

# Together

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**Union Budget 2019-20**  
*Spl. Issue*

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“

The Budget for New India will energise the Nation. It will empower the poor, give a boost to the farmer and give an impetus to economic growth.

– Prime Minister Narendra Modi



*5th of July, 2019 will be earmarked as a historic event in the Indian political space as India's first woman finance minister, Nirmala Sitharaman, presented her maiden budget on behalf of the second-time-elected BJP government. After the pre-election Interim Budget presented in February 2019, Union Budget 2019, reflects a vision for the next three to five years & lays down the roadmap for making India an investment-driven economy. It specially focused on strengthening the country's infrastructure, uplifting the rural economy, fostering gender inclusiveness by empowering women, creating world class education system, supporting MSMEs & revival of NBFC & the banking sector. More importantly, the government proposes to achieve all this while maintaining the fiscal balance.*

*The Finance Minister needs to be credited for bringing up proposals like focusing on newer areas, such as "Maintenance, Repair and Overhaul" of aircrafts & making India a hub for manufacturing of electric vehicles & on-shore aircraft financing/ leasing activities etc. Reducing the carbon footprint appears to be another focus area of the Government with incentives for electric vehicles, replacement of CFL lighting with LED etc. On the tax front, the Budget reiterated the Government's intent to stimulate growth, incentivize affordable housing & encourage start-ups. It also emphasizes the importance of partnering with India Inc. to ensure all-round development. A slew of proposals for the start-ups will give them a much-needed breather & should help curb avoidable litigation.*

*Further, the Government has introduced several tax incentives with a view to promote the GIFT City. The measures relating to the facility of pre-filled return forms & faceless e-assessments are again welcome steps. There has been emphasis on promoting a 'less cash' economy, while simplifying tax administration & ushering in improved transparency. The tax slabs for direct taxes remain as they were proposed in the Interim Budget 2019. Customs duty rates have been reduced on raw materials to incentivize indigenous manufacturing.*

*Consistent with the vision of the Government, inclusive investment led growth appears to be the central theme of this year's Budget. The fiscal deficit has been projected to reduce to 3.3% that will keep the fiscal parameters within bounds. To promote FDI, the Finance Minister proposed further liberalization of limits in the aviation, media and insurance sectors & proposed relaxation of the 'sourcing' norms in the Single Brand Retail Trade sector. The budget has proposed to raise sovereign debt in foreign currency for the first time. All-in-all, the Union Budget 2019 aims to take the Indian economy to the \$5-trillion mark, empower women & energize start-ups, farmers & the agricultural sector-which are all welcome features, considering the current economic slowdown. The realization of the goals will depend on how the private sector responds to the various incentives in the capital markets as well as the ease of doing business & tax friendly approach announced by the Government.*

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## MANAGEMENT

### QUIZ- 35

## MAGANAGEMENT

UIZ NO. – 35

Task Ahead



1. August 12th was the birth centenary of Vikram Sarabhai, the great Indian visionary. He was the man behind IIM Ahmedabad, among many other institutions. Which market research firm was founded by him?
2. After several mutual funds faced difficulty during redemptions, SEBI has proposed to reduce the upper limit of investment in unlisted securities from 25 % to what limit now?
3. In the current auto sector slowdown, many carmakers are closing dealership across India. In the last 18 months, which carmaker has seen max closures of dealership as per FADA?
4. Which luxury jeweler known for its engagement rings & robin's egg blue boxes has tied up with Reliance to launch retail stores in India, starting with Mumbai and Delhi?
5. Which motorcycle brand has launched LIVEWIRE its first production electric motorcycle recently?
6. As per the Bloomberg list of wealthiest families in the world which family ranks No. 1 in this year's list?
7. What connects Ratan Tata, Mark Zuckerberg, Amar Bose, Steve Jobs & Bill Gates besides being business leaders?
8. Which mobile wallet co-founded by Bipin and Upasna Singh and some more celebrates its 10th Birthday today?
9. Darshan Singh is a farmer from Punjab. Through his innovative service he earns 4000\$ a month. What does he offer?
10. Name this sneaker and sportswear brand that provides outfit to Man City and has a strategy of sponsoring upcoming stars with high potential rather than current celebrity champions.

### Answers to Management Quiz No. 34 (Together, March - April 2019, No. 95)

1. Mumbai
2. Tiger Global Fund
3. Triclosan
4. ITC Ltd.
5. Hong's Kitchen
6. A12 Bionic
7. Google STADIA.
8. Japan
9. BSNL
10. 1st armoured capsule, bulletproof vehicle

Students are required to send answers of Management Quiz No. 35 to the Email: [usha@imis.ac.in](mailto:usha@imis.ac.in), latest by 30<sup>th</sup> Aug. 2019 to win prizes, for all correct answers.

## 7 Cardinal Rules For Life

- 1) Make peace with your past  
so it won't disturb your present.
- 2) What other people think of you  
is none of your business.
- 3) Time heals almost everything.  
Give it time.
- 4) No one is in charge  
of your happiness. Except you.
- 5) Don't compare your life to others  
and don't judge them, you have no idea what their journey is all about.
- 6) Stop thinking too much.  
It's alright not to know the answers.  
They will come to you when you least expect it.
- 7) Smile.  
You don't own all the problems in the world.





# Economic Survey 2019 HIGHLIGHTS



## ECONOMIC SURVEY 2018-19

# INDIAN ECONOMY: A SNAPSHOT



### GDP Growth

At constant prices



\*Provisional estimates  
\*\*Projected

### Fiscal Deficit

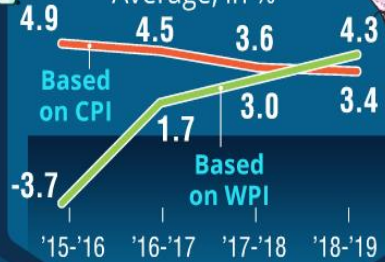
% of GDP



\*Provisional actual

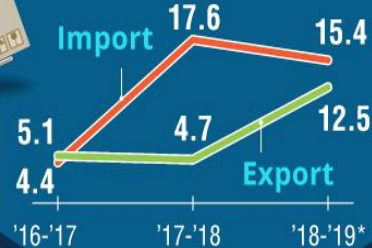
### Inflation

Average, in %



### Foreign Trade

Good and Services (%)



\*Provisional estimates

### Foreign Exchange Reserves

In US \$ billion



March End

### Agriculture, Forestry & Fishing

Growth Rate of GVA at Basic Prices in %



\*Provisional estimates

### Industrial Growth

Growth Rate of GVA at Basic Prices in %



\*Provisional estimates

### Services

Growth Rate of GVA at Basic Prices in %



\*Provisional estimates



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## QUICK TAKE

## Union Budget 2019



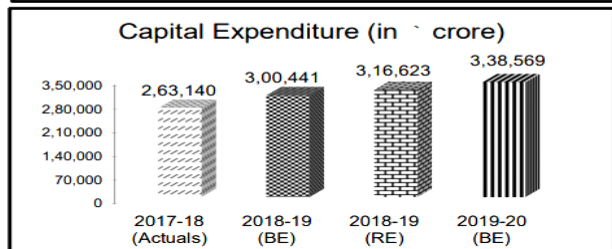
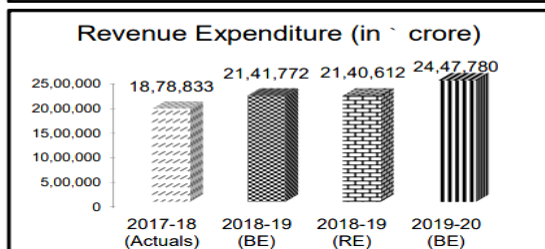
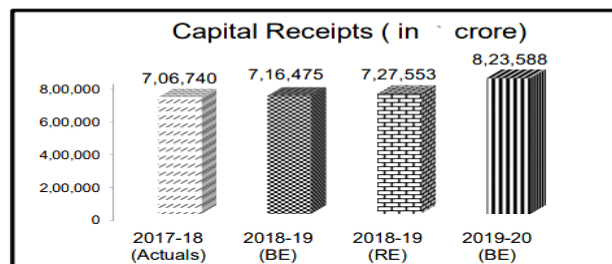
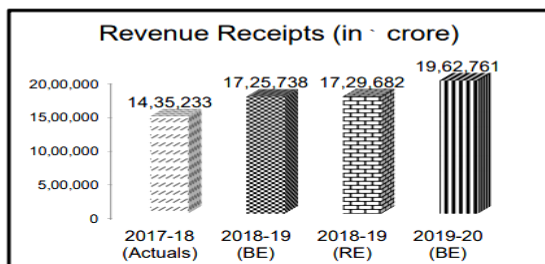
### Key Numbers

(in ₹ crore)

	2017-18 (Actuals)	2018-19 (Budget Estimates)	2018-19 (Revised Estimates)	2019-20 (Budget Estimates)
Revenue Receipts	14,35,233	17,25,738	17,29,682	19,62,761
Capital Receipts	7,06,740	7,16,475	7,27,553	8,23,588
Total Receipts	21,41,973	24,42,213	24,57,235	27,86,349
Total Expenditure	21,41,973	24,42,213	24,57,235	27,86,349
Revenue Deficit	4,43,600	4,16,034	4,10,930	4,85,019
Effective Revenue Deficit	2,52,566	2,20,689	2,10,630	2,77,686
Fiscal Deficit	5,91,062	6,24,276	6,34,398	7,03,760
Primary Deficit	62,110	48,481	46,828	43,289



## BUDGET AT A GLANCE





Union Budget  
2019-20 At a Glance

FISCAL PROGRAMME &  
TAXATION



Fiscal deficit target  
for 2019-20

**3.4% of GDP**



disinvestment  
target

**80,000 crores**



Income upto  
**Rs. 5 Lakh**  
exempted from  
Income Tax



Capital gains tax  
exemptions under  
Section 54 to be  
available up to  
**Rs. 2 crore**



Standard deduction  
raised to

**Rs. 50,000**

TDS threshold  
raised to

**Rs. 40,000**

on interest earned on  
bank/post office  
deposits



TDS threshold for  
deduction of tax on rent  
to be increased to

**Rs. 2,40,000.**



Gratuity limit  
increased from

**Rs. 10 lakh to 30  
Lakhs**

**₹50,086 cr.**

for the welfare of  
Scheduled Tribes

**₹76,801 cr.**  
for the welfare of  
Scheduled Castes

Over **₹3 lakh cr.**  
for Defence Budget

**₹19,000 cr.**  
for PM Gram  
Sadak Yojana

**₹27,584 cr.**  
for Integrated Child  
Development  
Scheme

**₹60,000 cr.**  
for MGNREGA

**₹64,587 cr.**  
for the Railway  
Budget

Allocations  
proposed under the  
**Union Budget  
2019-20**

# A BUDGET FOR STARTUPS



A **Television channel** for startups

Startup India scheme to continue from **2020-2025**

**No scrutiny** of funds raised by startups if requisite declarations made

**Capital gains** arising from sale of house for investment in startups extended to March 31, 2021



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# DEVELOPMENT OF MSMEs



Provision of loans upto **₹1 crore** for MSMEs within 59 minutes through a dedicated online portal

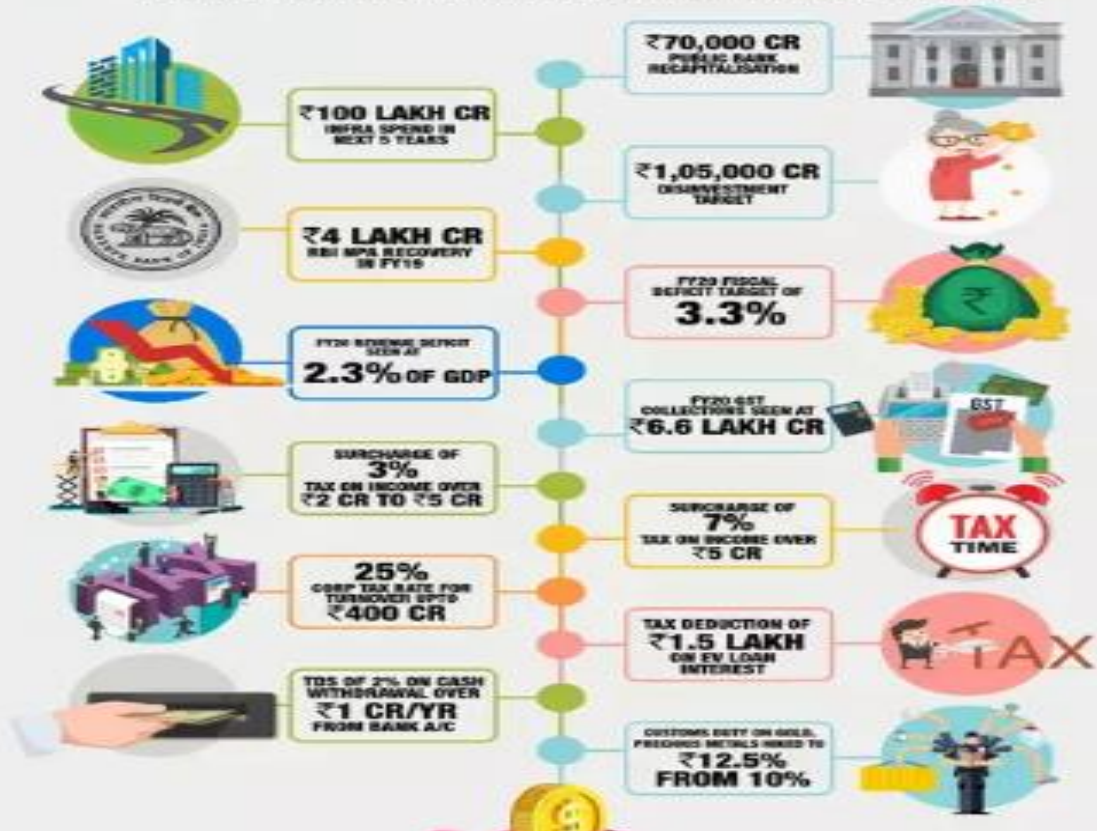
**₹350 crore** allocated for FY 2019-20 for 2% interest subvention for all GST registered MSMEs, on fresh or incremental loans

Creation of payment platform for MSMEs to eliminate delays in govt payments

Extension of pension benefit to about 3 crore retail traders & small shopkeepers with annual turnover < ₹1.5 crore under **Pradhan Mantri Karam Yogi Maandhan Scheme**



## BUDGET DAY LIVE BUDGET 2019: THE BIG NUMBERS!







REACTIONS  
UNION BUDGET  
2019



***"Budget 2019 is completely visionless. In fact, the total vision is derailed. On top of it, not only have they imposed cess but also special additional excise duty on petrol and diesel leading to a price increase by nearly Rs 2.50/litre for petrol and Rs 2.30/litre for diesel."***



***Defence Minister says exemption of basic customs duty on the import of defence equipment not manufactured in India is a significant step. "It will have an impact of augmenting the defence budget by Rs 25,000 crores on account of savings in expenditure on customs duty over the next 5 years,"***

***"The target stated in Budget is doubling of farm income by 2022 from the base year 2018. That means doubling in 4 years which means a compound average annual rate of growth of 18% per year. At present farm income is growing at 2.0% per year. Sweet dreams,"***







## **RBI blames banks for Mudra loan defaults; bankers say can't help**

**Business Standard, July 22, 2019**

The Reserve Bank of India (RBI) has held banks' poor credit appraisal responsible for their high bad debts arising out of Mudra (Micro Units Development and Refinance Agency) loans. According to the RBI, did not follow adequate credit appraisals, did not ensure the end-use of funds, or monitor the loans.

## **India is only major Asian economy that's growing its export share during trade war**

**Economic Times, Jul 23, 2019**

The only major Asian economy that's grown its export share since the start of the tariff wars in 2018 is the one with the fewest trade links to China. India's share of world exports rose to 1.71% in the first quarter of 2019 from 1.58% in the fourth quarter of 2017, data compiled by Bloomberg show.

## **NBFCs with big realty loans must rebalance books: RBI**

**Economic Times, Jul 27, 2019**

The central bank is looking at applying concentration risk norms — similar to banks — to the finance companies. The Reserve Bank of India (RBI) has asked non-banking finance companies (NBFCs) with loans predominantly made to real estate companies to bring down their exposure to this sensitive sector.

**UNION BUDGET HIGHLIGHTS 2019-20**

**BUDGET 2019**

**₹ 750 crore**  
Allocation for Rashtriya Gokul Mission in current year

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## Govt's steps to ease NBFC liquidity crisis too short-term

**Business Standard, 25th July 2019**

The government measures to provide partial credit guarantee to public sector bank on their asset purchases from NBFCs can ease funding pressure only for the short-term. Market speculation about the possibility of one has increased with housing finance companies moving under the regulatory ambit of the RBI.

## Banks hire scores of oversight agencies to keep tabs on end-use of loans

**Business Standard, July 25, 2019**

With increasing cases of fund diversions, banks have come together and empanelled as many as 83 oversight agencies to keep a tab on the end-use of loans. There is enough liquidity in the system as the RBI announced many measures immediately after the budget to improve liquidity for NBFCs.

## India received highest-ever FDI worth USD 64.37 billion in FY19

**Economic Times, July 30, 2019**

India received the highest-ever FDI inflow of USD 64.37 billion during the fiscal ended March 2019, said a government report. According to the Annual Report 2018-19 of the Department for Promotion of Industry and Internal Trade, foreign direct investments (FDI) of USD286 billion.

## India grows by projected 7% in the current fiscal year, the size of the economy will grow to \$3 trillion.

**Economic Times, Aug 04, 2019**

The country will need to grow by 9 per cent every year for five years continuously and raise aggregate investment rate to 38 per cent of GDP to achieve Prime Minister Narendra Modi's target of turning India into a USD 5 trillion economy. Raising the growth rate to 9 per cent in FY21 would require uplifting the investment rate to close to 38 per cent of GDP as against 31.3 per cent in FY19.



**2019 BUDGET**

#BudgetWithNews18

**UNION BUDGET 2019**

**PROPOSED**

 <b>Pradhan Mantri Karam Yogi Man Dhan Scheme</b>	 <b>3 crore</b> retail traders and shopkeepers to get pension benefit	 Those with <b>&lt;1.5 crores</b> annual turnover eligible
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NEWS creative



## Government targets to add 1.3 crore income tax filers this fiscal

**Economic Times, July 23, 2019**

The government has fixed a target of adding 13 million new income tax return filers during the current financial year as against 11 million new filers added last fiscal, minister of state for finance NSE -3.29 %. Recommendations of a committee which examined the feasibility of granting certain privileges to eligible taxpayers are under consideration of the government Anurag Thakur said on 23rd July.

## NHB infuses Rs 10,000 cr to increase fund flow in housing sector

**Economic Times, Aug 02, 2019**

The National Housing Bank (NHB) is infusing an additional Rs 10,000 crore in NBFCs from Friday with a view to improve flow of funds for housing loans, said a finance ministry statement. The NBFC sector has been facing liquidity issues after one of the largest shadow banks in the country, IL&FS Group defaulted on loan payment.

## After rising 1,500%, IndusInd bets on microfinance firm buy to extend gains

**Business Standard, July 24, 2019**

IndusInd Bank Ltd, India's best performing lender in the past decade, is counting on its acquisition of a microfinance firm to help it improve profitability, while shrugging off risks from the country's spreading shadow bank crisis. IndusInd has been more selective in lending to non-bank finance companies off late. The bank's net bad loan ratio stands at about 1.2 per cent compared with 2.9 per cent at Yes Bank.

# A BUDGET FOR INDIA'S YOUTH

Union Budget 2019

Budget 2019-20 proposes

- ₹ **400 cr** provided for "World Class Institutions"
- A New **National Education Policy**
- Khelo India Scheme** to be expanded
- National Research Foundation (NRF)**
- Focus to be increased on **globally valued skill-sets** including language training

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## MARKETS AND COMMODITIES

### CCD board names Ranganath interim chairman, Bagamane interim COO

**Jul 31, 2019, Money Control**

The board of directors of the beleaguered Café Coffee Day has named SV Ranganath, retired IAS officer and board member, the interim chairman of board, and Nitin Bagamane as interim Chief Operating Officer of the company. It also announced the constitution of an executive committee comprising Ranganath and Bagmane, and chief financial officer (CFO) R Ram Mohan, to exercise powers previously vested with Siddhartha. The board also appointed Cyril Amarchand Mangaldas as legal counsel.

### Flipkart launches initiative to support artisans in India

**Jul 31, 2019, Money Control**

Walmart-owned Flipkart has announced a plan to give online platform to weavers, craftspersons and other artisans under its Samarth (capable) initiative. The Bengaluru-based ecommerce company has tied up with five not-for-profit organisations to bring at least 35,000 artisans on board. Flipkart will give the craftspersons access to cataloguing, listings as well as logistical support among other things as part of the new initiative.

### Satya Micro Capital becomes the first MFI to collect Rs 100cr through cashless transactions

**Jul 31, 2019, Money Control**

Satya MicroCapital, an RBI registered NBFC-MFI, has recently become the 1st MFI to cross a whopping INR100 crores worth of cashless collections in less than two and half years since its inception. It has also crossed a portfolio of INR650cr with over 2.85 lakh active clients – making its entry into the top 20 micro finance institutions in India.



## #BudgetForBetterIndia



**Agriculture**  
Double Farmer Incomes in 5 years



**Rural India**  
Boosting Employment and infrastructure creation



**Youth**  
Providing Education, Skills and Jobs



**Poor**  
Holistic Improvement in Quality of Life



**Infrastructure**  
For Efficiency & Productivity



**Financial sector**  
Liberalisation & Institution strengthening



**Digital economy**  
For Speed, Accountability & Transparency



**Public Service**  
Efficient Service Delivery



**Prudent fiscal management**  
Ensuring Optimal Development of Resources



**Tax administration**  
Honoring the Honest



## Dr Reddy's Laboratories launches generic pregabalin capsules in US

**Jul 30, 2019, Money Control**

Dr Reddy's Laboratories on July 30 said it has launched Pregabalin capsules, used to treat neuropathic pain, in the US market. The company has launched the product after getting approval from the US Food and Drug Administration (USFDA), Dr Reddy's Labs said in a statement. The product is a generic version of C P Pharmaceuticals International C V's Lyrica capsules which had US sales of around \$5,462 million for the twelve months ended May 2019.

## Lok Sabha passes Consumer Protection Bill

**Jul 30, 2019, Money Control**

Lok Sabha on July 30 passed the Consumer Protection Bill that seeks to establish the Central Consumer Protection Authority (CCPA) to protect and enforce consumer rights. The CCPA will take immediate action after a complaint is filed by even a single consumer and the authority can also file a class suit, Union Food and Consumer Affairs Ram Vilas Paswan said while speaking on the bill.

## Tata Power arm to develop 250 MW solar project in Gujarat

**Jul 30, 2019, Money Control**

Tata Power on July 29 said its renewable energy subsidiary TPREL has received a letter of award from Gujarat Urja Vikas Nigam Ltd (GUVNL) to set up a 250 MW solar project in Dholera Solar Park in Gujarat. Tata Power is India's largest integrated power company and, together with its subsidiaries and jointly controlled entities, has an installed capacity of 10,957 MW

## PepsiCo India plans Rs 500 cr investment to set up food manufacturing unit in UP

**Jul 30, 2019, Money Control**

PepsiCo India July 28 said it will invest Rs 500 crore to set up a food manufacturing unit in Uttar Pradesh Speaking at the second ground breaking ceremony here, PepsiCo India President and CEO Ahmed El Sheikh said his company will focus on expansion of its agro-based programme in the state.

KEY HIGHLIGHTS		
 <p>No tax on taxable income up to ₹5 lakh</p>	 <p>Standard deduction increased from ₹40,000 to ₹50,000</p>	 <p>TDS threshold on rental income raised from ₹1.8 lakh to ₹2.4 lakh</p>
BUDGET 2019 - PERSONAL FINANCE HIGHLIGHTS		
<p>Capital gains exemption under Sec 54 up to ₹2 cr on 2 properties</p> 	<p>Single window clearance for Indian film makers to be made available</p> 	<p>Small farmers with land upto 2 hectares to get ₹6,000/year</p> 
<p>TDS threshold on bank &amp; PO deposit interest now ₹40,000</p>	<p>Govt to set up National Centre on Artificial Intelligence</p>	<p>Defence budget increased to over ₹3 lakh crore</p>

## Retail recruiters positive over fate of Tesco Metro Employees

**Aug 06, 2019, Money Control**

Retail recruiters are bullish on the prospects of workers affected by Tesco's decision to cut 4,500 roles across its Metro stores. The retail giant revealed it had started talks with workers about operational changes to the way it runs its Metro stores in the UK.

## Ramdev's Patanjali takes an ad break, slides down the brand ladder

**Aug 06, 2019, Money Control**

Patanjali Ayurved, whose brand ambassador is its co-founder Baba Ramdev, has been quietly ceding ground. It is barely visible on TV or in print and its sales, as recent numbers indicate, have begun to take a hit for several product categories, in urban and rural markets.

## NMDC plans special purpose vehicles with state govts to set up steel plant

**Aug 09, 2019, Money Control**

Public sector mining major NMDC will have Special Purpose Vehicles (SPVs) with the governments of Jharkhand and Karnataka to set up steel factories. Its SPV in Jharkhand has already selected the site and applied for allocation of land, water and power. In Karnataka, NMDC says, it has acquired around 2,800 acres.

## De Beers targets young India to boost sales of diamond ornaments, solitaire

**Aug 09, 2019, Money Control**

With its Forevermark brand launched in India, De Beers targets young India to boost its sales of diamond ornaments and solitaire. Forevermark has achieved tremendous success in India with huge consumer acceptance. To tap the potential De Beers has allocated \$10 million on marketing.

## Paytm Mall eyes international sellers in a bid to take on competition

**Aug 09, 2019, Money Control**

Paytm Mall is in the process of integrating its offline merchant base with international sellers on a single platform in a bid to take on competition. This will help its 300,000 offline merchants access international brands from across the world.

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UNION BUDGET 2019

TRIBUTE TO GANDHI

100% defecation free cities by October 2, 2019

Rashtriya Swachhata Kendra to be inaugurated at Raj Ghat

Gandhipedia to be developed to spread positive Gandhian values

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## VISION FOR THE NEXT DECADE

- 1 Physical and social infrastructure
- 2 Digital India
- 3 Pollution free India
- 4 Make in India
- 5 Water management and clean rivers
- 6 Blue economy
- 7 Space programmes
- 8 Self-sufficiency and export of food grains
- 9 Healthy society
- 10 Team India with Jan Bhagidari