EVENT UPDATE

UNION BUDGET: 2019-20

The 2019 Union Budget, presented by Finance Minister Nirmala Sitharaman, highlighted the need for strict compliance with the FRBM, while outlining government's resolve to strengthen the Indian economy. It envisions making India a $5tn economy over the next five years, with a slew of initiatives proposed to boost infrastructure, digital economy and MSMEs. This budget aims to spur the economy through increased public spending and policy mediations to boost domestic demand by reducing GST on a host of consumer goods, besides others.

To reboot the flagging consumer demand, GST rates are slashed (from 28% to 18%) on various consumer items namely soaps, shampoos, toothpaste, cosmetics, fans, lamps, kitchen articles, sanitary ware, electric goods, furniture. The cut was no small for several food items and products of informal sector namely bamboo, handcrafts, jute and cotton handbags. Owing to such dramatic cuts, GST collections for this fiscal is estimated to grow by a meager 3% to Rs 6633 bn.

Infrastructure sector received detailed attention with government's aim to invest Rs 100 lakh crs in the sector over the next five years. The focus on railways continues with proposal of strengthening public-private partnership for development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services. Other infrastructure initiatives such as One Nation, One Grid for power sector, gas grids, and water grids are ambitious and well thought out. Deepening the market for long-term bonds with focus on infrastructure, transfer/sale of investments by FPIs/FIIs would ensure sufficient funds to execute critical public projects. Plans are also being laid out for restructuring the national highway programme under Bharatmala and enhancing port connectivity under Sagarmala Programme.

It laid emphasis on sectors like MSME which still continue to suffer from the impact of demonetization and inefficient implementation of GST. Rs 350 crs allocation for 2% interest subvention (on fresh or incremental loans) to all GST-registered MSMEs and rationalization of labor laws and reduced tax evasion would aid in rebooting the sector.

The budget also emphasizes on financial stability, financial governance and market deepening – Rs 700 bn has been provided to PSBs to boost credit. Government has set an enhanced target of Rs 1050 bn of disinvestment receipts for FY20. Regulatory authority of NHB over HFCs has now been entrusted to RBI for better coordination and monitoring. Furthermore, doing away with the requirement of creating a debenture redemption reserve for NBFCs to raise funds in public issues and allowing NBFCs to directly participate on the TReDS platform would help in addressing balance sheet problems of NBFCs. In order to provide greater parity in tax treatment of NBFCs vis-à-vis scheduled banks, NBFCs will be allowed to offer to tax on interest on certain bad or doubtful loans in the year in which the interest is received.

Taking a pragmatic approach, no changes were announced in tax burden for middle class, but additional surcharge was levied on the super rich. It encouraged home buyers by announcing tax sops for home loans up to Rs 45 lakh, rationalized corporate taxes by extending the 25% ceiling for firms with an annual turnover up to Rs 400 crs (up from Rs 250 crs). Moreover, it imposed 20% tax on share buyback to prevent arbitrage by companies. To mobilize resources, it has hiked both excise duty and road cess by Rs 1 per litre each on petrol and diesel, thus helping the government to garner some Rs 22,000 crore this fiscal. The surcharge on super-rich would help garner additional income of around Rs 12,000 crore this fiscal on the direct tax side.

Government's focus on encouraging digitalization of economy is clearly visible as it announced a penalty for use of cash beyond a limit, while introducing multiple incentives for cashless transactions. To discourage the practice of making payments in cash, the government has proposed to levy TDS of 2% on cash withdrawal exceeding Rs 1 cr in a year from a bank account. This is a noteworthy measure, but it could lead to pose some problems for businesses such as construction and real estate that are forced to deal in cash for wage payments.

It also encouraged used of EVs where those taking loans to buy one will get a tax deduction of up to Rs 1.5 lakh on the interest paid by them. But the fact is that there are not too many EVs in the market now. And even for those that are there, the waiting period to deliver one is long. Besides, there is no ecosystem, such as charging points, even in the major cities, impacting the overall EV penetration in the country.

Overall, the budget has many interesting features, but it does not have a defining central theme. There were expectations of a big growth push through either tax cuts or large expenditure programmes, even if it meant a rise in the fiscal deficit, but Finance Minister resisted calls for a fiscal boost to spur a weakening economy, sticking instead to a plan to narrow the budget deficit over time by keeping spending in check. The budget did not talk about public health and nutrition, correction of design of social welfare schemes or school education. It made no mention of employment generation though the Economic Survey had pointed out that the Labour Force Participation Rate has fallen from 38.6% in 2011-12 to just about 34.7% in 2018-19, which means the number of workers in the workforce is decreasing. The government also appears to be sliding into a protectionist mode, going by the increase in customs duty on PVC, newsprint and even auto parts. While some of it may be well-intentioned to promote domestic manufacturing, this sends out a conservative signal on the reforms front. Budget 2019, current government's first budget post re-election, was lackluster.

ECONOMY OVERVIEW

- IMF envisages the growth of Indian economy at 7.3% in 2019-20 and 7.5% in 2020-21 respectively.
- Fiscal deficit down to 3.4% for RE 2018-19 from 3.5% in 2017-18 and estimated to go further down to 3.3% of GDP for BE 2019-20.
- Revenue Deficit target increased to 2.3% for BE 2019-20.
- Total expenditure projected at Rs 27863 bn for BE 2019-20 compared to Rs 24572 bn in RE 2018-19.

BUDGET AT A GLANCE

(Figures in Rs bn)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Revenue Receipts (1)	**14352**	**17257**	**17297**	**19628**
Tax Revenue*	12425	14806	14844	16496
Non - Tax Revenue	1927	2451	2453	3132
Capital Receipts (2)	**7067**	**7165**	**7276**	**8236**
Total receipts (1+2)	**21420**	**24422**	**24572**	**27863**
Total Expenditure (3)	**21420**	**24422**	**24572**	**27863**
On Revenue Account	18788	21418	21406	24478
On Capital Account	2631	3004	3166	3386
Revenue Deficit	**4436**	**4160**	**4109**	**4850**
% of GDP	2.6	2.2	2.2	2.3
Fiscal Deficit	**5911**	**6243**	**6344**	**7038**
% of GDP	3.5	3.3	3.4	3.3

Source: Budget documents, * net to centre

BUDGET ESTIMATES 2019-20

Gross tax revenue is estimated to rise by 9.5% to Rs 24612 bn (absolute increase: Rs 2130 bn) in 2019-20 over revised estimates of 2018-19, mainly on the back of sharp increases in corporate tax (+Rs 950 bn), income tax (+ Rs 400 bn) and Customs (+Rs 259 bn). Corporate tax is estimated to rise by 14.2%, while the collection from customs is estimated to grow by 19.9%. Tepid growth in GST collections in the current fiscal will reduce its share of gross tax revenues from 28.6% to 27%. As a result, the net tax revenue, that surpassed budget estimates by Rs 38 bn in 2018-19, is estimated to grow by just 11.1% in 2019-20.

Tax collections

(Figures in Rs bn)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Corporation Tax	5712	6210	6710	7660
Taxes on Income	4308	5290	5290	5690
Wealth Tax	1	-	-	-
Customs	1290	1125	1300	1559
Union Excise Duties	2594	2596	2596	3000
Service Tax	812	-	93	-
Goods and Services Tax (GST)	4426	7439	6439	6633
Taxes on Union Territories	47	52	53	69
Gross Tax Revenue	**19190**	**22712**	**22482**	**24612**
Less State share & others	6765	7906	7638	8116
Net Tax Revenue	**12425**	**14806**	**14844**	**16496**

Source: Budget documents

Non - tax revenue, which just surpassed the budget estimates by Rs 2 bn mainly on account of higher dividend, is estimated to rise sharply by Rs 679 bn this year due to an increase in receipts though dividends and profits from public sector enterprises by Rs 442 bn to Rs 1635 bn for BE 2019-20.

Non – tax revenue

(Figures in Rs bn)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Dividend and Profits	914	1073	1193	1635
Interest receipts	136	152	120	137
External grants	36	27	13	10
Receipts of Union Territories	19	21	21	21
Other non - tax revenue	823	1179	1106	1328
Total	**1927**	**2451**	**2453**	**3132**

Source: Budget documents

Other non – tax revenue

(Figures in Rs bn)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Fiscal services	5	7	4	4
General services	176	187	179	234
Social services	29	89	27	42
Economic services	614	896	897	1047
Total	**823**	**1179**	**1106**	**1328**

Source: Budget documents

Capital receipts would rise by Rs 960 bn to Rs 8236 bn over the revised estimates of 2018-19 mainly because of an increase in market borrowings (Rs 4731 bn vs Rs 4227 bn). The budget estimates for disinvestment in 2018-19 was fixed at Rs 800 bn which has been met. The estimate of disinvestment for 2019-20 has been set at Rs 1050 bn up 31.3% from RE 2018-19.

Capital receipts

(Figures in Rs bn)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Market Loans	4507	4621	4227	4731
Short term borrowings (net)	449	170	250	250
External Debt (Net)	79	-26	-49	-30
Disinvestment & Others	1000	800	800	1050
Others	1031	1600	2047	2234
Total	**7067**	**7165**	**7276**	**8236**

Source: Budget documents

Total Expenditure

(Figures in Rs bn)	2017-18 (A)	2018-19 (BE)	2018-19 (RE)	2019-20 (BE)
Interest payments	5290	5758	5876	6605
Defense Services	2766	2827	2854	3053
Subsidies	1912	2643	2662	3017
Pensions	1457	1685	1666	1743
Transfer to States	1075	1429	1414	1554
Rural Development	1350	1381	1351	1408
Education	802	850	836	949
Home Affairs	875	935	990	1039
Transport	1104	1346	1454	1574
Agricultural and Allied Activities	526	638	866	1515
Others	4262	4931	4603	5406
Total	**21420**	**24422**	**24572**	**27863**

Source: Budget documents

The total expenditure for 2018-19, which exceeded the budget estimates by Rs 150 bn and increased by Rs 3152 bn over actuals of 2017-18, is projected to surge by Rs 3291 bn next year. Bulk of the increase will be accounted by the agricultural and allied activities (+649 bn) whose share will increase by a marginal 192 bps of the total expenditure, interest payments (+Rs 729 bn), subsidies (+Rs 355 bn). Expenses on transfer to states and defence are expected to witness an increase of Rs 140 bn and Rs 199 bn respectively.

Annual changes

(Figures in Rs bn)	2018 - 19 (RE)a	2019-20 (BE)b
Tax Revenue	2419	1652
Non - Tax Revenue	525	679
Capital receipts	-225	267
Total Expenditure	3153	3291
Fiscal deficit	433	694

a: over actuals of 2017-18
b: over 2018-19 RE
Source: Union Budget documents for all preceding tables

RURAL & AGRICULTURE

- Under the Pradhan Mantri Awaas Yojana – Gramin (PMAY- G), target is to complete construction of 1.95 crore houses - with amenities like toilets, electricity and LPG connections - by 2022 (1.54 crore houses constructed in the last five years).
- Government has proposed to set up Jal Shakti Mantralaya, integrating the Ministry of Water Resources, River Development & Ganga Rejuvenation and Ministry of Drinking Water and Sanitation, to ensure piped water supply to all rural households by 2024.
- To upgrade 1.25 lakh km of rural roads under Pradhan Mantri Gram Sadak Yojana (PMGSY) over the next five years, with an estimated cost of Rs 802.5 bn.
- Under Prime Minister's Ujjwala Yojana and Saubhagya Yojana, aim is to provide electricity and clean coking facilities to every rural household by 2022.
- Expand Swachh Bharat Mission to undertake sustainable solid waste management in every village (9.6 cr toilets have been constructed since Oct, 2014; more than 5.6 lakh villages have become open defecation free).
- Pradhan Mantri Matsya Sampada Yojana (PMMSY) for fisheries sector to be set up for establishing fisheries management network to address critical gaps in the value chain, including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.
- To boost traditional industries (like bamboo, honey and khadi, to name a few), 100 new common facility centres (CFSs) to be set up during 2019-20 under the 'Scheme of Fund for Upgradation and Regeneration of Traditional Industries' (SFURTI), which would enable 50,000 artisans to join the economic value chain.
- With an aim to upgrade technology of above mentioned industries, 'a scheme for Promotion of Innovation, Rural Industry and Entrepreneurship' (ASPIRE) has been consolidated for setting up of 80 livelihood business incubators (LBIs) and 20 technology business incubators (TBIs) in 2019-20 to develop 75,000 skilled entrepreneurs in agro-rural industry sectors.
- To promote private entrepreneurship in driving value-addition to farmers' produce from the field and for those from allied activities, like bamboo and timber from the hedges and for generating renewable energy.
- Government aims to form 10,000 new farmer producer organizations to ensure economies of scale for farmers over the next five years.
- Measures are to be taken to allow farmers to benefit from e-Nam (e- National Agriculture Market). 'Zero-budget farming' model, which would help to double farmers' income; training for the aforesaid model has already started in a few states.
- Government targets internet connectivity in local bodies in every Panchayat in the country through Bharat - Net, which is expected to expedite with assistance from Universal Service Obligation Fund and under a Public Private Partnership arrangement.

RAILWAYS

- Railway infrastructure would need an investment of Rs 50 lakh crs between 2018 and 2030; Public-Private Partnership to be used for faster development and delivery of passenger freight services.

- New metro rail projects for a total route length of 300 km have been approved during 2018-19. Also, during 2019, about 210 km metro lines have become operational, taking to a total of 657 kms of metro rail network operational across the country.
- Completion of dedicated freight corridors is expected to decongest the railway network for faster movement of passenger trains. Government's focus on development of inland waterways would help in reducing pressure on Indian Railways.
- Special Purpose Vehicles (SPVs) will be encouraged for the suburban railway network development like Rapid Regional Transport System (RRTS) proposed on the Delhi-Meerut route.

INFRASTRUCTURE

- Investment of Rs 100 lakh crs in infrastructure earmarked over next 5 years.
- Under the flagship programme of Bharatmala, government proposes to carry out a comprehensive restructuring of national highway programme to ensure creation of national highway grid of desirable length and capacity using financeable model; states will be helped to develop state road networks in its second phase.
- Government aims at enhancing port connectivity under the programme of Sagarmala along the Indian coastal areas for faster handling of import and export cargo.
- To smooth out movement of internal trade carried through inland water transport, government has proposed Jal Marg Vikas project for capacity augmentation of navigation on national waterways.
- Proposes to reach self reliance in MRO (maintenance, repair and overhaul) through suitable policy intervention in aviation industry.
- Through innovative instruments such as joint development and concession, public infrastructure and affordable housing will be taken up on land parcels held by central ministries and central public sector enterprises all across the country.
- To enhance sources of capital for infrastructure financing, following initiatives have been taken:
    a. A credit guarantee enhancement corporation will be set up in 2019-20,
    b. An action plan to deepen the market for long term bonds including for deepening markets for corporate bond repos, credit default swaps etc., with specific focus on infrastructure sector, will be put in place.
    c. Permit investments made by FIIs/FPIs in debt securities issued by infrastructure debt fund – Non-Bank Finance Companies (IDF-NBFCs) to be transferred/sold to any domestic investor within the specified lock-in period.
- Given the importance of corporate debt markets for the infrastructure sector, there is a need to further deepen bond markets, for which following measures are proposed to be taken up:
    a. To deepen the corporate tri-party repo market in corporate debt securities, government will work with regulators RBI/SEBI to enable stock exchanges to allow AA rated bonds as collaterals.
    b. User-friendliness of trading platforms for corporate bonds will be reviewed, including issues arising out of capping of International Securities Identification Number (ISIN).
- Blueprint this year to be made available for developing gas grids, water grids, i-ways, and regional airports.

FINANCIAL SECTOR

- Capital infusion of Rs 700 bn proposed in public sector banks.
- Government has set an enhanced target of Rs 1050 bn of disinvestment receipts for FY20.
- NBFCs that are fundamentally sound would continue to get funding from banks and mutual funds without being unduly risk averse. For purchase of high-rated pooled assets of financially sound NBFCs amounting to a total of Rs 1 lakh cr during the current financial year, government will provide one time six months' partial credit guarantee to public sector banks for first loss of up to 10%.
- Appropriate proposals for strengthening the regulatory authority of RBI over NBFCs placed in the Finance Bill.
- To avoid conflict of interest, government has proposed to move regulation of HFCs from NHB to RBI.
- Government will undertake strategic sale of PSUs and will continue to do consolidation of PSUs in the non-financial space as well.
- Investment by FIIs and FDIs in debt securities in infrastructure debt funds to be allowed. Minimum public shareholding in listed companies will be increased from 25% to 35%.
- 100% FDI will be permitted for insurance intermediaries.
- Local sourcing norms will be eased for FDI in single brand retail sector.
- Limit on FPI in a company increased to 24%.
- To bring more participants, especially NBFCs, not registered as NBFCs-Factor, on the TReDS platform, amendment in the Factoring Regulation Act, 2011 is necessary and steps will be undertaken to allow all NBFCs to directly participate on the TReDS platform.
- To facilitate on-shoring of international insurance transactions and to enable opening of branches by foreign reinsurers in the international financial services centre, government has proposed to reduce net owned fund requirement from Rs 5000 cr to 1000 cr.
- Pension Fund Regulatory Authority is to be separated from the National Pension Scheme Trust.
- To improve capital inflows, government will realign its holdings in central public sector enterprises (CPSEs). Strategic disinvestment of select CPFCs will continue to remain a priority.
- An electronic fund raising platform – a social stock exchange - under the regulatory ambit of SEBI is to be set up for listing social enterprises and voluntary organizations so as to enable them raise capital as equity, debt or as units like a mutual fund.
- Government has proposed to merge the NRI-portfolio investment scheme route with the FPI - route.

MSMEs

- Under the interest subvention schemes for MSMEs, Rs 350 cr has been allocated for FY20 for 2% interest subvention for all GST-registered MSMEs on fresh or increment loans.
- For ease of credit access for MSMEs, government has introduced provision of prompt loans upto Rs 1 cr through a dedicated online portal.
- Under Pradhan Mantri Karam Yogi Maandhan Scheme, government has decided to extend the pension benefit to about three crore retail traders and small shopkeepers with annual turnover of less than Rs 1.5 cr.
- A payment platform for MSMEs has been proposed to enable filing of bills and payment on the platform itself to cut down payment time.

EDUCATION

- National educational policy to focus on higher education has been planned to bring major changes in both school and higher education among others.
- Proposed to establish a National Research Foundation (NRF) to fund, coordinate and promote research. It will accumulate funds from all Ministries and use it to prioritize and avoid duplication of research.
- With an aim to make India a hub for higher education, 'Study in India' programme has been launched to encourage foreign students to study in India's higher educational institutions.
- Rs 400 cr has been allocated under 'World Class Institutions' for FY20.
- Draft legislation for setting up of Higher Education Commission of India (HECI) will be presented later this year.
- 10 million youth to take up industry-relevant skill training under the Pradhan Mantri Kaushal Vikas Yojana.

DIRECT TAXES

- Additional deduction of up to Rs 1,50,000/- for interest paid on loans borrowed up to 31st March, 2020 for purchase of affordable houses valued up to Rs 45 lakh thereby, allowing a person purchasing an affordable house to an interest deduction up to Rs 3.5 lakh. This will translate into a benefit of around Rs 7 lakh to the middle class home-buyers over their loan period of 15 years.
- Lower corporate tax rate of 25% which was only applicable for companies having a turnover up to Rs 250 crores has been extended to include companies having an annual turnover up to Rs 400 crores.
- To boost affordability of electric vehicles additional income tax deduction of Rs 1.5 lakh is provided on the interest paid on loans taken to purchase electric vehicles. This amounts to a benefit of around Rs 2.5 lakh over the loan period to the taxpayers who take loans to purchase electric vehicle.
- Proposed to levy TDS of 2% on cash withdrawal exceeding Rs 1 crore in a year from a bank account.
- Individuals having an annual income between Rs 2-5 crores and more than 5 crores will be subject to additional surcharge resulting in increase in effective tax rate by 3% and 7% respectively.
- At present, start-ups are not required to justify fair market value of their shares issued to certain investors including Category-I Alternative Investment Funds (AIF). The government proposes to extend this benefit to Category-II Alternative Investment Funds also. Therefore, valuation of shares issued to these funds shall be beyond the scope of income tax scrutiny.
- The government announced that Aadhaar and PAN would be made interchangeable for tax-filing purpose. This means that if you don't have a PAN, you can file returns using Aadhaar.

INDIRECT TAXES

- Increase in Special Additional Excise duty and Road and Infrastructure Cess each by one rupee a litre on petrol and diesel. There is also a cess on crude of Re 1 per tonne.
- Increase in custom duty on gold and other precious metals from 10% to 12.5%.
- Custom duty on multiple automobile parts including friction materials, glass mirrors, lighting equipment increased from 10% to 15%
- Import of defense equipment not being manufactured in India will be exempt from customs.
- Basic customs duty increased on items such as cashew kernels, PVC, Vinyl flooring, tiles, metal fittings, mountings for furniture, auto parts, certain kinds of synthetic rubbers, marble slabs, optical fibre cable, CCTV camera, IP camera, digital and network video recorders etc.

- Exemptions from custom duty on certain electronic items which are now being manufactured in India withdrawn. End use based exemptions on palm stearin, fatty oils, and exemptions to various kinds of papers withdrawn.
- Customs duty on nuclear fuels and nuclear energy projects has been removed.
- Customs duty on stone crushing plants increased to 7.5% from nil.
- To encourage domestic publishing and printing industry, 5% custom duty is being imposed on imported books.
- GST rates modified for several goods across categories. Rate on soaps, shampoo, hair oil, detergents, fans etc. have been reduced from 28% to 18%.
- GST rates for specialized tableware, kitchenware, other household articles, tanks and other armoured vehicles reduced from 28% to 12%.
- Aircraft engines, tyres and seats which used to fall under the 28% category for GST have been placed under the 5% bracket.
- GST rates for bamboo furniture, condensed milk, confectionary, spectacle frames, hand bags of jute and cotton etc. reduced from 18% to 12%.
- GST rates for mehendi paste in cones, plastic waste, solid bio fuels pellets etc. reduced from 18% to 5%.
- GST rates for walnuts, tamarind dried, dhoop, unani etc. reduced from 12% to 5%.
- Rough industrial diamonds including unsorted rough diamonds, diamonds and precious stones to placed under the 0.25% slab.
- Idols made from wood, clay, stonebrooms, brushes, and handicrafts such as bangles etc. exempted from GST.
- GST rate for cinema tickets above Rs 100 reduced from 28% to 18%, while works contract supplied to the government for construction such as canals, dams etc. reduced from 18% to 12%.
- Service provided by fair price shops to government, services provided by an educational institution by conducting entrance exams exempted.
- Taxpayers having annual turnover of less than Rs 5 crore shall file quarterly return.
- Buyback of shares will result in a tax of 20% for the corporates.

MISCELLANEOUS

- Under Pradhan Mantri Awas Yojana – Urban (PMAY-Urban), over 81 lakh houses with an investment of about Rs 4.83 lakh crs have been sanctioned of which construction has started in about 47 lakh houses; over 26 lakh houses have been completed of which ~24 lakh houses have been delivered to the beneficiaries.
- Rs 100 bn allocated under Phase-II of FAME scheme for a period of 3 years to encourage faster adoption of EVs by way of offering upfront incentive on purchase of EVs and also by establishing the necessary charging infrastructure.
- High Level Empowered Committee (HLEC) on retirement of old & inefficient plants, and addressing low utilization of gas plant capacity due to paucity of natural gas, will be implemented.
- Package of power sector tariff and structural reforms would soon be announced to improve performance of Ujjwal DISCOM Assurance Yojana (UDAY).
- Model Tenancy Law to be finalized and circulated to the states to promote rental housing.
- New Space India Limited (NSIL) has been incorporated in Department of Space to tap the benefits of the R&D carried out by ISRO. It aims to commercialize various space products including production of launch vehicles, transfer to technologies and marketing of space products.
- Government is proposing to streamline multiple labour laws into a set of four labour codes to ensure standardization of process of registration and filing of returns.

SECTORAL IMPACT

AGRICULTURE

SECTOR	MEASURES	IMPACT
Agriculture	• Formation of 10,000 new Farmer Producer Organizations to ensure economies of scale for farmers.	Positive for Bayer Corp, M&M, Kaveri Seeds, Hero Motocorp, HUL, Deepak Fertilizers, Coromandel International, JK Agri Genetics Ltd, Kirloskar Brothers, HUL, PI Industries, VST Tillers Tractors, Escorts
	• 'Zero-budget farming' model proposed for doubling farmers' income.	Positive for FMCG companies (HUL, Dabur India, Marico, Britannia), tractor manufacturers (M&M, Escorts), fertilizer companies like United Phosphorous, Chambal Fertilizers
Fisheries	• Pradhan Mantri Matsya Sampada Yojana to be set up for establishing fisheries management network.	Positive for Garware Technical Textiles

INFRASTRUCTURE

SECTOR	MEASURES	IMPACT
Railways and metro network	• Greater Public-Private Partnership to be used for faster development and delivery of passenger freight services. • New metro rail projects for a total route length of 300 km have been approved during 2018-19.	Positive for Texmaco Rail, Titagarh Wagons, BEML, L&T
Road Construction & Port Infrastructure	• Rs 802.5 bn to be spent for construction of rural roads.	Positive for infrastructure companies like Simplex Infrastructure, Dilip Buildcoin, IRB Infrastructure.
	• Ports to be developed under the Sagarmala Programme.	Positive for Allcargo, Aegis Logistics.
	• Bharatmala to develop state road networks in its second phase	Positive for PNC Infratech, Dilip Buildcoin, IRB Infrastructure, Simplex Infrastructure, GMR Infrastructure, NCC Ltd
Affordable Housing	• Under the Pradhan Mantri Awaas Yojana – Gramin (PMAY- G), target is to complete construction of 1.95 crore houses - with amenities like toilets, electricity and LPG connections - by 2022. • Under Pradhan Mantri Awas Yojana – Urban (PMAY-Urban), over 81 lakh houses with an investment of about Rs 4.83 lakh crs have been sanctioned	Positive for real-estate developers like Sunteck Realty Ltd, Anarock Property, Purvankara

FINANCIAL SERVICES

SECTOR	MEASURES	IMPACT
Banking	• Capital infusion of Rs 700 bn in public sector banks.	Positive for state owned banks like SBI, Bank of Baroda, PNB, Bank of India, Allahabad Bank, Andhra Bank
HFCs	• Increased allocation towards PMAY-G and PMAY-U for construction of affordable housing	Positive for LIC Housing Finance, Indiabulls Housing, PNB Housing Finance, Can Fin Homes, Repco, GIC Housing Finance, Gruh Finance
NBFCs	• One time six months' partial credit guarantee to public sector banks for first loss of up to 10% to be provided. • Steps will be undertaken to allow all NBFCs to directly participate on the TReDS platform.	Positive for NBFCs in general Positive for state owned banks like SBI, Bank of Baroda, PNB, Bank of India, Allahabad Bank, Andhra Bank.
HFCs	• Additional deduction of up to Rs 1,50,000/- for interest paid on loans for purchase of an affordable houses up to Rs 45 lakh.	Positive for LIC Housing Finance, Indiabulls Housing, PNB Housing Finance, Can Fin Homes, Repco, GIC Housing Finance, Gruh Finance

MISCELLANEOUS

SECTOR	MEASURES	IMPACT
Electric Vehicles	• Rs 100 bn allocated under Phase-II of FAME scheme for a period of 3 years for offering upfront incentive on purchase of EVs • Deduction of 1.5 lakh on the interest paid on loans taken to purchase electric vehicles.	Positive for EV manufacturers like Tata Motors, M&M
MSMEs	• Under Pradhan Mantri Karam Yogi Maandhan Scheme, pension benefit to about three crore retail traders and small shopkeepers with annual turnover of less than Rs 1.5 cr.	Positive for largely public sector banks such as SBI, Bank of Baroda, PNB, Allahabad Bank, Canara Bank
FMCG	• GST on soaps, shampoo, hair oil, detergents etc. reduced from 28% to 18%	Positive for all FMCG companies, particularly HUL, P&G, Dabur
Aviation	• Opening up of FDI • Government to enter aircraft financing and leasing • Proposes to reach self reliance in MRO (maintenance, repair and overhaul) • GST on aircraft engines, tyres and seats reduced to 5% from 28%	Positive for Air India, SpiceJet, InterGlobe Aviation,
Water	• Water infrastructure strengthened to ensure piped water supply to all rural households by 2024.	Positive for Finolex Industries, Supreme Industries, Astral Poly, KSB Pumps Ltd, VA Tech Wabag, India Hume Pipe
Media & Insurance	• Opening up of FDI • 100% FDI to be allowed for insurance intermediaries	Positive for media and insurance companies

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