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Union Budget 2020: Detailed Analysis for Government Exams UPSC IAS, SSC, IBPS



Union Budget 2020-21: Check detailed analysis of the Union Budget announcements made by Minister Nirmala Sitharaman. Know the theme of Union Budget, major budget allocations and new schemes along with the changes in Tax Structure.

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Union Budget 2020 is presented in the Lok Sabha by Finance Minister Nirmala Sitharaman. The Budget 2020 is focussed on 3 major themes - Aspirational India; Economic Development for all & A Caring Society. The Budget allocates funds and proposes new schemes for every

sector under these three themes. Get here the detailed analysis and highlights of the Union Budget 2020 and know Important Policy Decisions taken by the Finance Ministry along with New Schemes and changes in Tax Slabs. Watch what Budget holds for the year 2020 in terms of allocated finances of Central as well as State Governments, estimated expenditure to be incurred in 2020-21 and revenues expected to be earned through such expenditure.

The year 2019 has been a bit challenging in terms of economic growth and development globally as well as nationwide. A steep decline in the GDP growth rate was witnessed during the July-September quarter of 2019 in India; GDP stood at its lowest at 4.5 percent. The Union Budget 2020 is focused on reviving the Indian Economy in this fiscal through changes in Income Tax Slabs, taxation reforms, policy changes for Real Estate Sector, the resurgence of Automobile Sector, encourage privatization in CPSEs, boost for MSMEs, Bank reforms and so much more.

Here is the complete analysis and major highlights of the Budget 2020:

Theme: Aspirational India; Economic Development for all & A Caring Society

Languages used in Union Budget 2020: Hindi, English, Kashmiri, French

Theme 1: ASPIRATIONAL INDIA

Agriculture Sector

- Budget is aimed at doubling farmer income by 2022 by: State governments to implement national laws such as Contract Farming, 2018, APMC, 2017 and Model Agriculture Land Leasing Act, 2016; Comprehensive measures to be undertaken for 100 water-stressed districts; Provide stand-alone solar pumps to around 20 lakh farmers; Over 15 lakh farmers with barren lands will be allowed to solarise their farms and Balanced use of fertilisers to transform current incentive regime
- “Aathichudi by Auvaiyar. Bhoomi Thiruthi Unn”: It means to take care of your own land first
- Village Storage Scheme run by self-help groups: Women self-help groups can now get help from NABARD or Mudra.
- The horticulture sector has exceeded the production of foodgrains by around 311 million metric tons of production. The government will help those states that work for ‘one product, one district’.
- Integrated Farming Systems to be developed in rain-fed areas
- Negotiable Warehousing Receipts Financing has crossed Rs 6,000 crore.
- Budget fixes the target of Agricultural Credit at Rs 15 lakh crore.
- All beneficiaries of PM Kisan scheme will now be covered under the Kisan Credit Card (KCC) scheme.
- MNREGA will be merged for creating fodder farms.
- Fish production to be raised to 200 lakh tones by 2022-23

- Indian Railways to set up “Kisan Rail” so that farm goods can be quickly transported. It will also be used for cold storage of goods through PPP model.
- Ministry of Civil Aviation will launch Krishi UDAN on international and national routes.

Wellness, Water and Sanitation

- Budget allocates Rs 12,300 crore for Swachh Bharat Mission
- Budget talks about the “Fit India Movement” in the context of India’s fight against the NCDs - non-communicable diseases.
- Budget seeks to set up hospitals in Indian Tier-II and Tier-III cities under the PPP model.
- Jan Aushadhi Kendra will be expanded.
- Budget allocates Rs 69,000 crore for the Health sector

Education Sector

- Union Budget 2020 proposes foreign direct investment, FDI and External Commercial Borrowings (ECB) in education.
- As per the budget, 150 higher education institutions will start apprenticeships in 2020-21.
- Urban Local Bodies have been asked to provide internship opportunities for freshers and engineers for a period of one year.
- A degree level online education programme will be launched to provide quality education to deprived sections students.
- INDSAT exam will be conducted in Asian and African countries under the Study in India programme.
- Budget proposes to set up “National Police University” and “National Forensic Science University”.
- Budget proposes to attach a Medical College to every existing district hospitals under the PPP model.
- The Budget allocates Rs 99,300 crore for the Education sector and Rs 3000 crore for Skill development.

Theme2: ECONOMIC DEVELOPMENT

- Union Budget 2020 proposes to set up an “Investment Clearance Cell” to offer services such as to be set free investment advisory, land banks and others. An online portal will be launched in this regard.
- A new scheme proposed in electronics manufacturing to spur investments.
- National Technical Textiles Mission proposed.
- All ministries will issue quality standards. A new scheme,
- New scheme “NIRVIK” announced for fewer duties and taxes on exported products. The scheme will be launched in 2020-21.
- Budget proposes to make each district an export hub.
- Budget allocates Rs 27,300 crore for development of industry and commerce in 2020-21
- National Infrastructure Pipeline to offer employment opportunity
- Government to form a National Logistics Policy soon
- It proposes to build the Chennai-Bengaluru Expressway

Indian Railways

- Electrification of around 27000 km of railway lines achieved within 100 days of Modi Government formation in 2019.
- A large solar power capacity proposed for the Indian Railways. It will be built along the rail track on the Railways owned lands.
- Bengaluru Suburban Rail Project proposed; budget allocates Rs 18,600 crore for this project
- By 2024, the Government would monetize 12 lots of national highways
- With the help of UDAN scheme, 100 airports will be built by 2024
- The fleet of Aircraft will be increased to 1200 planes by 2024
- Rs 1.7 lakh crore allocated for transport infrastructure

Energy Sector

- Prepaid Smart Meters: States will have to replace existing energy meters with the prepaid smart meters.
- Budget allocates Rs 22,000 crore for the Power and Renewable Energy Sector.
- The national gas grid will be expanded from 16200 km to 27000 km.
- A new policy will be launched for the construction of data centre parks by the private sector.
- Bharat Net to link 1 lakh gram panchayats through Fibre to Home connections
- Budget allocates Rs 6000 crore for the Bharat Net programme
- It provides Rs.8,000 crore in the next 5 years for "National Mission on Quantum Technology and Applications".

Theme 3: A CARING SOCIETY

- 'Beti Bachao, Beti Padhao': Enrollment of girls in schools is higher than the boys.
- Rs 35,600 crore will be provided for nutrition-related programmes
- Task Force will be constituted to look into the issue of girls of low age entering motherhood
- It allocates Rs 85,000 crore for development of SCs and OBCs
- It allocates Rs 53,700 crore for STs development
- It allocates Rs 9,000 crore for Senior citizens and persons with disabilities

Art & Culture

- The government will constitute "Indian Institute of Heritage and Conservation" as a deemed university
- 5 archaeological sites to be developed as top-notch sites; these sites are

Rakhigarhi, Haryana

Hastinapur, Uttar Pradesh

Sivasagar, Assam

Dholavira, Gujarat

Adichanallur, Tamil Nadu

- The government will build a Tribal Museum in Ranchi.
- The budget allocates Rs 3150 crore for the Ministry of Culture

Tourism Sector

The Tourism Sector will grow at 7.8% to Rs 1.88 lakh crore.

Climate

- The Coalition for Disaster Resilient Infrastructure will be implemented from January 2021.
- It allocates Rs 4,400 crore to promote clean air in cities with a population of over 1 million people.

Banking Sector

- To avoid the case of citizen harassment, a taxpayer charter will be enshrined in the statutes.
- For recruitment in non-gazetted posts in banks, National Recruitment Agency will be constituted for both government and public sector banks.
- It proposes the creation of the New National Policy on Official Statistics
- Deposit insurance cover has increased tremendously from Rs 1 lakh to Rs 5 lakh.
- Disinvestment in Banks: Government's share in IDBI Bank will be sold to the private sector.

MSME & Corporate Sector

- The budget proposes a new scheme for MSMEs in the context of subordinate debt.
- The debt recast window of MSME is extended by one year to March 31, 2021.
- Certain categories of government securities will now be opened for Non-Resident Investors.
- The FPI Limit in Corporate bond has increased to 15%.

Strategic Disinvestment & Privatization

Finance Minister Sitharaman proposes to sell the Government's stake in the Life Insurance Corporation of India (LIC). For this purpose, the LIC IPO will be launched.

Note: Budget calls for the overhaul of certain centrally sponsored schemes which includes central government debt which is not a part of market borrowings, however, is used for funding expenditure.

Union Budget 2020

The Union Budget is the annual budget of the Indian Republic. It is presented every year in the month of February generally by the Union Finance Minister. In this page, you can read all about what a budget is, and what to expect in the Union Budget 2020-21. This is an important topic for the [UPSC exam](#).

Union Budget

The Union Budget is also known as the Annual Financial Statement. **Article 112** of the Constitution of India lays down that it is a **statement of the estimated expenditure and receipts of the Government** for a particular year.

- The Budget keeps the account of the finances of the government for the fiscal year (from 1st April to 31st March).
- The Budget is presented on 1st February (until 2016, it was presented on the last working day of February) so that it can materialise before the commencement of the new financial year which starts on 1st April.
- In 2017, a 92-year-old tradition was broken when the railway budget was merged with the Union Budget and presented together.
- The Budget has to be passed by the [Lok Sabha](#) before it can come into effect.
- The Union Budget is divided into Revenue Budget and Capital Budget. For more on these terms, check [Union Budget – Important Economic Terms](#).
- In the Union Budget, the disbursements and receipts of the government comprise the various [types of government funds](#) in India namely, the Consolidated Fund of India, the Contingency Fund and the Public Account.
- The [Economic Survey of India](#) is released ahead of the presentation of the Budget. This document is prepared under the guidance of the Chief Economic Advisor and is presented for discussion in both Houses during the Budget session.

Union Budget 2020-21: What to Expect?

The Union Budget 2020 will be presented by the current Finance Minister Ms Nirmala Sitharaman on 1st February 2020. The current Budget will be presented during a time of an economic slowdown with the projected GDP growth for 2019-20 at an eleven-year low (5%).

Some expectations, as reported by leading newspapers are briefly talked about below.

Personal income tax cut

This has been a demand especially among the salaried class in the country. Many feel that if people save on taxes, they can spend more and hence, cause a rise in the demand (which is said to be one of the causes of the current slowdown). However, many experts also feel that a cut in personal tax rates might not actually lead to a demand rise.

There might be an increase in the income tax exemption limit, point out newspapers.

Sector-specific measures

Many economists feel that the government should announce sector-specific measures that are necessary to revive the overall demand.

Controlled consumer inflation

Another incentive for the common man would be if the prices of fruits and vegetables would stay within limits. The government should ensure that inflation does not rise beyond a point. [Consumer Price Inflation \(CPI\)](#) of 7.35% (December 2019) is very high.

Higher tax benefits on housing schemes

There is an expectation that the Finance Minister will raise the tax exemption limit for affordable houses. The previous budget had offered a tax exemption of Rs.1.5 lakh for houses bought under Rs.45 lakh. This is expected to rise to Rs.75 lakh since in metros such as Mumbai and Delhi, houses are more expensive.

Low GST on consumer durables and FMCG products

Newspapers report that the GST rates on some of these items would be brought down to boost consumption.

LTCG and DDT

The Budget might also offer relief on long term capital gains (LTCG) tax and dividend distribution tax (DDT) to boost the stock markets. There is an expectation that the DDT might be abolished.

Interim Budget - UPSC Notes

The interim budget is an important concept that is seen in the news every year. It is different from a regular budget. In this article, you can read what an interim budget means and how it is different from a regular budget as well as from a vote-on-account. This is an important topic for the UPSC.

Interim Budget

An interim budget is presented by the government in the Parliament if it does not have the time to present a full budget, or if the general elections are around the corner. If in case the elections are nearing, it is only correct that the incoming government frame the full budget.

- A full budget gives the government of the day spending rights till the end of the financial year (which ends on 31st March).
- In case, the government is not able to present the full budget before the end of the financial year, it will require parliamentary approval for incurring expenditure in the new financial year, until a new budget is passed.
- Until the Parliament discusses the budget and passes it (for the whole year), through the interim budget, the government passes a vote-on-account which will allow the government to meet its expenses of administration.

How is an interim budget different from a regular budget?

- The vote-on-account passed through the interim budget, seeks parliamentary approval for the government to meet expenses for a part of the fiscal year.

- It is not practical for the government to present a full budget when there are elections nearing, so the government presents an interim budget, which is like a budget for the transition period (few months remaining in power).
- But, like a regular budget, the estimates are presented for the whole year.
- When the new government frames a new budget, it can concur with or change the estimates as it deems fit.
- The Constitution gives the government the power to make changes in the tax regime in the interim budget.
 - However, in all the 14 interim budgets that the various governments have presented so far, no major tax changes or new schemes have been announced respecting the fact that the government is going to be in power only for a few months.
- Generally, an annual budget contains two segments –
 - Report on the previous year's income and expenses
 - Proposed income generation and expenses for the coming year
- In an interim budget, the first part is the same as the annual budget, i.e., the previous year's income and expenses. However, only a documentation of the proposed basic expenses till the elections are included in the interim budget.
- In an interim budget (because it is close to the general elections), the [Election Commission](#) has given regulations to the effect that any major policy changes that can influence the voters unfairly are not permitted.

You can read important terms and concepts related to the Union Budget [here](#).

Vote-on-account

The vote-on-account is passed through the interim budget.

- It allows the government to meet its expenses in the short period leading up to the elections.
- The vote-on-account is passed as a convention without discussion, as opposed to a full budget where the budget is passed only after discussions are held.
- It is like a grant-in-advance to the government to function properly until the voting on the demands for grants, as well as the passing of the Finance Bill and the Appropriation Bill.
- The sum of this grant is 1/6th of the estimated expenditure for the whole year under various demands for grants.
- The vote-on-account is valid for two months usually. The full budget is valid for a year.
- **A vote-on-account contains only the expenditure of the government whereas the interim budget deals with both receipts and expenditure.**

Interim Budget:-

UPSC Questions related to Interim Budget

What is difference between budget and interim budget?

A regular budget is presented for the whole financial year. An interim budget is presented when the government does not have the time to present a full budget or if there are general elections happening shortly.

Is interim budget same as vote on account?

No, the interim budget is not the same as the vote-on-account. A vote-on-account contains only the expenditure of the government whereas the interim budget deals with both receipts and expenditure.

Who presented interim budget 2019?

It was presented by the then Acting Finance Minister Piyush Goyal in February 2019.

Who presented the first interim budget?

The first interim budget was presented by the then Finance Minister R K Shanmukham Chetty for about 7 months (from August 15, 1947 to March 31, 1948). The interim budget was passed since the budget that had been passed by the Constituent Assembly went out of operation after the country was partitioned

GET DETAILED ANALYSIS OF UNION BUDGET ON UPSC PRESPECTIVE HERE

<https://crackupsc.school.blog/2020/02/01/union-budget-2020-detailed-analysis-for-government-exams-upsc-ias-ssc-ibps/>