

# UNION BUDGET 2019-20



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Union Finance Minister, Smt. Nirmala Sitharaman in the Parliament today presented the Union Budget for the Financial Year 2019-20. She said – “I flag here the ten points of our Vision laid before us”

# VISION FOR THE DECADE



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

# PART A - Tax Proposals

## DIRECT TAXES

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- ⤴ **PAN and Aadhaar** will become interchangeable. Aadhaar numbers may be used to file I-T Returns.
- ⤴ **Pre-filled tax returns** with details of several incomes and deductions to be made available.
- ⤴ **25% Tax Rate** for all companies with annual turnover of **Rs. 400 Crores**.
- ⤴ Direct tax incentives proposed for an IFSC:
  - 100 % profit-linked deduction in any ten-year block within a fifteen-year period.
- ⤴ **Securities transaction Tax(STT) restricted** only to the difference between settlement and strike price in case of exercise of options.
- ⤴ **Additional Rs. 1.5 lakh deduction** in Income tax for interest paid on loans borrowed up to 31st march, 2020 for purchase of house valued up to Rs. 45 lakhs. Overall benefit of around Rs. 7 Lakh over loan period of 15 years.
- ⤴ **Income Tax deduction of Rs.1.5 lakh on the Interest paid on loans taken to purchase Electric Vehicles**. The Benefit of Deduction amounts to Rs.2.5 lakh over the loan period to the taxpayers who take loans to purchase Electric Vehicle.
- ⤴ **TDS of 2% for withdrawals of Rs. 1 Crore** in a year from bank accounts for business payment. Increase in Surcharge for those who earning 5 Crore and above for individuals.
- ⤴ Launching **Faceless E-Assessment** where scrutiny can be done electronically.



## Highlights of Union Budget 2019-20

- ⬆ In case of individuals, surcharge increased to 25% if total income exceeds Rs. 2 Crore and to 37% if total income exceeds Rs. 5 Crore (Effective Income Tax rate **increases by 3% and 7%** respectively).

### Relief for Start-ups:

- ⬆ Capital gains Exemption from sale of residential house for investment in start-ups extended till FY21.
- ⬆ **“Angel Tax” issue resolved** - Start-ups and investors filing requisite declarations and providing information in their returns not to be subjected to any kind of scrutiny in respect of valuations of share premiums.
- ⬆ Funds raised by start-ups to not require scrutiny from Income Tax Department.
- ⬆ E-verification mechanism for establishing identity of the investor and source of funds.

## INDIRECT TAXES

- ⬆ **Import of Defense equipment not manufactured in India exempt from Customs Duty.**
- ⬆ Customs duty exemption on select electric vehicle parts.
- ⬆ Establishing **Legacy Dispute Resolution Scheme** that allows quick closure of litigations which blocks more than 3.75 lakh Crores of revenue to the Government.
- ⬆ **Increase of Import Duty on** gold and precious metals to 12.5% from 10%.
- ⬆ Reduction of GST rate on electric vehicles from 12% to 5%.





## PART B - Economy

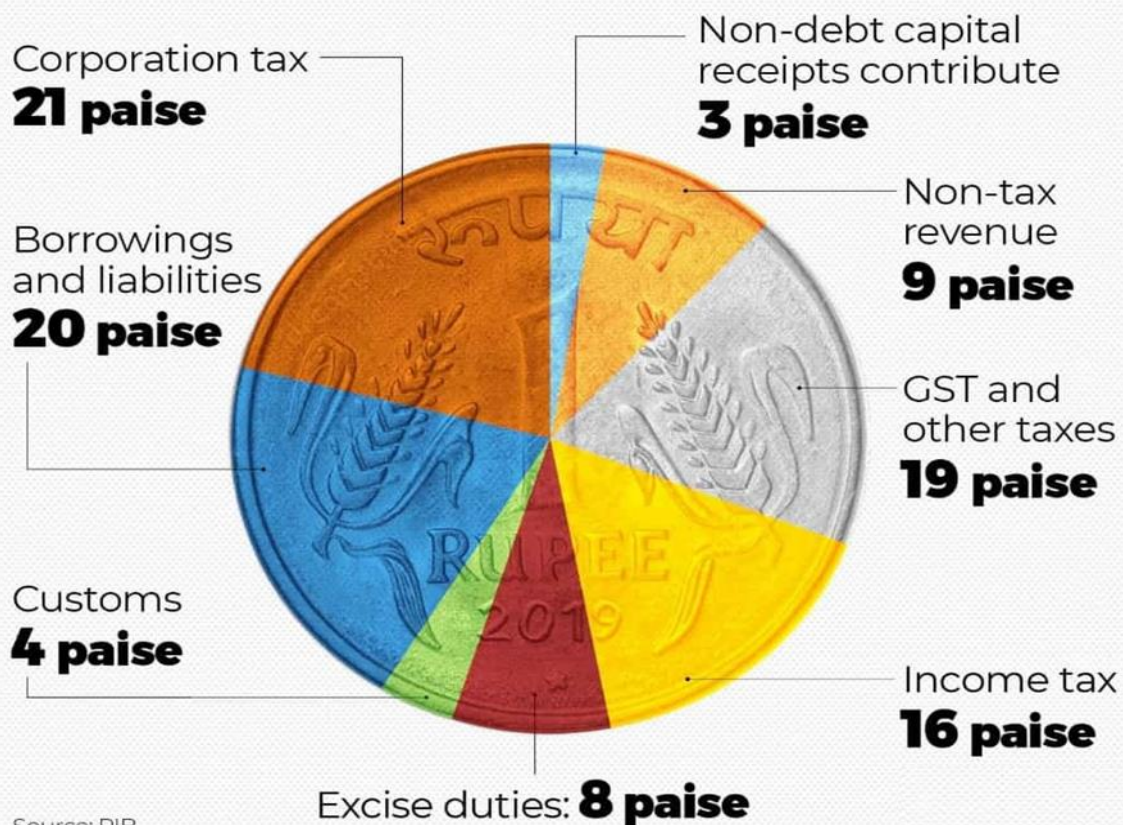
### FISCAL MANAGEMENT

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# WHERE INDIA GETS ITS MONEY FROM?

For every ₹1 that the govt earns

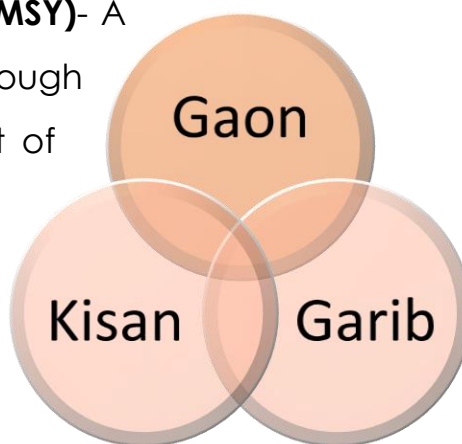


Source: PIB

## AGRICULTURE AND RURAL ECONOMY

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- ▲ **Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI)** - Boost to agro-rural industries through cluster based development focus on bamboo, honey and khadi clusters.
- ▲ **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**- A robust fisheries management framework through PMMSY to be established by the Department of Fisheries.
- ▲ **A New Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)**- 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) to be setup in 2019-20.
- ▲ **Pradhan Mantri Gram Sadak Yojana (PMGSY)** - 1,25,000 kilometers of road length to be upgraded over the next five years under PMGSY III with an estimated cost of Rs. 80,250 Crore.
- ▲ **Pradhan Mantri Gramin Digital Saksharta Abhiyan** - Internet connectivity in local bodies in every Panchayat under Bharat-Net to bridge rural-urban divide. Universal Obligation Fund under a PPP arrangement to be utilized for speeding up Bharat-Net.
- ▲ **Pradhan Mantri Awas Yojana – Gramin (PMAY-G)** aims to achieve "Housing for All" by 2022. Eligible beneficiaries to be provided 1.95 Crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).

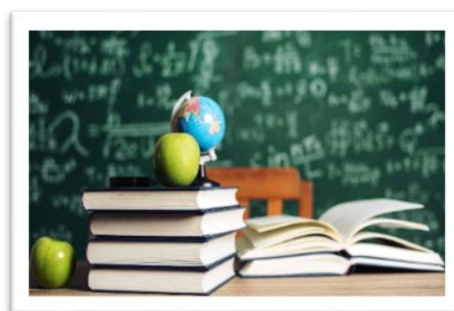


## EDUCATION & EMPOWERMENT OF YOUTH

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⬆ **New National Education Policy** to be brought which proposes

- Major changes in both school and higher education
- Better Governance systems
- Greater focus on research and innovation.



⬆ **National Research Foundation (NRF) proposed**

- To fund, coordinate and promote research in the country.
  - To assimilate independent research grants given by various Ministries.
  - To strengthen overall research eco-system in the country
  - This would be adequately supplemented with additional funds.
- ⬆ Rs. 400 Crore provided for “**World Class Institutions**”, for FY 2019-20, more than three times the revised estimates for the previous year.
- ⬆ “**Study in India**” proposed to bring foreign students to study in Indian higher educational institutions.
- ⬆ **National Sports Education Board** for development of sportspersons to be set up under Khelo India, to popularize sports at all levels.

## BANKING AND FINANCIAL SECTOR

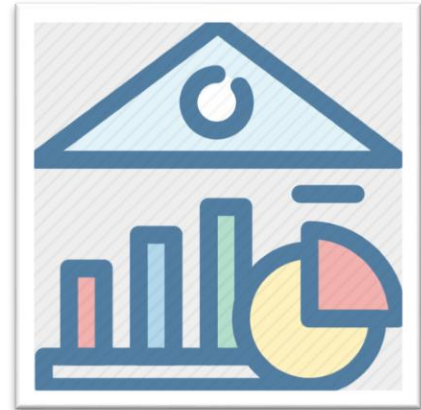
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- ⬆ **Credit Guarantee Enhancement Corporation** to be set up in 2019-2020.
- ⬆ Stock exchanges to be enabled to allow **AA rated bonds as collaterals**.
- ⬆ SEBI to consider raising the **threshold for minimum public shareholding in the listed companies from 25% to 35%**.



- ⬆ **Social stock exchange**: Electronic fund raising platform under the regulatory ambit of SEBI.

- Listing social enterprises and voluntary organizations.
- To raise capital as equity, debt or as units like a mutual fund.



- ⬆ **Insurance Intermediaries to get 100% FDI.**
- ⬆ Local sourcing norms to be eased for FDI in Single Brand Retail sector.
- ⬆ **Rs. 70,000 Crore proposed to be provided to Public Sector Banks to boost credit.**
- ⬆ **Requirement of creating a Debenture Redemption Reserve will be done away with to allow NBFCs to raise funds in public issues.**
- ⬆ Steps to allow all NBFCs to directly participate on the TReDS platform.
- ⬆ **Reduction in Net Owned Fund requirement** from Rs. 5,000 Crore to Rs. 1,000 Crore proposed.
- ⬆ Interest on certain bad or doubtful debts by deposit taking as well as systemically important non-deposit taking NBFCs to be taxed in the year in which interest is actually received.
- ⬆ **Measures related to CPSEs:**

- Target of Rs. 1,05,000 Crore of disinvestment receipts set for the FY 2019-20.
- Government to reinitiate the process of strategic disinvestment of Air India, and to offer more CPSEs for strategic participation by the private sector



### ▲ Digital India:

- Business establishments with annual turnover more than Rs. 50 Crore shall offer low cost digital modes of payment to their customers and no charges or Merchant Discount Rate shall be imposed on customers as well as merchants.
- ▲ New series of coins of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees, easily identifiable to the visually impaired to be made available for public use shortly.

## **MEDIUM, SMALL AND MICRO ENTERPRISES AND EMPLOYMENT**

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- ▲ Interest subvention scheme for MSMEs: 350 Crore allocated for 2019-20.
- ▲ Payment platform for bill filing for MSMEs to be created to address delays

## **WOMEN EMPOWERMENT**

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- ▲ Women Self Help Groups interest subvention program proposed to be expanded to all districts.
- ▲ Overdraft of Rs. 5,000 to be allowed for every verified women SHG member having a Jan Dhan Bank Account.
- ▲ One woman per SHG to be eligible for a loan up to Rs. 1 lakh under MUDRA Scheme.



## **OTHER HIGHLIGHTS**

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- ▲ Higher investment in suburban railway through special purpose vehicle (SPV) like Rapid Regional Transport System (RRTS).