate (₹/US$) (Average)	2.5	-3.9	8.4[h]

Note - a: Advance Estimates; d: Apr-Dec FY19; e: Q1 and Q2 FY19; f: As of 4 Jan, 2019;
g: Upto 18 Jan, 2019; h: Apr-Jan FY19; *: Outstanding till date

Source: RBI, CSO, Ministry of Commerce, Ministry of Power, Ministry of Agriculture & Farmers Welfare

KEY ECONOMIC INDICATORS
(Percentage Change Over Previous Year)

Industry-wise Deployment of Bank Credit*	2016-17	2017-18	2018-19#
Industries	-1.9	0.7	4.0
Mining & Quarrying (incl. Coal)	-11.6	19.7	31.8
Food Processing	-3.0	6.8	1.3
Beverage & Tobacco	-4.9	-9.7	-15.9
Textiles	-4.6	6.9	1.8
Leather & Leather Products	2.0	5.7	3.7
Wood & Wood Products	10.8	3.3	8.3
Paper & Paper Products	-8.1	-6.1	-1.6
Petroleum, Coal Products & Nuclear Fuels	16.2	9.4	15.1
Chemicals & Chemical Products	4.8	-5.5	9.3
Rubber, Plastic & their Products	4.8	8.2	7.7
Glass & Glassware	-10.8	6.5	23.7
Cement & Cement Products	-0.1	-3.1	4.5
Basic Metal & Metal Product	1.2	-1.2	-8.2
All Engineering	-2.9	3.8	5.1
Vehicles, Vehicle Parts & Transport Equipment	6.6	7.0	10.2
Gems & Jewellery	-5.1	5.3	-0.2
Construction	10.3	9.5	8.8
Infrastructure	-6.1	-1.7	8.9
Other Industries	1.4	-4.2	-2.5

Note - *: end period data; #: Outstanding as on Nov 2018

Source: RBI

GLOSSARY

Appropriation Bill: This Bill entails the Parliament's approval for withdrawal of money from the Consolidated Fund to pay off expenses. After the Demands for Grants are voted by the Lok Sabha, the Parliament approves this bill. Under Article 114(3) of the Constitution, no amount can be withdrawn from the Consolidated Fund without the enactment of such a law by the Parliament.

Capital Expenditure: It is the expenditure incurred on acquisition of assets like land, buildings, machinery, equipment etc and also loans and advances granted by the Central Government to State and Union territories, Public sector enterprises and other parties. This expenditure is also categorised as plan and non-plan capital expenditure.

Capital Receipts: Capital receipts include loans raised by the Government from public which are called Market Loans, borrowings by the Government from the Reserve Bank of India and other parties through sale of Treasury Bills, loans received from foreign Governments and bodies and recoveries of loans granted by Central Government to State and Union Territory Governments and other parties.

Consolidated Fund: All revenues received by the Government, loans raised by it, and also its receipts from recoveries of loans granted by it, form the Consolidated Fund. All expenditure of the Government is incurred from the Consolidated Fund and no amount can be withdrawn from the Fund without authorisation from the Parliament.

Contingency Fund: It is an imprest from the Consolidated Fund, and may be used by the Government without waiting for an appropriation bill to be passed by the Parliament. If it becomes necessary for the Government to incur expenditure not included in the budget, it can do so from the Contingency Fund.

Customs Duties: Customs duty is a type of indirect tax levied on goods imported into India as well as on goods exported from India.

Effective Revenue Deficit: Effective Revenue Deficit is the difference between revenue deficit and grants for creation of capital assets.

Exceptional Grant: Through the Exceptional Grant the House of People can make provision for an exceptional grant that does not form part of the current service of any financial year.

Excise Duties: Central excise duty is an indirect tax levied on those goods which are manufactured in India and are meant for home consumption.

Extra Budgetary Resources: Extra-budgetary resources are the sum of domestic and foreign loans raised directly by CPSUs. The extra-budgetary resources consist of receipts from the issue of bonds, debentures, external commercial borrowing (ECB), suppliers' credit, deposit receipts and term loans from financial institutions.

Finance Bill: At the time of presentation of the Annual Financial Statement before the Parliament, a Finance Bill is also presented in fulfilment of the requirement of Article 110(1) (a) of the Constitution, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution.

Fiscal Deficit: The difference between the total expenditure of the Government by way of revenue, capital and loans net of repayments on the one hand and revenue receipts of the Government and capital receipts which are not in the nature of borrowing but which finally accrue to the Government on the other, constitutes fiscal deficit.

Non-Plan Expenditure: It includes expenses that do not form a part of the Government's five year plan. These expenses consist of revenue and capital expenditure on defense, subsidies, interest payments, postal deficit, pensions, police, loans to public sector enterprises, economic services and loans as well as grants to State Governments, Union Territories and foreign Governments.

Non-Tax Revenues: Revenues earned by the Government from sources other than taxes are termed as non-tax revenues. The sources of non-tax revenues may include; dividends and profits received from public sector companies, interest receipts, fines, penalties and fees for various services rendered by the Government.

Plan Expenditure: It consists of both revenue expenditure and capital expenditure of the Centre on the Central Plan and Central Assistance to States and Union Territories. Plan expenditure reflects the Government's investment in enhancing the economy's productive aptitude. It arises out of schemes freshly introduced in an ongoing Five Year Plan (FYP) period.

Plan Outlay: Plan Outlay refers to the amount sanctioned for expenditure on projects, schemes and programmes announced in the Plan. The provision for this amount is made through extra budgetary resources and from provisions in the Demands for Grants. The budgetary support is also reflected as plan expenditure in Government accounts.

Primary Deficit: The amount by which the Government's total expenditure exceeds its total revenue generated, excluding the interest payments on debt. It is primarily the difference between the gross fiscal deficit and gross interest payments.

Public Account: Besides the normal receipts and expenditure of the Government which relate to the Consolidated Fund, certain other transactions enter Government accounts, in respect of which the Government acts more as a banker. For example, transactions relating to provident funds, small savings collections, other deposits, etc. The money thus received is kept in the Public Account and the connected disbursements are also made therefrom.

Public Debt: It refers to the total debt of the central and the State Governments. Public debt can be classified into internal debt (comprising of money borrowed within the country) and external debt (comprising of funds borrowed from non-Indian sources). The net accretion to public debt is the difference in borrowing and repayments during a fiscal year.

Revenue Deficit: Revenue Deficit is the excess of Government's revenue expenditure over revenue receipts.

Revenue Expenditure: It is the expenditure incurred by the Government for running of Government departments and conducting various economic, social and general services, interest payments, subsidies, grants and assistance to State and Union territories etc. This expenditure is also categorised as plan and non-plan revenue expenditure.

Revenue Receipts: It includes revenues garnered by the Government through taxes and other non-tax sources. Other receipts of the Government mainly consist of interest and dividend on investments made by the Government, fees, and other receipts for services rendered by it.

Tax Revenues: It comprises of revenue receipts through taxes and other duties levied by the Government. Tax revenue includes revenue generated through both direct taxes (personal income tax, corporate tax, capital gain tax and wealth tax) and indirect taxes (central excise duty, customs duty, service tax and VAT).

Vote on Account: It means a grant made in advance by the Parliament, in respect of the estimated expenditure for a part of the new financial year, pending the completion of the procedure relating to the voting of the demand for grants and the passing of the Appropriation Act.

Vote of Credit: Through the Vote of Credit the House of People can approve grant for meeting an unexpected demand upon the resources of India when on account of the magnitude or the indefinite character of the service, the demand cannot be stated with the details ordinarily given in an annual financial statement.

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UNION BUDGET 2019-20 (I):
IMPACT ANALYSIS

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