



Interim Budget 2019 – Analysis

Description

Theme :-

- On 1st February 2019, Interim budget 2019 was presented by Union minister Piyush Goyal.
- It is not a regular budget, it's an interim budget. Interim budget is usually presented before General elections. After the elections, newly formed government will present the full budget. This interim budget is roughly for 4 months.

Interim Budget 2019 – Analysis :-

For workers in informal sector :-

- Pradhan Mantri Shram-Yogi Maandhan – pension scheme for employees in informal sector who are earning upto ₹15,000. Assured monthly pension of Rs 3,000, with contribution of 100 rupees per month will be provided for informal sector workers such as street vendors, daily labourers etc.
 - Informal sector is the most neglected sector. According to 'International Labour Organisation' (ILO) report of 2018, around 81% of all employed persons in India are in informal sector. This pension scheme will be very helpful for them. This step will also be helpful in formalising the informal economy.



INTERIM BUDGET

For Farmers :-

- Pradhan Mantri — Kisan Samman Nidhi scheme – This budget introduced income support program for farmers, through which farmers who own less than 2 hectares of land will get Rs. 6000 per year, through direct transfer to their bank accounts. Around 12 crore farmers will be benefitted by this program.
 - Though the amount is very less, it'll be helpful for farmers considering the agrarian crisis in our country.



- Direct transfer to accounts is a good step considering the loopholes in passing the welfare benefits to people.
- Indian agricultural sector needs structural reforms. Instead of taking steps to reform agricultural sector, providing income support seems to be hiding the bigger picture.
- Only land owners will be benefitted by this scheme. Not all farmers own the land, some farmers rent some plots of land in return for a portion of their crop, which is called sharecropping. So, these farmers are not included in this program.
- All farmers affected by natural calamities will be provided interest subvention of 2% (meaning – 2% interest amount on loan will be paid by government)
 - This is very helpful for farmers considering the unpredictable monsoon in India.
- 3% subvention to farmers on timely loan repayment.
 - This encourages debt repayment. It's much better than playing bad economics of loan waiving schemes.

For the security of country :-

- Interim budget 2019 allocated 3 lakh crore for the defence sector. This is the biggest ever defence budget.
 - Though the budget is higher than the previous budget, the hike is barely covering the annual inflation of 3.6%.

For the people of middle class :-

- People who are earning upto 5 lakh per annum need not pay income tax. Earlier the limit was 2.5 lakh per annum.
 - It helps middle class people.
 - The present GDP already has high fiscal deficit at 3.4%. So, reducing the revenue of government may not be a wise step.
- Tax-free Gratuity limit is hiked from Rs 20 lakh to 30 lakh.
- TDS on interest income is increased from Rs 10,000 to Rs 40,000 per annum.

Conclusion :-

Interim budget 2019 is prepared to woo most of the Indians to get votes in the coming elections. Generally pre-election interim budget should avoid populist promises. But this budget introduced new schemes and made a sweeping tax changes. This budget is only for 4 months and implementation of any scheme takes time, so there will be an uncertainty on whether these changes will be implemented or not, as the government may change in the coming elections.

But the good thing here is that most of these changes are helpful for public without bankrupting the government. And the next government will most likely keep these changes fearing the backlash from public, especially in it's first year of the government.

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