

Interim Budget 2019-2020

Speech of
Piyush Goyal
Minister of Finance

February 1, 2019

Madam Speaker,

I rise to present the Interim Budget for the year 2019-20.

PART A

2. I am deeply conscious of the absence of Shri Arun Jaitley today. I am sure the House joins me in wishing Shri Jaitley speedy recovery, good health and a long life in the service of the nation.

3. Madam Speaker, the people of India gave a strong mandate to our Government. Under the visionary leadership of Hon'ble Prime Minister Shri Narendra Modi, we have given the most decisive, stable and clean Government and have undertaken transformational structural reforms. We have reversed the policy paralysis engulfing the nation and have restored the image of the country. The major achievement of this Government was that we strived our utmost to change the mind-set and ignited the self-confidence of the nation.

4. I can proudly say that India is solidly back on track and marching towards growth and prosperity. We have prepared the foundation for sustainable growth, progress and better quality of life for all our people.

5. We are moving towards realising a 'New India' by 2022, when we celebrate 75 years of India's independence: an India which is clean and healthy, where everybody would have a house with universal access to toilets, water and electricity; where farmers' income would have doubled; youth and women would get ample opportunities to fulfil their dreams; an India free from terrorism, communalism, casteism, corruption and nepotism.

State of the Economy

6. Madam Speaker, the last five years have seen India being universally recognised as a bright spot of the global economy. The country witnessed its best phase of macro-economic stability during this period. We are the fastest growing major economy in the world with an annual average GDP growth during last five years higher than the growth achieved by any Government since economic reforms began in 1991. From being the 11th largest economy in the world in 2013-14, we are today the 6th largest in the world. Besides generating high growth rate, we contained double-digit inflation and restored fiscal balance.

7. Inflation is a hidden and unfair tax on the poor and the middle class. The average rate of inflation during 2009-2014 was a backbreaking 10.1%. The then Prime Minister admitted as much when he said, *"We have also not been as successful in controlling persistent inflation as we would have wished. This is primarily because food inflation has increased."* In contrast, our Govt. broke the back of back-breaking inflation. We brought down average inflation to 4.6% which is lower than the inflation during the tenure of any other Government. In fact inflation in December 2018 was down to 2.19% only. If we had not controlled inflation, our families would have been spending around 35-40% more today on basic necessities such as food, travel, consumer durables, housing etc.

8. From the high of almost 6% seven years ago, the fiscal deficit has been brought down to 3.4% in 2018-19 RE. The current account deficit (CAD), against a high of 5.6% six years ago, is likely to be only 2.5% of GDP this year. We contained the fiscal deficit notwithstanding the Finance Commission's recommendations increasing the share of the States from 32% to 42% in central taxes, which we accepted in the true spirit of cooperative federalism, thereby transferring significantly higher amounts to the States.

9. Due to a stable and predictable regulatory regime, growing economy and strong fundamentals, India could attract massive amount of Foreign Direct Investment (FDI) during the last 5 years - as much as \$239 billion. This period also witnessed a rapid liberalisation of the FDI policy, allowing most FDI to come through the automatic route.

10. Madam Speaker, the last five years have witnessed a wave of next generation structural reforms, which have set the stage for decades of high growth. We have undertaken path breaking structural reforms by introducing Goods and Services Tax (GST) and other taxation reforms.

Banking Reforms and Insolvency and Bankruptcy Code (IBC)

11. The period of 2008-14 will be remembered as a period of aggressive credit growth and, as per RBI, the primary reason for spurt in non-performing loans and stressed assets. Outstanding loans of public sector banks ballooned from ₹18 lakh crore to ₹52 lakh crore during this period. Many projects were started that could either not be completed or had low capacity utilisation resulting in their inability to pay back their loans. There were high stressed and non-performing assets (NPAs) amounting to ₹5.4 lakh crore in 2014. Many more were hidden through restructuring or otherwise which were discovered during Asset Quality Reviews and inspections carried out since 2015.

12. We put a stop to such questionable practices and stopped the culture of “phone banking”. The 4Rs approach of recognition, resolution, re-capitalisation and reforms has been followed. A number of measures have been implemented to ensure Clean Banking. Through a transparent and accountable process, we recognised these NPAs. The Insolvency and Bankruptcy Code has institutionalised a resolution-friendly mechanism, which is helping in recovery of non-performing loans while preserving the underlying businesses and jobs. Earlier, only small businessmen used to be under pressure of repayment of loans while in the case of big businessmen, it was the headache of banks. But now, defaulting managements are either paying or exiting their businesses. An amount of close to ₹3 lakh crore has already been recovered in favour of banks and creditors. To restore the health of public sector banks, recapitalisation has been done with an investment of ₹2.6 lakh crore. Amalgamation of banks has also been done to reap the benefits of economies of scale, improved access to capital and to cover a larger geographical spread.

Steps against corruption

13. We have ushered in a new era of transparency. We have given a corruption free government. The Real Estate (Regulation and Development) Act, 2016 (RERA) and Benami Transaction (Prohibition) Act, 1988 are helping to bring transparency in the real estate sector. The Fugitive Economic Offenders Act, 2018 will help confiscate and dispose off the assets of economic offenders who escape the jurisdiction of the laws in India. Additionally, we conducted transparent auction of natural resources including coal and spectrum. We have walked the talk.

Cleanliness

14. As a tribute to Mahatma Gandhi's 150th birth anniversary in 2019, our Government initiated the world's largest behavioural change movement with the Swachh Bharat Mission. India has achieved 98% rural sanitation coverage and as many as 5.45 lakh villages have been declared "Open Defecation Free." It is a holistic programme and has succeeded in changing the mindset of our people. With the people participation, they transformed it from a Government Scheme to a national movement. I thank the 130 crore people of the nation for the success of Swachh Bharat Abhiyan who adopted it whole heartedly.

Poor and backward classes

15. The poor have the first right on the resources of the nation. The Government while maintaining the existing reservation for SC/ST/Other Backward Classes, have now ensured 10% reservation in educational institutions and Government services for poors. In these institutions, around 25% extra seats (approximately 2 lakh) will be provided so that, there is no shortfall of presently available/reserved seats for any class.

16. To provide food grains at affordable prices to the poor and middle classes, about ₹1,70,000 crores were spent in the year 2018-19 which is almost double the amount of ₹ 92,000 crores spent in the year 2013-14. We ensured that everyone gets food and none goes to sleep hungry. ₹60,000 crores are being allocated for MGNREGA in BE 2019-20. Additional amount would be provided if required.

17. We have worked to bridge the urban-rural divide in the country. Hon'ble Members in this August House, most of whom are from rural areas, will agree that several times in the past, only empty promises have been made to people living in our villages. During the last five years, we

have undertaken targeted expenditure to improve their quality of life in all its dimensions. Our aim, is to provide urban facilities in villages while keeping the soul of rural life intact.

18. Under the Pradhan Mantri Gram Sadak Yojana, construction of rural roads has been tripled. 1.43 lakh habitations out of a total of 1.58 lakh sanctioned habitations have already been connected with pucca roads and work is going on to complete the rest very soon. Pradhan Mantri Gram Sadak Yojana (PMGSY) is being allocated ₹ 19,000 crore in BE 2019-20 as against ₹ 15,500 crore in RE 2018-19. There was time when a child used to reach school after walking on a foot trail, today the situation has changed and a bus can reach her/his village. During the period 2014-18, a total number of 1.53 crore houses have been built under the Pradhan Mantri Awas Yojana.

19. Till the year 2014, about 2.5 crore families were forced to live the life of 18th century without electricity. Under 'Saubhagya Yojna', we provided free electricity connection to almost every household. By March, 2019, all willing families will get electricity connection. In mission mode, we have provided 143 crore LED bulbs with the participation of private sector. This has resulted into a savings of approximately ₹ 50,000 crore per year in electricity bills of poor and middle class families.

20. Madam Speaker, past five years have seen massive scale up of health care. Earlier, a poor man used to be in dilemma whether to fulfil daily needs of the family or save the life of an ailing member. This situation has deeply pained our Hon'ble Prime Minister. We launched the world's largest healthcare programme, Ayushman Bharat, to provide medical treatment to nearly 50 crore people. Already close to 10 lakh patients have benefited for medical treatment which would have cost them ₹ 3,000 crore through free treatment made available under the scheme. Lakhs of poor and middle class people are also benefiting from reduction in the prices of essential medicines, cardiac stents and knee implants, and availability of medicines at affordable prices through Pradhan Mantri Jan Aushadhi Kendras.

21. There are 21 AIIMS operating or being established in the country presently. 14 of these 21 AIIMS have been announced since 2014. I am happy to announce setting up of new the 22nd AIIMS in Haryana.

22. The Aspirational Districts Programme is providing targeted development to the 115 most backward districts of the country. The programme has achieved notable results with improved performance on all indicators - health and nutrition, education, agriculture and water resources, financial inclusion and skill development.

Farmer's progress and Increase in Income

23. Madam Speaker, our hard working farmers were not getting the full value of their produce. With an aim to double the income of farmers, our Government, for the first time in history has fixed the minimum support price (MSP) of all 22 crops at minimum 50% more than the cost.

24. Agriculture continues to be the main driver of the rural economy. Our hard-working farmers, supported by pro-farmer policies of our Government in the past four and half years, have produced agriculture commodities in record quantities. Declining prices of agricultural commodities in the international market and fall in food inflation in India since 2017-18, relative to non-food sector, have however, reduced the returns from farming. Small and fragmented land holding on account of repeated divisions has also contributed in decline in the income of the farmer family. Hence, there is a need for providing structured income support to the poor land-holder farmer families in the country for procuring inputs such as seeds, fertilizers, equipment, labour etc. and to meet other needs. Such support will help them in avoiding indebtedness as well and falling into clutches of money lenders.

25. To provide an assured income support to the small and marginal farmers, our Government is launching a historic programme namely "**Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)**". Under this programme, vulnerable landholding 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. This programme will be funded by Government of India. Around 12 crore small and marginal farmer families are expected to benefit from this. The programme would be made effective from 1st December 2018 and the first instalment for the period upto 31st March 2019 would be paid during this year itself. This programme will entail an annual expenditure of ₹75,000 crore.

26. PM-KISAN would not only provide assured supplemental income to the most vulnerable farmer families, but would also meet their emergent needs especially before the harvest season. PM-KISAN would pave the way for the farmers to earn and live a respectable living.

27. I propose an outlay of ₹ 75,000 crore for PM-KISAN for the FY 2019-20. I am also providing ₹ 20,000 crore in the Revised Estimates of FY 2018-19.

28. During the last five years, for providing affordable loans to farmers, the amount of interest subvention has been doubled. The crop loan to farmers increased to ₹11.68 lakh crore in year 2018-19. We have made genuine efforts to remove the hardships of farmers by providing them Soil Health Cards, quality seeds, irrigation scheme and Neem Coated Urea to remove shortage of fertilizers.

29. Animal Husbandry and Fisheries sector also needs considerable support. I have increased the allocation for Rashtriya Gokul Mission to ₹750 crore in the current year itself. I announce setting up of "Rashtriya Kamdhenu Aayog" to upscale sustainable genetic up-gradation of cow resources and to enhance production and productivity of cows. The Aayog will also look after effective implementation of laws and welfare schemes for cows.

30. India is the second largest fish producing nation in the world accounting for 6.3% of global production, registering an average annual growth of more than 7% in recent years. The sector provides livelihood to about 1.45 crore people at the primary level. To provide sustained and focused attention towards development of this sector, our Government has decided to create a separate **Department of Fisheries**.

31. In the last Budget, our Government announced the facility of extension of Kisan Credit Card scheme (KCC) to Animal Husbandry and Fisheries farmers. Now, I propose 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. Further, in case of timely repayment of loan, they will also get an additional 3% interest subvention.

32. 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.

33. When natural calamities strike, farmers are generally unable to repay their crop loans. Presently, the crop loans are rescheduled for such affected farmers and they get benefit of interest subvention of 2% only for the first year of the rescheduled loan. Our Government has now 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.

Labour and Workers Dignity

34. Madam Speaker, our Government firmly believes that workmen and all the people working in Government services should get benefit of the fast growing economy. During the last five years India has witnessed industrial peace.

35. High growth and formalisation of the economy has led to the expansion of employment opportunities as shown in EPFO membership, which has increased by nearly 2 crore in two years reflecting formalisation of the economy and job creations.

36. After submission of the 7th Central Pay Commission Report, the recommendations were implemented immediately. The New Pension Scheme (NPS) has been liberalized. Keeping the contribution of the employee at 10%, we have increased the Government contribution by 4% making it 14%. Maximum ceiling of the bonus given to the labourers has been increased from ₹ 3,500 pm to ₹ 7,000 pm and the maximum ceiling of the pay has been increased from ₹ 10,000 pm to ₹ 21,000 pm. The ceiling of payment of gratuity has been enhanced from ₹ 10 lakhs to ₹ 20 lakhs. During the last five years the minimum wages of labourers of the all categories have been increased by 42%, which is the highest ever. The ceiling of ESI's eligibility cover has been increased from ₹ 15,000 pm to ₹ 21,000 pm. Minimum pension for every labourer has been fixed at ₹ 1,000 per month. In the event of death of a labourer during service, the amount to be paid by EPFO has been enhanced from ₹ 2.5 lakh to ₹ 6 lakh. Under Anganwadi and Asha Yojana honorarium has been enhanced by about 50% for all categories of workers.

37. Half of India's GDP comes from the sweat and toil of 42 crore workers in the unorganised sector working as street vendors, rickshaw pullers, construction workers, rag pickers, agricultural workers, beedi workers, handloom, leather and in numerous other similar occupations. Domestic workers are also engaged in big numbers. We must provide them comprehensive social security coverage for their old age. Therefore, in

addition to the health coverage provided under 'Ayushman Bharat' and life & disability coverage provided under 'Pradhan Mantri Jeevan Jyoti Bima Yojana' and 'Pradhan Mantri Suraksha Bima Yojana', our Government proposes to launch a 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. An unorganised sector worker joining pension yojana at the age of 29 years will have to contribute only ₹100 per month till the age of 60 years. A worker joining the pension yojana at 18 years, will have to contribute as little as ₹55 per month only. The Government will deposit equal matching share in the pension account of the worker every month. It is expected that at least 10 crore labourers and workers in the unorganised sector will avail the benefit of '**Pradhan Mantri Shram-Yogi Maandhan**' within next five years making it one of the largest pension schemes of the world. A sum of ₹500 crore has been allocated for the Scheme. Additional funds will be provided as needed. The scheme will also be implemented from the current year.

38. Our Government is committed to reach the most deprived citizens of this country. To this end, the condition of the De-notified, Nomadic and Semi-Nomadic communities merits special attention. These communities are hard to reach, less visible, and therefore, frequently left out. The Nomadic and Semi-Nomadic communities move from place to place in search of a livelihood. The Renke Commission and the Idate Commission have done commendable work to identify and list these communities. A Committee under NITI Aayog will be set up to complete the task of identifying De-notified, Nomadic and Semi-Nomadic communities not yet formally classified. Our Government will also 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. The Board shall ensure that special strategies are designed and implemented to serve these hard-to-reach communities.

Women's development to women led development

39. Madam Speaker, in our Election Manifesto, we had promised that we will transform the quality of life of women in rural India by providing cleaner fuel. For securing the health of every home-maker in rural areas and to ensure that she does not have to shed tears for cooking food to nourish her family, our Government embarked upon a programme to

deliver 8 crore free LPG connections under the Ujjwala Yojana. More than 6 crore connections have already been given and the remaining will get free gas connections by next year. Ujjwala is a remarkable success story of our Government programme, defined by a bold yet practical Vision of a responsible and compassionate leadership.

40. More than 70% of the beneficiaries of Pradhan Mantri MUDRA Yojana are women who are getting affordable and collateral-free loans to start their own businesses. Amongst many measures, benefits of Maternity leave of 26 weeks and Pradhan Mantri Matru Vandana Yojana for pregnant women have provided financial support to women while empowering them to participate in work.

Empowering Youth to fulfil their potential

41. India is amongst the most youthful nations in the world. Through Pradhan Mantri Kaushal Vikas Yojana, over 1 crore youth are being trained to help them earn a livelihood. We have harnessed युवा शक्ति through self-employment schemes including MUDRA, Start-up India and Stand-up India. Under MUDRA Yojana 15.56 crore loans have been disbursed amounting to ₹7,23,000 crore. The concept of employment is changing all over the world, now the employment generation is not confined merely to Government services or factories. With job seekers becoming job creators, India has become the world's second largest start-up hub. We are proud of the hard work and innovative ideas of our youth.

42. 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 our 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 will also be developed soon.

Empowering MSMEs and Traders

43. Government has undertaken many effective steps to strengthen MSME sector, which provides employment to crores of people. Recently, a scheme of sanctioning loans upto ₹ 1 crore in 59 minutes has been launched. GST-registered SME units will get 2% interest rebate on incremental loan of ₹ 1 Crore. The requirement of sourcing from SMEs by Government enterprises has been increased to 25%. Of this, the material to the extent of at least 3% will be sourced from women owned SMEs.

44. Government e-Marketplace (GeM), created by our Government two years ago, has transformed public procurement by making it fully transparent, inclusive and efficient. MSMEs have an opportunity to sell their products through GeM. Transactions of over ₹ 17,500 crore have taken place, resulting in average savings of 25-28%. The GeM platform is now being extended to all CPSEs.

45. We have focussed on supporting domestic trade and services. Our Government has recently assigned the subject of “promotion of internal trade including retail trading and welfare of traders, and their employees” to the Department of Industrial Policy and Promotion, which will now be renamed as the Department for Promotion of Industries and Internal Trade.

Strengthening Defence and National Security

46. Madam Speaker, our soldiers protect our borders in tough conditions. They are our pride and honour. We also respected their dignity. In our Election Manifesto, we had promised to implement One Rank One Pension (OROP). This was pending for the last 40 years and has been resolved by us. The previous Governments announced it in three budgets but sanctioned a mere ₹ 500 crore in 2014-15 Interim Budget; in contrast we have already disbursed over ₹ 35,000 crore after implementing the Scheme in its' true spirit. The Government also announced substantial hike in the Military Service Pay (MSP) of all service personnel and special allowances given to Naval and Air Force personnel deployed in high risk duties.

47. Our Defence Budget will be crossing ₹ 3,00,000 crore for the first time in 2019-20. For securing our borders and to maintain preparedness of the highest order, if necessary, additional funds would be provided.

Supporting Indians across the world

48. Today, all persons of Indian origin feel secure that their motherland Bharat cares for them and at times of need will support them. India's transformation has inculcated a sense of pride and respect for Indians and persons of Indian origin across the globe. We have taken several initiatives to strengthen their connect with India, facilitate their investment in India and ease their travel.

Infrastructure development

49. Infrastructure is the backbone of any nation's development and quality of life. Whether it is highways or railways or airways or even digi-

ways, we have gone beyond incremental growth to attain transformative achievements.

50. Because of 'UDAAN Scheme', today an ordinary citizen is also travelling by air. The number of operational airports has crossed 100 with the commissioning of the Pakyong airport in Sikkim. Domestic passenger traffic has doubled during the last five years leading to large number of jobs being created also. Today, India is the fastest highway developer in the world with 27 kms of highways built each day. Projects stuck for decades like the Eastern Peripheral Highway around Delhi or the Bogibeel rail-cum-road bridge in Assam and Arunachal Pradesh have been completed. The flagship programme of Sagarmala along the coastal areas of the country will develop ports for faster handling of import and export cargo. For the first time, container freight movement has started on inland waterways from Kolkata to Varanasi. Our Government will introduce container cargo movement to the North East as well, by improving the navigation capacity of the Brahmaputra river.

51. Indian Railways has experienced the safest year in its history. All Unmanned Level Crossings on broad gauge network have been eliminated. Introduction of the first indigenously developed and manufactured semi high-speed "Vande Bharat Express" will give the Indian passengers world class experience with speed, service and safety. This major leap in wholly developed technology by our engineers will give an impetus to the Make in India programme and create jobs. Capital support from the budget for railways is proposed at ₹ 64,587 crore in 2019-20 (BE). The Railways' overall capital expenditure programme is of ₹ 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).

52. India provided leadership to the global effort to address the problem of climate change. Our commitment to promote renewable energy is reflected in setting up the International Solar Alliance, the first treaty based international inter-governmental organisation headquartered in India. India's installed solar generation capacity has grown over ten times in last five years. This sector is now creating lakhs of new age jobs.

53. India's import dependence on crude oil and natural gas has been a source of big concern to our Government. While we have taken a large number of measures to moderate the increasing demand through usage of bio fuel and alternate technologies, urgent action is needed to increase hydrocarbon

production to reduce imports. A high level Inter-Ministerial Committee, constituted by our Government, has made several specific recommendations, including transforming the system of bidding for exploration, changing from revenue sharing to exploration programme for Category II and III basins. The Government is in the process of implementing these recommendations.

54. The people of North East have also received significant benefits of infrastructure development. Arunachal Pradesh came on the air map recently and Meghalaya, Tripura and Mizoram have come on India's rail map for the first time. Allocation for the North Eastern Areas is being proposed to be increased by 21% to ₹ 58,166 crore in 2019-20 BE over 2018-19 BE.

Digital India Revolution

55. Madam Speaker, India is now leading the world in the consumption of mobile data. Monthly consumption of mobile data increased by over 50 times in the last five years. The cost of data and voice calls in India is now possibly the lowest in the world. Today, under Make in India, mobile and parts manufacturing companies have increased from 2 to more than 268 providing huge job opportunities. More than 3 lakh Common Service Centres (CSCs) employing about 12 lakh people, are digitally delivering several services to the citizens. The Common Service Centres are expanding their services and also creating digital infrastructure in the villages, including connectivity, to convert the villages into Digital Villages. The Government will make 1 lakh villages into Digital Villages over next five years.

56. Jan Dhan-Aadhaar-Mobile (JAM) and Direct Benefit Transfer have been game changers. Bank nationalisation was first done 50 years ago, but a large part of the country was still left out of the economic mainstream with no access to formal banking. In the last five years, nearly 34 crore Jan Dhan bank accounts were opened. Aadhaar is now near universally implemented. This has helped ensure the poor and middle class receive the benefits of Government schemes directly in their bank accounts by eliminating middlemen.

Entertainment

57. Entertainment industry is a major employment generator. To promote entertainment industry - Single window clearance for ease of shooting films, available only to foreigners, is now going to be made available to Indian filmmakers as well. Regulatory provisions will rely more

on self-declaration. We will also introduce anti-camcording provisions in the Cinematograph Act to control the menace of piracy.

Simplification of Direct Tax System to benefit Tax-payers

58. Madam Speaker, for making the life of our direct tax-payers easy, we reduced tax rates, more for the common man and middle class, and made the interface with the tax department much simpler and largely faceless. Due to this, the tax collections increased significantly from ₹ 6.38 Lakh crore in 2013-14 to almost ₹12 lakh crore this year. The number of returns filed have also increased from 3.79 crore to 6.85 crore showing 80% growth in tax base. I thank the honest taxpayers of India for reposing faith in our Government. Let me assure them that we have used their contribution to serve the poor and create better infrastructure.

59. The Income Tax Department now functions online. Returns, assessments, refunds and queries are all undertaken online. Last year, 99.54% of the income-tax returns were accepted as they were filed. Our Government has now approved a path breaking, technology intensive project to transform the Income-tax Department into a more assessee-friendly one. All returns will be processed in twenty-four hours and refunds issued simultaneously. Within the next two 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.

60. Reducing the tax burden on middle class has always been our priority ever since our Government took over in 2014. We increased the basic exemption limit from ₹2 lakh to ₹2.5 Lakh and gave tax rebate so that no tax was payable by persons having income up to ₹3 lakh. We also reduced the tax rate from 10% to 5% for the tax slab of ₹2.5 lakh to ₹5 lakh and introduced Standard Deduction of ₹40,000 for the salaried class. Deduction of savings under section 80C was increased from ₹1 lakh to ₹1.5 lakh. Deduction of interest for self-occupied house property was raised from ₹1.5 lakh to ₹2 lakh.

61. Special benefits and incentives were also given to small businesses and start-ups. Overall compliance processes were simplified. Threshold limit for presumptive taxation of business was raised from ₹1 crore to ₹2 crore. The benefit of presumptive taxation was extended for the first time to small professionals fixing threshold limit at ₹50 lakh. In order to promote a less cash economy, the presumptive profit rate has been reduced from 8% to 6%. The tax rate for companies with turnover

of up to ₹250 crore, covering almost 99% of the companies, was reduced to 25% which was also applicable to new manufacturing companies without any turnover limits.

GST Reform for benefit to consumers and businesses

62. The Goods and Services Tax (GST) reforms lingered on during the previous Government for almost a decade. Our Government implemented the GST, which is undoubtedly the biggest taxation reform undertaken since Independence. Seventeen different taxes levied by the Central and State/UT Governments with cascading effect of tax on tax, were consolidated into one GST. India became a common market. GST has resulted in increased tax base, higher collections and ease of trade. This will reduce the interface between the tax payer and the Government for day-to-day operations and assessments. Now returns are fully online and e-way bill system is in place. Inter-state movements have become faster, more efficient, and hassle free with no Entry Tax, check posts, and truck queues.

63. The high taxation levied on multiple commodities in the pre-GST regime has been rationalised and the burden on the consumer, especially the poor and the middle class, has been significantly reduced. The GST Council, comprising the Centre and States/UTs, finalised the GST rates collectively mostly lower than pre-GST rates. Since then, GST has been continuously reduced providing relief of about ₹80,000 crore annually to consumers. Most items of daily use of the poor and middle class are now in the 0% or 5% tax slab. Cinema goers who were subjected to multiple taxes up to 50% are mostly paying much lower tax at 12% now. Our Government wants the GST burden on home buyers to be reduced and accordingly we have moved the GST Council to appoint a Group of Ministers to examine and make recommendations in this regard at the earliest.

64. GST aims to benefit small traders, manufacturers and service providers. Exemptions from GST for small businesses has been doubled from ₹20 lakh to ₹40 lakh. Further, small businesses having turnover up to ₹1.5 crore have been given an attractive composition scheme wherein they pay only 1% flat rate and have to file one annual return only. Similarly, small service providers with turnover upto ₹50 lakhs can now opt for composition scheme and pay GST at 6% instead of 18%. More than 35 lakh small traders, manufacturers and service providers will benefit from these trader friendly measures. Soon, businesses comprising over 90% of GST payers will be allowed to file quarterly return.

65. In spite of such major rate reductions and relaxations, revenue trends are encouraging. The average monthly tax collection in the current year is ₹ 97,100 crore per month as compared to ₹ 89,700 crore per month in the first year. The State revenues are improving with guaranteed 14% annual revenue increase for the first five years.

Customs and Trading Across Border Reforms

66. To promote the “Make in India” initiative, we have undertaken rationalization of customs duties and procedures. Our Government has abolished duties on 36 capital goods. A revised system of importing duty-free capital goods and inputs for manufacture and export has been introduced, along with introduction of single point of approval under section 65 of the Customs Act. Indian Customs is introducing full and comprehensive digitalization of export/import transactions and leveraging RFID technology to improve export logistics.

Demonetisation and Drive against Black Money

67. Our Government is committed to eliminating the ills of black money from our country. The anti-black money measures taken by us during the last four and half years in the form of Black Money Law, the Fugitive Criminal Offenders Act, and Demonetisation, have brought undisclosed income of about ₹ 1,30,000 crore to tax, led to seizure and attachment of assets worth approximately ₹ 50,000 crore, and compelled holders of large cash currency to disclose their source of earnings. During this period, Benami assets worth ₹ 6,900 crore and foreign assets worth ₹ 1,600 crore have been attached. As many as 3,38,000 shell companies have been detected and de-registered, and their directors disqualified. Growth of 18% in direct tax collection in 2017-18 and increase in tax base by as many as 1.06 crore people filing income tax returns for the first time in FY 2017-18 is mainly on account of demonetization.

Vision for the next Decade

68. Madam Speaker, the NDA Government headed by Hon'ble Prime Minister Shri Narendra Modi has laid the foundation for India's growth and development for times to come. We have resolved many problems which were coming in the way of realising our full potential as a society and an economy. We are poised to become a Five Trillion Dollar Economy in the next five years and aspire to become a Ten Trillion Dollar Economy in the next 8 years thereafter.

69. In the Indian ethos, anything which is good is supposed to bestow, cause, create and do good in all ten directions. I will, therefore, layout our vision for ten most important dimensions in 2030.

70. The First Dimension of this Vision will be 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. We will also build a quality, science oriented educational system with Institutes of Excellence providing leadership at the top.

71. The Second dimension of our 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. Our youth will lead us in this endeavour with innumerable start-ups creating digital India, and millions of jobs in this eco-system.

72. Making India a pollution free nation with green Mother Earth and blue skies is the Third Dimension of our Vision. This 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.

73. Expanding rural industrialisation using modern digital technologies to generate massive employment is the Fourth Dimension of our Vision. 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.

74. Our rivers and water bodies are our life supporting assets. Our Government has worked vigorously for cleaning River Ganga. Fifth Dimension of our 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.

75. India's long coastline has the potential of becoming the strength of the economy, particularly through exploitation of the Blue Economy, to ensure better standards and quality of life for a large number of people living in the coastal areas. Our efforts in the Sagarmala programme will be scaled up and we will develop other inland waterways faster. Our coastline and our ocean waters powering India's development and growth is the Sixth Dimension of our Vision.

76. The Seventh Dimension of our Vision aims at the outer skies. Our 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 our vision.

77. Making India self-sufficient in food, exporting to the world to meet their food needs and producing food in the most organic way is the Eighth Dimension of our Vision. 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 our focus of attention.

78. A healthy India is the Ninth Dimension of our Vision. We will be aiming at healthy society with an environment of health assurance and the support of necessary health infrastructure. Our Government has rolled out the Ayushman Bharat scheme. By 2030, we will work towards a distress free health care and a functional and comprehensive wellness system for all. Such a healthy India built with the participation of women having equal rights and concern for their safety and empowerment.

79. Our Vision can be delivered by Team India - our employees working together with the elected Government, transforming India into a Minimum Government Maximum Governance nation. This is the Tenth Dimension. Our India of 2030 will have a proactive and responsible bureaucracy which will be viewed as friendly to people.

80. With this comprehensive ten-dimensional Vision, we will create an India where poverty, malnutrition, littering and illiteracy would be a matter of the past. India would be a modern, technology driven, high growth, equitable and transparent society.

The Fiscal Programme for 2019-20 and beyond

81. The estimate of incomes and expenditure which I am presenting today, pegs the fiscal deficit of year 2019-20 at 3.4% of GDP. We would have maintained fiscal deficit at 3.3% for year 2018-19 and taken further steps to consolidate fiscal deficit in year 2019-20. However, considering the need for income support to farmers we have provided ₹ 20,000 crore in 2018-19 RE and ₹ 75,000 crore in 2019-20 BE. If we exclude this, the fiscal deficit would have been less than 3.3% for 2018-19 and less than 3.1% for year 2019-20.

82. Total expenditure rises from ₹ 24,57,235 crore in 2018-19 RE to ₹ 27,84,200 crore in 2019-20 BE, a rise of ₹ 3,26,965 crore or approximately 13.30%. This reflects a high increase considering low inflation. Capital Expenditure for 2019-20 BE is estimated to be ₹ 3,36,292 crore. Centrally Sponsored Schemes (CSS) are proposed to be allocated ₹ 3,27,679 crore in BE 2019-20 as against ₹ 3,04,849 crore in 2018-19 RE. Allocation for National Education Mission is being increased from ₹ 32,334 crore in RE 2018-19 to ₹ 38,572 crore in BE 2019-20. Allocation for Integrated Child Development Scheme (ICDS) is being increased from ₹ 23,357 crore in RE 2018-19 to ₹ 27,584 crore in BE 2019-20.

83. A substantial increase is proposed in the allocation for welfare of the Scheduled Castes and Scheduled Tribes. The allocation of ₹ 56,619 crore made in BE of 2018-19 for Scheduled Caste, further increased to ₹ 62,474 crore in RE is proposed to be enhanced to ₹ 76,801 crore in BE for 2019-20, an increase of 35.6% over BE of 2018-19. For the Scheduled Tribes also, proposed allocation in 2019-20 BE is ₹ 50,086 crore as against ₹ 39,135 crore in BE 2018-19, an increase of 28%.

84. We have pursued the public enterprises asset management agenda to make these enterprises accountable to the people. As many as 57 CPSEs are now listed with total market capitalisation of over ₹ 13 lakh crore. The Government received over ₹ 1 lakh crore from disinvestment proceeds during 2017-18. We are confident of crossing the target of ₹ 80,000 crore this year.

85. We have maintained the glide path towards our target of 3% of fiscal deficit to be achieved by 2020-21. India's Debt to GDP ratio was 46.5% in year 2017-18. The FRBM Act prescribes that the Debt to GDP ratio of the Government of India should be brought down to 40% by 2024-25. Along with completion of the fiscal deficit consolidation programme, we will now focus on Debt consolidation.

86. Our Government had promised last year that we will carry out reforms in stamp duty levied and collected on financial securities transactions. I am proposing, through the Finance Bill, necessary amendments in this regard. The amendments proposed would usher in a very streamlined system. Stamp duties would be levied on one instrument relating to one transaction and get collected at one 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.

PART B:**Tax Proposals**

87. On behalf of all the people of India and our Government, I would first like to thank all our taxpayers for their valuable contribution to nation building and for providing a better life to the poor and marginalized sections of society. Your tax helps provide dignity to our sisters and mothers with toilets and cooking gas connections. Your tax pays for the electricity connections to the poor who lived in darkness for generations. The tax you pay will provide health care to 50 crore brothers and sisters, and children. It is you who is ensuring respect, dignity, and a secure future to our retired jawans through One Rank One Pension. Thank you, taxpayers.

88. Because of major tax reforms undertaken by us during the last four and half years, both tax collections as well as the tax base have shown significant increase and we have made progress towards achieving a moderate taxation–high compliance regime. It is, therefore, just and fair that some benefits from the tax reforms must also be passed on to the middle class taxpayers. Keeping this in view, I propose to further reduce the tax burden on such taxpayers. Though as per convention, the main tax proposals will be presented in the regular budget, small taxpayers especially middle class, salary earners, pensioners, and senior citizens need certainty in their minds at the beginning of the year about their taxes. Therefore, proposals, particularly relating to such class of persons should not wait. Hence, while for the present the existing rates of income tax will continue for FY 2019-20, I propose the following:

89. Individual taxpayers having taxable annual income up to ₹ 5 lakhs will get full tax rebate and therefore will not be required to pay any income tax. As a result, even persons having gross income up to ₹ 6.50 lakhs may not be required to pay any income tax if they make investments in provident funds, specified savings, insurance etc. In fact, with additional deductions such as interest on home loan up to ₹ 2 lakh, interest on education loans, National Pension Scheme contributions, medical insurance, medical expenditure on senior citizens etc, persons having even higher income will not have to pay any tax. This will provide tax benefit of ₹ 18,500 crore to an estimated 3 crore middle class taxpayers comprising self employed, small business, small traders, salary earners, pensioners and senior citizens.

90. For salaried persons, Standard Deduction is being raised from the current ₹ 40,000 to ₹ 50,000. This will provide additional tax benefit of ₹ 4,700 crore to more than 3 crore salary earners and pensioners.

91. Currently, income tax on notional rent is payable if one has more than one self-occupied house. Considering the difficulty of the middle class having to maintain families at two locations on account of their job, children's education, care of parents etc. I am proposing to exempt levy of income tax on notional rent on a second self-occupied house.

92. TDS threshold on interest earned on bank/post office deposits is being raised from ₹ 10,000 to ₹ 40,000. This will benefit small depositors and non-working spouses. Further, the TDS threshold for deduction of tax on rent is proposed to be increased from ₹ 1,80,000 to ₹ 2,40,000 for providing relief to small taxpayers.

93. 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 ₹ 2 crore. This benefit can be availed once in a life time.

94. For making more homes available under affordable housing, the benefits under Section 80-IBA of the Income Tax Act is being extended for one more year, i.e. to the housing projects approved till 31st March, 2020.

95. Also, for giving impetus to the real estate sector, I have 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.

Concluding Remarks

96. Madam Speaker, This is not merely an Interim Budget, but a medium of the country's development journey. All the transformation that we are witnessing, is because of the passion of the people of our nation. The credit goes to them only. Development has become a mass-movement during the period of our Government.

97. We will transform India into a leading nation of the world with the help of our people. We, along with them have laid the foundation. A grand edifice will be erected with their support. We have given a decisive leadership, whose intent is clear, policy is transparent and integrity is resolute.

98. With this, I commend the Budget to this august House.