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Theme:-

- On 5th July 2019, Finance Minister Nirmala Sitharaman presented union budget 2019.

Analysis:-

• Education:-

- This budget proposed a program named '[Study in India](#)'. Through this program, the Indian government makes an effort to bring in foreign students to pursue higher education in India. This is a good step and has the potential to make India as a higher education hub. It can also speed up the reforms in the education system.
- Rs. 400 crores were allotted to [make top Indian institutes as world-class institutes](#).
- The present government has promised in this budget that it will bring the [new 'National Education policy'](#), which is still in the draft stage.
- This budget proposed to set-up '[National Research Foundation](#)' to fund and promote research.
- Experts always recommended spending 6% of GDP on education. Even though the money allotted for education has increased in this budget, the share of

education in total budget is just 3.4%. At present India needs reforms in education, so the funds allocation is disappointing.

• **Employment opportunities:-**

- This budget reduced the corporate tax of companies with a turnover of up to Rs.400 crores per annum to 25%. Earlier only companies with turnover of up to Rs. 250 crores per annum have 25% corporate tax. For other companies, it was 35%. With the fresh move, 99.3% of companies will pay only 25% corporate tax. This is an encouragement to the MSME (Micro, Small & Medium Enterprises) sector. And this step has the potential to create new employment opportunities in this sector.
- In this budget, the government announced easing of Angel tax regulations, which is a boon for startups. Encouragement to startups will result in more employment opportunities.
- It was also announced that India will be transformed as the manufacturing hub of Electric Vehicles. This too has the potential to create so many jobs.
- It was also mentioned that 100 new clusters will be set up in this financial year under SFRUTI (Scheme of Fund for Regeneration of Traditional Industries) which will enable 50,000 artisans to join the economic value chain.
- As a part of 'Housing for All' program, the government announced additional tax deduction of 1.5 lakh on purchase of homes below Rs.45 lakh that are bought till March 2020. This is a boon to the real estate sector and has the potential to create lots of jobs in this sector.
- There was no mention of the unemployment crisis in the budget. Even though there are significant steps to create new jobs, there are no bold steps to solve the unemployment crisis in India.

• **Agriculture:-**

- For the first time, the importance of promoting organic farming is recognized. This budget announced that the government will promote 'Zero Budget Natural Farming'. This is a very progressive step and will promote self-sustainable agriculture. This can result at the end of reliance on loans in agriculture. But the government has not announced any funds for this, and without the government's support, it will be difficult for farmers to switch to this kind of farming. Moreover, on one side the government has announced zero budget farming, and

on the other side, fertilizer subsidy allocation has jumped from Rs. 70,090 crore to Rs. 79,996 crore. This is contradictory and will make it more difficult for farmers to switch to natural farming.

- Agricultural growth is declining over the past few years. And the government did not take any significant steps to keep its promise of doubling the farmers' income by 2022. Mere support schemes like 'Kisan Samman Nidhi Yojana' cannot help farmers in the long run.
- It was also announced that new farmer producer organizations will be set up.
- This budget promised to set up 80 Livelihood business incubators and 20 technology business incubators under ASPIRE (A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship) to develop agro-rural industries. This will greatly help startups that are based on agriculture. And thereby will help in lifting agriculture out of the crisis.

• MSME sector:-

- It was proposed that the new e-commerce platform will be launched to sell products of Micro, Small and Medium enterprises. This is very helpful for MSME sector.
- It was also announced that there will be 2% interest subvention for GST registered MSMEs. This will encourage informal organizations to register and hence will help in formalization of the informal economy.

• Startups:-

- Angel tax norms are eased, which is a boon for startups.
- A new TV program in Doordarshan was announced to promote startups and to help them in reaching to investors.
- Global investors meet will be conducted in India, which will be super helpful for startups of India.

• Environment:-

- GST is reduced from 12% to 5% for Electric Vehicles (EV). And it was also announced that there will 1.5 lakhs worth tax exemption for interest paid on the purchase of e-vehicles. This is a very progressive step and will help in faster adoption of electric vehicles. If the production of renewable energy is increased to a great extent, electric vehicles will help in fighting against climate change.
- Along with this, the prices of petrol and diesel are increased, so more and more

people may adopt electric vehicles.

- **Women Empowerment:-**

- Every woman in SHG (Self Help Group) is eligible for an overdraft of Rs.5000 and one woman in every Self Help Group is eligible for loan up to 1 lakh rupees under Mudra Yojana. This will help in encouraging women to take part in economic development and also helps women in achieving financial independence.
- A new committee will be set up to suggest ways to encourage women to take part in economic development. This is a good step and helps in achieving gender equality.

- **National Security:-**

- Defence budget hasn't changed. It is same as the interim budget - 3.19 lakh crore rupees. This is disappointing because recently India has witnessed terror attacks, and terrorism is a growing threat. So national security should have given more importance.

- **Impact on common people:-**

- Duties and cess on petrol and diesel were increased, so the effective price of petrol is increased by Rs. 2 per litre. This affects common people.
- Moreover, the rise in fuel prices will result in higher transport costs and hence the prices of essential commodities will go up. But on the other hand, the importance of connectivity is emphasized in this budget and also steps were taken to develop infrastructure, so the transport costs may come down. And as a result, this may cancel out the impact of the rise in fuel prices.
- As a part of 'Housing for All' program, the government announced an additional tax deduction of 1.5 lakh on purchase of homes below Rs.45 lakh that are bought till March 2020. This will be very helpful for middle-class people.
- 'One Nation - One Grid' will make power affordable.
- 'Har Ghar Jal' was promised to make piped water supply accessible to all rural households by 2024 under the 'Jal Jeevan Mission' scheme.
- The health sector is neglected, which will impact common people negatively.

- **Conclusion:-**

Union budget 2019-20 did not take effective steps to tackle agricultural crisis and unemployment issue, which are the major concerns in the present times. But it is very practical and did not announce any short term beneficial schemes. It was made with a long-term vision and is focused on common people.

[crowdsignal poll=10368808]

Your turn... What are your thoughts on union budget 2019-20? Express your point of view through the comment section below. And subscribe to our blog to read answers to the trending GD topics.

References: Editorials of [Livemint](#) & [The Hindu](#) Newspapers

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