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Ashadha 14, 1941 (Saka)

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(Seventeenth Lok Sabha)



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LOK SABHA DEBATES

LOK SABHA

Friday, July 5, 2019/ Ashadha 14, 1941 (Saka)

—

The Lok Sabha met at Eleven of the Clock

[Hon. Speaker *in the Chair*]

UNION BUDGET, 2019-2020**[English]*

HON. SPEAKER: Item No. 1, the hon. Finance Minister, Shrimati Nirmala Sitharaman.

THE MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS

(SHRIMATI NIRMALA SITHARAMAN): Mr. Speaker, Sir,

I rise to present the Budget for the year 2019-20.

PART A

The recent election which brought us to this august House today was charged with brimming hope and desire for a bright and stable New India. Like never before, India celebrated its democracy by coming out to vote in large numbers. Voters' turnout was the highest at 67 per cent. Every section – young, old, first time voters, voters since the first General Election, women – all turned up to stamp their approval of a performing Government. Through their unambiguous and firm mandate, they have reaffirmed “putting the nation first”. The people of India have validated the two goals for our country's future: that of national security and economic growth.

The first term of hon. Prime Minister, Narendra Modi-led-NDA-Government stood out as a performing Government, a Government whose

* Placed in Library, See No. LT 16/17/19.

signature was in the last mile delivery. Between 2014 and 2019, we provided a rejuvenated Centre-State dynamic, cooperative federalism, GST Council, and a strident commitment to fiscal discipline. We had set the ball rolling for a New India, planned and assisted by the NITI Aayog, a broad based think tank. We have showed by our deeds that the principle “Reform, Perform, Transform” can succeed.

On many programmes and initiatives, we had worked on unprecedented scale. Average amount spent on food security per year approximately doubled during 2014-19 compared to the preceding five years. Number of patents issued more than trebled (three times) in 2017-18 as against the number of patents issued pre-2014. Our last mile delivery stood out and the unknown citizen in every nook and corner of our country felt the difference. Our objective was, and continues to be, *[Translation]* ‘empowered citizens for a strong country’.

[English]

Mega programmes and services which we initiated and delivered during those five years will now be further accelerated. We shall further simplify procedures, incentivize performance, reduce red-tape and make the best use of technology just as we did earlier.

I am confident we will achieve our goals. Chankaya Niti Sutra too says: “Karya purusha karenalakshyamsampadyate.” Meaning “with determined human efforts, the task will surely be completed.” An Urdu couplet, pardon me for my pronunciation, reads: “Yakin ho to koi rasta nikalta hai, hawa ki oot bhi lekar chirag jalta hai”.

Vision for the decade

Our economy was at approximately US\$ 1.85 trillion when we formed the Government in 2014. Within 5 years it has reached US\$ 2.7 trillion. Hence, it is well within our capacity to reach the US\$ 5 trillion in the next few years. In the interim Budget of 2019-20 presented in February 2019, we gave ourselves a Vision for the Decade. I flag here the ten points of our Vision laid before us:

- a. Building physical and social infrastructure;
- b. Digital India reaching every sector of the economy;
- c. Pollution free India with green Mother Earth and Blue Skies;
- d. Make in India with particular emphasis on MSMEs, Start-ups, defence manufacturing, automobiles, electronics, fabs and batteries, and medical devices;
- e. Water, water management, clean Rivers;
- f. Blue Economy;
- g. Space programmes, Gaganyaan, Chandrayan and Satellite programmes;
- h. Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and

vegetables;

- i. Healthy society – Ayushman Bharat, well-nourished women & children. Safety of citizens;
- j. Team India with Jan Bhagidari. Minimum Government Maximum Governance.

With this Vision set before us and with the mandate given by its people, we are determined to take India to that height that it richly deserves. I strongly believe that with the clear headed leadership of hon'ble Prime Minister we can achieve our goal.

5 Trillion Dollar Economy

So, what are the plans to reach the Five Trillion Dollar Economy?

The Indian economy will grow to become a 3 trillion-dollar economy in the current year. It is now the sixth largest in the world. Five years ago, it was at the 11th position. In Purchasing Power Parity terms, we are in fact, the 3rd largest economy already, only next to China and the USA.

To attain this and more we need to continue undertaking many structural reforms. In the last five years, we saw many big reforms in particular, in indirect taxation, bankruptcy and real estate. While these reforms were happening here in the Parliament, the common man's life was being changed through MUDRA loans to help him do his business, and through several programmes it was being ensured that his or her kitchen had become smokeless, his or her house got electricity connection and women's dignity was respected with the provision of

toilets in homes. The common man was served even as major transformational reforms were being rolled out. And for this to continue we need to invest heavily in infrastructure, in digital economy and on job creation in small and medium firms.

Respected Speaker Sir, it took over 55 years for the Indian economy to reach 1 trillion dollar but when the country and her people's hearts are filled with aasha, vishwas and aakansha that is, when hearts are filled with hope, trust and aspirations, we, in 5 years, – in just five years – added 1 trillion dollar.

As I said, today we are nearing a 3 trillion dollar level. So when we aspire to reach a 5 trillion dollar level, many wonder if it is possible. If we can appreciate our citizens' "purusharth" or their "goals of human spirit or pursuit" filled with their inherent desire to progress led by the dedicated leadership present in this House, the target is eminently achievable.

All of India's private sector industries – all of India's private sector industries – small, medium or large – have played a substantial role in growing our economy. I recall the words of an eminent industry leader, who said that his company's growth has always aligned itself with India's growth, before and post-Independence. So if pre-Independence, India Inc. understood '*Swadeshi*', today they understand 'Make in India'. We do not look down upon legitimate profit-earning. Gone are the days of policy paralysis and license-quota-control regimes. India Inc. are India's job-creators. They are the nation's wealth-creators. Together, with mutual trust, we can gain, catalyze fast and attain sustained national growth. I wish to propose a number of initiatives as part of a

framework for kick-starting the virtuous cycle of domestic and foreign investments.

Connectivity is the lifeblood of an economy. The Government has given a massive push to all forms of physical connectivity through Pradhan Mantri Gram Sadak Yojana, industrial corridors, dedicated freight corridors, Bharatmala and Sagarmala projects, Jal Marg Vikas and UDAN Schemes. While the industrial corridors would improve infrastructure availability for greater industrial investment in the catchment regions, the dedicated freight corridors would mitigate the congestion of our railway network benefitting the common man. The ambitious programme of Bharatmala would help develop national road corridors and highways, while Sagarmala would enhance port connectivity, modernization and port-linked industrialization. If Sagarmala is aimed at improving the infrastructure for external trade, equally it is the poor man's transport too. Waterways are proven as a cheap mode of transport. The Jal Marg Vikas project for capacity augmentation of navigation on National Waterways is aimed at smoothening internal trade carried through inland water transport. These initiatives will improve logistics tremendously, reducing the cost of transportation and increasing the competitiveness of domestically produced goods.

The UDAN Scheme is providing air connectivity to smaller cities and enabling the common citizens of our country to avail air travel. All these programmes are also helping bridge the rural and urban divide.

As the world's third largest domestic aviation market, the time is ripe for India to enter into aircraft financing and leasing activities from Indian shores.

This is critical to the development of a self-reliant aviation industry, creating aspirational jobs in aviation finance, besides leveraging the business opportunities available in India's financial Special Economic Zones (SEZs), namely, International Financial Services Centre (IFSC). Government will implement the essential elements of the regulatory roadmap for making India a hub for such activities.

For providing an enabling ecosystem for growth in India of Maintenance, Repair and Overhaul (MRO) industry, it is proposed to leverage India's engineering advantage and potential to achieve self-reliance in this vital aviation segment. Government will adopt suitable policy interventions to create a congenial atmosphere for the development of MRO in the country.

The New Metro Rail Projects for a total route length of 300 kilometers have been approved during 2018-19. Also, during 2019, about 210 kms metro lines have been operationalized. With this, 657 kms of Metro Rail network has become operational across the country.

India's first indigenously developed payment ecosystem for transport, based on National Common Mobility Card (NCMC) standards, was launched by the Hon. Prime Minister in March, 2019. This will enable people to pay multiple kinds of transport charges, including metro services and toll tax, across the country. This inter-operable transport card runs on RuPay card and would allow the holders to pay for their bus travel, toll taxes, parking charges, retail shopping and even withdraw money.

Phase-II of the FAME Scheme, following approval of the Cabinet with an outlay of Rs. 10,000 crore for a period of 3 years, has commenced from 1st April, 2019. The main objective of the Scheme is to encourage faster adoption of electric vehicles by way of offering upfront incentive on purchase of electric vehicles and also by establishing the necessary charging infrastructure for electric vehicles. Only advanced battery and registered e-vehicles will be incentivized under the Scheme with greater emphasis on providing affordable and environment friendly public transportation options for the common man.

The Government will carry out a comprehensive restructuring of National Highway Programme to ensure that the National Highway Grid of desirable length and capacity is created using financeable model. After completing the Phase 1 of Bharatmala, in the second phase, States will be helped to develop State road networks.

We need to develop our inland waterways to shift a significant portion of inland cargo movement from road and rail. This Government envisions using the rivers for cargo transportation, which will also help to decongest roads and railways. As part of the Jal Marg Vikas Project for enhancing the navigational capacity of Ganga, a multi modal terminal at Varanasi has become functional in November 2018 and two more such terminals at Sahibganj and Haldia and a navigational lock at Farakka would be completed in 2019-20. The movement of cargo volume on Ganga is estimated to increase by nearly four times in the next four years. This will make movement of freight, passenger cheaper and reduce our import bill.

It is estimated that Railway Infrastructure would need an investment of Rs. 50 lakh crore between 2018 and 2030. Given that the capital expenditure outlays of Railways are around Rs. 1.5 to 1.6 lakh crore per annum, completing even all sanctioned projects would take decades. It is, therefore, proposed to use Public-Private Partnership to unleash faster development and completion of tracks, rolling stock manufacturing and also delivery of passenger freight services.

To take connectivity infrastructure to the next level, we will build on the successful model in ensuring power connectivity – One Nation, One Grid. Earlier we spoke about One Nation, One Card – for mobility of common man. Now, it is One Nation, One Grid – that has ensured power availability to states at affordable rates. I propose to make available a blueprint this year for developing gas grids, water grids, i-ways, and regional airports. So, the scaling up that we talked about which marks the USP of this Government is revealed in each one of these examples. We do it in that scale each time.

The recommendations of the High Level Empowered Committee (HLEC) on retirement of old & inefficient plants, and addressing low utilisation of Gas plant capacity due to paucity of Natural Gas, will also be taken up for implementation now.

Our Government launched Ujjwal DISCOM Assurance Yojana (UDAY) in 2015 aimed at financial and operational turnaround of DISCOMs. Government is examining the performance of the Scheme and it will further get improved. We will work with the State Governments to remove barriers like cross subsidy surcharges, undesirable duties on open access sales or captive generation for industrial and other bulk power consumers. Besides these structural reforms, considerable reforms are needed in tariff policy. A package of power sector tariff and structural reforms would soon be announced.

It is proposed that several reform measures would be taken up to promote rental housing. Current Rental Laws are archaic as they do not address the relationship between the Lessor and the Lessee realistically and fairly. A Model Tenancy Law will also be finalized and circulated to the States.

Large public infrastructure can be built on land parcels held by the Central Ministries and Central Public Sector Enterprises all across the country. Through innovative instruments such as joint development and concession, public infrastructure and affordable housing will be taken up.

For ease of access to credit for MSMEs, Government has introduced providing of loans up to Rs.1 crore for MSMEs within 59 minutes through a dedicated online portal. Under the Interest Subvention Scheme for MSMEs, Rs.350 crore has been allocated for the FY 2019-20 for 2% interest subvention for all GST registered MSMEs, on fresh or on incremental loans.

Government payments to suppliers and contractors are a major source of cash flow, especially to SMEs and MSMEs. Investment in MSMEs will receive a

big boost if these delays in payment are eliminated. Government will create a payment platform for MSMEs to enable filing of bills and payment thereof on the platform itself, thereby cutting down the time and the process itself.

Encouraged by the overwhelming response, the Government of India has decided to extend the pension benefit to about three crore retail traders and small shopkeepers whose annual turnover is less than Rs.1.5 crore under a new Scheme namely Pradhan Mantri Karam Yogi Maandhan Scheme. Enrolment into the Scheme will be kept simple requiring only Aadhar and a bank account and the rest will be on self-declaration.

We recognize that investment-driven growth requires access to low cost capital. It is estimated that India requires investments averaging 20 lakh crores every year (USD 300 billion a year). A number of measures are proposed to enhance the sources of capital for infrastructure financing:

- A Credit Guarantee Enhancement Corporation for which regulations have been notified by the RBI, will be set up in 2019- 20.
- 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.
- It is proposed to permit investments made by FIIs and 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.

Corporate Debt markets are crucial for the infrastructure sector. Given the need to further deepen bond markets, a number of measures are proposed to be taken up:-

- 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.
- User-friendliness of trading platforms for corporate bonds will be reviewed, including issues arising out of capping of International Securities Identification Number (ISIN).

It is right time to consider increasing minimum public shareholding in the listed companies. I have asked SEBI to consider raising the current threshold of 25% to 35%.

As a key source of capital to the Indian economy, it is important to ensure a harmonized and hassle-free investment experience for Foreign Portfolio Investors. Hence, it is proposed to rationalize and streamline the existing Know Your Customer (KYC) norms for FPIs to make it more investor friendly without compromising the integrity of cross-border capital flows.

It is time to take our capital markets closer to the masses and meet various social welfare objectives related to inclusive growth and financial inclusion. I propose to initiate steps towards creating an electronic fund raising platform – a social stock exchange - under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing social enterprises and voluntary organizations

working for the realization of a social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.

It is important to get retail investors to invest in treasury bills and securities issued by the Government. Efforts made by the Reserve Bank will need to be supplemented with further institutional development using stock exchanges. For this purpose, inter-operability of RBI depositories and SEBI depositories would be necessary to bring about seamless transfer of treasury bills and government securities between RBI and Depository ledgers and for enabling this. The Government will take up necessary measures in this regard in consultation with RBI and SEBI.

FDI inflows into India have remained robust despite global headwinds. Global Foreign Direct Investment (FDI) flows slid by 13% in 2018, to US\$ 1.3 trillion from US\$ 1.5 trillion the previous year – the third consecutive annual decline, according to UNCTAD's World Investment Report 2019. If that was the global picture, India's FDI inflows in 2018-19 remained strong at US\$ 64.375 billion marking a 6% growth over the previous year. I propose to further consolidate the gains in order to make India a more attractive FDI destination:

- a.** The Government will examine suggestions of further opening up of FDI in aviation, media (animation, AVGC) and insurance sectors in consultation with all stakeholders.
- b.** 100% Foreign Direct Investment (FDI) will be permitted for insurance intermediaries.

- c. Local sourcing norms will be eased for FDI in Single Brand Retail sector.

It is high time India not only gets integrated into global value chain of production of goods and services, but also become part of the global financial system to mobilise global savings, mostly institutionalized in pension, insurance, sovereign wealth funds and so on. The Government is contemplating organizing an annual Global Investors Meet in India, using National Infrastructure Investment Fund (NIIF) as the anchor, to get all three sets of global players - top industrialists/corporate leaders, top pension/insurance/sovereign wealth funds and top digital technology/venture funds.

An important determinant of attracting cross-border investments is availability of investible stock to the Foreign Portfolio Investors (FPIs). This issue assumes greater significance in view of the gradual shift, from stock targeted investments, towards passive investment whereby funds track global indices, composition of which depends upon available floating stock. Accordingly, I propose to increase the statutory limit for FPI investment in a company from 24 per cent to sectoral foreign investment limit with option given to the concerned corporates to limit it to a lower threshold. FPIs will be permitted to subscribe to listed debt securities issued by ReITs and InvITs.

Even though India is the world's top remittance recipient, NRI investment in Indian capital markets is comparatively less. With a view to provide NRIs with seamless access to Indian equities, I propose to merge the NRI-Portfolio Investment Scheme Route with the Foreign Portfolio Investment Route.

New and innovative financial instruments have been launched in the last five years like Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs) as well as models like Toll-Operate-Transfer (ToT) as part of the brownfield asset modernization strategy for augmenting infrastructure investment. India has had a reasonable success in brownfield asset monetization and several InvITs and one REIT transaction have already been completed. Additionally, NHAI carried out one ToT transaction as well. The cumulative resources garnered through these instruments and model exceed Rs. 24,000 crore.

India has emerged as a major space power with the technology and ability to launch satellites and other space products at globally low cost. Time has come to harness this ability commercially. A public sector enterprise, namely, New Space India Limited (NSIL) has been incorporated as a new commercial arm of the Department of Space to tap the benefits of the Research and Development carried out by ISRO, Indian Space Research Organisation. The Company will spearhead commercialization of various space products including production of launch vehicles, transfer of technologies and marketing of space products.

Grameen Bharat/Rural India

Sir, I have all the while spoken about the various means through which we can, at a macro level, reach the five trillion dollar target. Now, I would just confine myself to talking about *grameen* Bharat, the rural India, the various steps which we will take towards strengthening our economy.

Mahatma Gandhiji had said, “The soul of India lives in its villages”. This year even as we are marking the 150th birth anniversary of Mahatma Gandhi, I submit that our Government keeps Antyodaya at the core of all its efforts. At the Centre of everything that we do, we keep “*gaon, garib, aur kisan*”, [Translation] it means that villages, the poor and the farmers are at the centre of Government’s all programmes.

[English]

Hon'ble Prime Minister's two mega initiatives of Ujjwala Yojana and Saubhagya Yojana - have transformed the lives of every rural family, dramatically improving ease of their living. Household access to clean cooking gas has seen an unprecedented expansion, through provision of more than seven crore LPG connections. All villages, and almost 100% households across the country have been provided with electricity. A combination of efficient implementation and enthusiastic adoption has significantly improved access to energy for rural households. By 2022, the 75th year of India’s Independence, I would like to assure the nation that every single rural family – that every single rural family – except those who are unwilling to take the connection – Mr. Speaker, Sir, it is important to understand that – that except those who are

unwilling to take the connection – will have an electricity and a clean cooking facility.

Pradhan Mantri Awas Yojana – Gramin (PMAY-G) aims to achieve the objective of “Housing for All” by 2022. A total of 1.50 crore rural homes have been completed in the last five years. In the second phase of PMAY-G, during 2019-20 to 2021-22, 1.95 crore houses are proposed to be provided to the eligible beneficiaries. These houses are also being provided with amenities like toilets, electricity and LPG connections. With the use of technology, the DBT (Direct Benefit Transfer) platform, and technology inputs, average number of days for completion of houses has been reduced from 314 days in 2015-16 to 114 days in 2017-18. It took us 314 days, but now it is only 114 days. Please allow me to repeat this. If the completion of houses required 314 days in 2015-16, by the time it was 2017-18, it has come down to only 114 days. That is why, the scale of our achievement was possible.

Fishing and fishermen communities are closely aligned with farming and are crucial to rural India. Through a focused Scheme – the Pradhan Mantri Matsya Sampada Yojana (PMMSY) – the Department of Fisheries will establish a robust fisheries management framework. This will address critical gaps in the value chain, including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.

Pradhan Mantri Gram Sadak Yojana (PMGSY) has brought many socio-economic gains in the rural areas. To accelerate the speed of achieving

universal connectivity of eligible habitations, the target of connecting the eligible and feasible habitations was advanced from 2022 to 2019 itself.

I am happy to inform that all weather connectivity has now been provided to over 97% of all such habitations. This has been possible by maintaining a high pace of road construction of 130 to 135 kms per day in the last 1,000 days. Committed to the agenda of sustainable development, 30,000 kms of Pradhan Mantri Gram Sadak Yojana (PMGSY) roads have been built using Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing the carbon footprint. With the changing economic scenario, it is important to upgrade roads connecting villages to the rural markets. For this, Pradhan Mantri Gram Sadak Yojana-III is envisaged to upgrade 1,25,000 kms. of road length over the next five years with an estimated cost of Rs. 80,250 crore -- 1,25,000 kms roads will be upgraded under Pradhan Mantri Gram Sadak Yojana phase III and the amount estimated for this is Rs. 80,250 crore.

Considering the fact that majority of people still live in villages and depend on agriculture and traditional industries, the 'Scheme of Fund for Upgradation and Regeneration of Traditional Industries'(SFURTI) aims to set up more Common Facility Centres (CFCs) to facilitate cluster based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities. The focussed sectors are Bamboo, Honey and Khadi clusters. The SFURTI envisions setting up of 100 new clusters during 2019-20 which should enable 50,000 artisans to join the economic value chain. Further, to improve the technology of such industries, the

'Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship' (ASPIRE) has been consolidated for setting up of Livelihood Business Incubators (LBIs) and Technology Business Incubators (TBIs). The Scheme contemplates to set up 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.

We will invest widely in agricultural infrastructure. Mr. Speaker Sir, we will support private entrepreneurship in driving value-addition to farmers' produce from the field and for those from allied activities too, like Bamboo and timber from the hedges and for generating renewable energy. *[Translation]* Why can the farmers not be turned into energy producers? The Government has several programmes for turning the farmers into energy producers.

[English] Dairying through cooperatives shall also be encouraged by creating infrastructure for cattle feed manufacturing, milk procurement, processing and marketing. Mr. Speaker, Sir, I place my appreciation for our farmers who have made India self-sufficient in pulses. *[Translation]* I would like to congratulate our farmers, who have brought a revolution in the production of pulses during the last one and a half years. *[English]* I am sure they will repeat such a success even in the production of oilseeds. *[Translation]* We hope that our farmers will achieve such success in the production of oil seeds also. *[English]* Our import bill shall be reduced by their Seva.

We also hope to form 10,000 new Farmer Producer Organizations that will ensure economies of scale for farmers over the next five years.

The Government will work with State Governments to allow farmers to benefit from e-NAM. The Agriculture Produce Marketing Cooperatives (APMC) Act should not hamper farmers from getting a fair price for their produce. Ease of doing business and ease of living both should apply to farmers too. We shall go back to basics on one count : Zero Budget Farming. Zero Budget Farming may not be a new thing. Hence, I have said that 'we will go back to basics'. We need to replicate this innovative model -- some States have already tried somewhat -- through which in a few States farmers are already being trained in this practice. Steps such as this can help in doubling our farmers' income in time for our 75th year of Independence.

Ensuring India's water security and providing access to safe and adequate drinking water to all Indians is a priority for this Government. A major step in this direction has been constitution of the *Jal Shakti Mantralaya* -- integrating the Ministry of Water Resources, River Development and Ganga Rejuvenation and Ministry of Drinking Water and Sanitation. This was done by integrating these many Ministries and Departments. This new *Mantralaya* will look at the management of our water resources and water supply in an integrated and holistic manner, and will work with States to ensure *Har Ghar Jal* (piped-water supply) to all rural households by 2024 under the *Jal Jeevan Mission*. This Mission, under the Department of Drinking Water and Sanitation, will focus on integrated demand and supply side management of water at the local-level, including creation of local infrastructure for source sustainability like rainwater harvesting, groundwater recharge and management of household wastewater

for reuse in agriculture. The *Jal Jeevan* Mission will converge with other Central and State Government Schemes to achieve its objectives of sustainable water supply management across the country.

The Government has identified 1,592 Blocks, which are critical and over exploited, spread across 256 Districts for the *Jal Shakti Abhiyan*. Besides using funds available under various Schemes, the Government will also explore possibility of using additional funds available under the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) for this purpose.

Speaker, Sir, *Swachh Bharat Abhiyan* has touched the very conscience of the nation besides bringing enormous health and environmental benefits. This noble Scheme, initiated in 2014, has achieved a resounding success. 9.6 crore toilets have been constructed since October 2, 2014. More than 5.6 lakh villages have become Open Defecation Free (ODF). We have to build on this success. We must not only sustain the behavioural change seen in people, but also harness the latest technologies available to transform waste into energy. I propose to expand the *Swachh Bharat* Mission to undertake sustainable solid waste management in every village.

Under the Pradhan Mantri Gramin Digital Saksharta Abhiyan, over two crore rural Indians – under the *Pradhan Mantri Gramin Digital Saksharta Abhiyan*, over two crore rural Indians- have so far been made digitally literate. To bridge rural-urban digital divide, Bharat-Net is targeting internet connectivity in local bodies in every Panchayat in the country. This will be speeded up with

assistance from Universal Service Obligation Fund and under a Public Private Partnership arrangement.

Hon. Speaker, Sir, till now, I focused on some specific features concerning rural India –

Shahree Bharat/Urban India

Now, I will focus on *Shahree Bharat/Urban India*.

This Government sees the rapid urbanization of India as an opportunity rather than a challenge. We have to make both our cities and villages better using technology. This way we can help people live closer to their home, stop migration into cities, provide essential services to all.

Under Pradhan Mantri Awas Yojana – Urban (PMAY-Urban), over 81 lakh houses with an investment of about Rs.4.83 lakh crore have been sanctioned of which construction has started in about 47 lakh houses. Over 26 lakh houses have been completed of which nearly 24 lakh houses have been delivered to the beneficiaries. There is large scale adoption of new technologies for construction of these houses. Over 13 lakh houses have so far been constructed using these new technologies.

More than 95% of cities also have been declared ODF. More than 45,000 public and community toilets across 1700 cities have been uploaded on Google maps, covering more than 53% of India's urban population. Almost 1 crore citizens have downloaded Swachhata App.

The 150th birth anniversary of Mahatma Gandhi is an apt occasion for us to re-dedicate ourselves to the ideals of Mahatma Gandhi. Hon'ble Prime Minister took the Sankalp of achieving Gandhiji's resolve of Swachh Bharat to make India Open Defecation Free by 2nd October 2019. I am very satisfied - and I am very happy to report to this august House -that this would be achieved by the 2nd October. To mark this occasion, the Rashtriya Swachhta Kendra will be inaugurated at Gandhi Darshan, Rajghat on 2nd October, 2019. A Gandhipedia— like an Encyclopedia on Gandhi – is also being developed by National Council for Science Museums to sensitize youth and society at large about positive Gandhian values.

Indian Railways suburban and long-distance services do a phenomenal task in cities like Mumbai and smaller cities. Railways will be encouraged to invest more in suburban railways through Special Purpose Vehicle (SPV) structures like Rapid Regional Transport System (RRTS) proposed on the Delhi-Meerut route. I propose to enhance the metro-railway initiatives by encouraging more PPP initiatives and ensuring completion of sanctioned works, while supporting Transit Oriented Development (TOD) to ensure commercial activity around transit hubs. We are in the process of completing the dedicated freight corridor project that will free up some of the existing railway network for passenger trains.

Sir, now allow me to speak on the Youth of India. The Government will bring a New National Education Policy to transform India's higher education system to one of the global best education systems. The new Policy proposes major changes in both school and higher education among others, better Governance systems and brings greater focus on research and innovation.

We propose to establish a National Research Foundation (NRF) to fund, coordinate and promote research in the country. The NRF will assimilate the research grants being given by various Ministries independent of each other. The NRF will ensure that the overall research ecosystem in the country is strengthened with focus on identified thrust areas relevant to our national priorities and towards basic science without duplication of efforts and expenditure. We would work out a very progressive and research-oriented structure for the NRF itself. The funds available with all the Ministries will be integrated in the NRF. This will be adequately supplemented with additional funds.

Massive online open courses through SWAYAM Initiative have helped bridge the digital divide for disadvantaged section of the student community. To upgrade the quality of teaching, the Global Initiative of Academic Network (GIAN) programme in higher education was started aimed at tapping the global pool of scientists and researchers. The IMPRINT or IMPacting Research Innovation and Technology Scheme began as a pan-IIT and IISc joint initiative to develop a roadmap for research to solve major engineering and technology

challenges in selected domains needed by the country. Higher educational institutions are becoming the centres of innovation.

These initiatives have upgraded the quality of education. There was not a single Indian institution in the top 200 in the world university rankings five years back. I repeat – there was not a single Indian institution in the top 200 in the world university rankings five years back. Due to the concentrated efforts and concerted efforts by our institutions to boost their standards and also to project their credentials better, we have now three institutions – two IITs and IISc Bangalore – in the top 200 bracket. This window is open now, thanks to all our efforts. We will continue making concerted efforts to improve the performance of our institutions of higher learning. An amount of Rs. 400 crore has been provided under the head ‘World Class Institutions’, for the financial year 2019-20, more than three times the revised estimates for the previous year. I repeat – it is more than three times the revised estimates for the previous year. India has the potential to become a hub of higher education. I, therefore, propose to start a programme, ‘Study in India’, that will focus on bringing foreign students to India in our higher educational institutions.

The regulatory systems of higher education would be reformed comprehensively to promote greater autonomy and focus on better academic outcomes. A draft legislation for setting up Higher Education Commissioner of India (HECI) would be presented in the year ahead.

Khelo India Scheme, launched in October, 2017, has created awareness of sports as an integral part of wellness throughout the country. The Government

is committed to expand Khelo India Scheme and to provide all necessary financial support. To popularize sports at all levels, a National Sports Education Board for Development of Sportspersons would be set up under Khelo India Scheme.

12.00 hrs

Mr. Speaker, Sir, this Government recognizes and follows the teachings of Lord Basveshwara, - this Government recognizes and follows the teachings of Lord Basveshwara - in particular the principles of Kayaka and Dasoha. Implementing 'Kayakave Kailasa', the Government enables about 10 million youth to take up industry-relevant skill training through the Pradhan Mantri Kaushal Vikas Yojana (PMKVY). This is helping to create a large pool of skilled manpower with speed and high standards. Demographic trends worldwide show that major economies will face severe labour shortages in the future. To prepare our youth to also take up jobs overseas, we will increase focus on skill sets needed abroad including language training. We will also lay focus on new-age skills like Artificial Intelligence (AI), Internet of Things, Big Data, 3D Printing, Virtual Reality and Robotics, which are valued highly both within and outside the country, and offer much higher remuneration.

Drawing again on Lord Basveshwara, his principle of *Dasoha* underlines most things this Government does. 'Give It Up' for giving up LPG subsidy or the various pension schemes are on the principle of sharing through distribution, for the wellness of the society, which is what Lord Basveshwara did even earlier millennia ago.

The Government is proposing to streamline multiple labour laws into a set of four labour codes. - Sir, for the sake of labour welfare, I would like to repeat this line. The Government is proposing to streamline multiple labour laws into a set of four labour codes. - This will ensure that process of registration and filing of returns will get standardized and streamlined. With various labour related definitions getting standardized, it is expected that there shall be less disputes.

We propose - again, Sir, this is an interesting idea and I wish to draw your attention to this, we propose - to start a television programme within the DD bouquet of channels exclusively for start-ups. This shall serve as a platform for promoting start-ups, discussing issues affecting their growth, matchmaking with venture capitalists and for funding and tax planning. This channel shall be designed and executed by start-ups themselves. Later in this speech, I shall deal with taxation matters of the start-ups.

Sir, Stand-Up India Scheme has delivered enormous benefits. The country is witnessing emergence of thousands of entrepreneurs from women and also from the Scheduled Castes and Scheduled Tribes, most of them assisted to set up their own businesses and industry with capital provided under the Stand-Up India Scheme. Considering the beneficial results of the Scheme and strong demand for its continuance by the SC and ST communities themselves, the Scheme would now be continued for the entire period coinciding with the 15th Finance Commission period that is from 2020 to 2025. The Banks will provide financial assistance for demand-based businesses, including for example for acquisition of scavenging machines and robots.

Hon. Speaker, Sir, the Stand Up India Scheme has made human dignity and self-esteem go up. “Kayakave Kailasa” -- I said earlier and I repeat. The Ministry of Petroleum & Natural Gas has enabled SC/ST entrepreneurs in providing Bulk LPG Transportation contracts to them. In a matter of two years, over 300 entrepreneurs have emerged as a result of the Stand Up Scheme. Machines and robots have been deployed to do scavenging which also saved the manual scavengers their dignity. The synthesis between stand up and start up with commercial banks playing the catalyst has brought this transformational change.

Ease of Living

Sir, now, I shall concentrate a few paragraphs on Ease of Living. After all, everything that this Government does, with a principle of “Minimum Government Maximum Governance”, is aimed at getting ordinary citizens’ life a bit easier. So, the ease of living is a very important principle.

This Government aims to bring greater ease of living in the lives of its citizens. Digital payments are gaining acceptance everywhere including by the Government. Use of technology is an effective way to ensure this.

Pradhan Mantri Shram Yogi Maandhan was launched on 5th March, 2019 by the hon. Prime Minister at Ahmedabad. The Scheme aims at providing Rs. 3,000 per month as pension on attaining the age of 60 to crores of workers in unorganized and informal sectors. About 30 lakh workers have already joined the Scheme.

For good quality of life and ease of living, maintaining a cleaner environment and ensuring sustainable energy use is absolutely vital. A programme of mass scaling up of LED bulbs for widespread distribution at household level was taken up resulting into massive replacement of incandescent bulbs and CFLs in the country. Approximately 35 crore LED bulbs have been distributed under the UJALA Yojana leading to a cost saving -- and this is very impressive. I request through you, respected Speaker, Sir, that all Members present here listen to what cost saving has emerged because of the LED bulbs -- of Rs. 18,341 crore. -- And this amount of Rs. 18,341 crore annually, every year, because of LED, is what the country is saving. India is going to be free of incandescent bulbs and CFL use has already become miniscule. We will use the approach of mission LED bulb method to promote the use of solar stoves and battery chargers in the country.

To make railway travel a pleasant and satisfying experience for the common citizen, again, for Ease of Living, we will launch a massive programme of railway station modernization this year. Railway station modernization will be launched this year.

Naari Tu Narayani/Women

Hon. Speaker, Sir, I draw the attention to the women of India -- Naari Tu Narayani. We believe, obviously, this country's tradition has been Naari Tu Narayani.

Swami Vivekananda in a letter to Swami Ramakrishnananda had said: "There is no chance for the welfare of the world unless the condition of women is improved. -- I repeat, there is no chance for the welfare of the world unless the condition of women is improved. It is not possible for a bird to fly on one wing". These are Swami Vivekananda's words. This Government believes that we can make progress with women's greater participation.

In India's growth story- Sir, I would like to draw your attention- in India's growth story, particularly in the rural economy, "grameen arth vyavastha" the role of women is a very sweet story. [*Translation*] The role of women in rural economy is a cherished story. [*English*] This Government wishes to encourage and facilitate the role of women.

Gender analysis of the budget aimed at examining the budgetary allocation through a gender lens has been in place for over a decade. I propose to form a broad-based Committee with Government and private stakeholders to evaluate and suggest action for moving forward.

There is no segment of human life where the contribution of women is not significant. This Government firmly believes that the socio-economic transformation that is taking place particularly in the last decade, Indian women's role and leadership is distinct. The recent elections have shown record turnout of women voters at par with men. We also have a record 78 women MPs here in this House. This reinforces our approach of going beyond just women-centric-policy making to building women-led initiatives and movements.

This Government has supported and encouraged women entrepreneurship through various schemes such as MUDRA, Stand UP India and the Self-Help Group (SHG) support and so on. In order to further encourage women enterprise, I propose to expand the Women SHG interest subvention programme to all districts in India. Furthermore, for every verified women SHG member having a Jan Dhan Bank Account, an overdraft of Rs. 5,000 shall be allowed. Again, one woman in every SHG, which is spread all across the country, will also be made eligible for a loan up to Rs. 1 lakh under the MUDRA Scheme.

Hon. Speaker, Sir, at the beginning, I did tell you about India's soft power, which in the next section, I will concentrate on.

India's Soft Power

India's soft power is appreciated in so many different ways. Some simple examples: In the last three years on International Yoga Day, Yoga has been practiced in large numbers in 192 countries around the world. Mahatma Gandhi's favourite bhajan "Vaishnav Jana To Tene Kahiye" was sung by the respective lead artists from over 40 countries. The annual "Bharat Ko Jaano" quiz competition is sought after as an event to participate by not only Non-Resident Indians but also several foreigners.

I propose to consider issuing Aadhar Card for Non-Resident Indians with Indian Passports after their arrival in India without waiting for 180 days. I repeat it- I propose to consider issuing Aadhar Card for Non-Resident Indians with Indian Passports after their arrival in India without waiting for the mandatory 180 days.

I propose to launch a Mission which will integrate our traditional artisans and their creative products with global markets. Wherever necessary we shall obtain patents and geographical indicators for them. I wish to say this in Hindi for the larger audience of traditional artisans. *[Translation]* With this aim, for the first time in this august House, I declare that we will launch a mission of linking creative industry with economy and, wherever it requires, we will protect intellectual property rights and take it to the National and International Market.

[English]

To give further impetus to India's growing influence and leadership in the international community, Government decided to open Indian Embassies and High Commissions abroad in countries where India does not have a Resident Diplomatic Mission as yet. Accordingly, in March 2018, Government approved opening of 18 new Indian Diplomatic Missions in Africa. Five Embassies have already been opened in Rwanda, Djibouti, Equatorial Guinea, Republic of Guinea, and Burkina Faso in the year 2018-19. Government intends to open another four new Embassies in the year 2019-20. This will not only increase the footprint of India's overseas presence, but also enable us to provide better and more accessible public services, especially to the local Indian community in these countries.

In line with our ancient wisdom, India has always pursued a policy of economic cooperation with countries through bilateral and regional coordination. Indian Development Assistance Scheme (IDEAS) provides concessional financing for projects and contributes to infrastructure development and capacity

building in the recipient developing countries. Mindful of our position as the sixth largest economy, we will look at alternative development models which include private sector equity, multilateral financing, contributions from corporates, non-residents, and so on. I propose to revamp the IDEAS scheme during the current financial year.

The Government is developing 17 Iconic Tourism Sites into world class tourist destinations and to serve as a model for other tourism sites. The Iconic Tourism Sites would enhance visitor experience which would lead to increase visits of both domestic and international tourists at these destinations.

With the objective of preserving rich tribal cultural heritage, a digital repository is developed where documents, folk songs, photos & videos regarding their evolution, place of origin, lifestyle, architecture, education level, skill sets, traditional art, folk dances and other anthropological details of the tribes in India will be stored. The repository will further be enriched and strengthened as we go along.

BANKING AND FINANCIAL SECTOR

Speaker Sir, now I come to say what we propose about the banking and financial sector. Financial gains from cleaning of the banking system are now amply visible. NPAs, meaning non-performing assets, of commercial banks have reduced by over Rs.1 lakh crore over the last year, record recovery of over Rs. 4 lakh crore due to IBC and other measures has been effected over the last four years, provision coverage ratio is now at its highest in seven years, and domestic

credit growth has risen to 13.8%. Government has smoothly carried out consolidation, reducing the number of Public Sector Banks by eight.

At the same time, as many as six public sector banks have been enabled to come out of prompt corrective action framework -- we have enabled six public sector banks to come out of that situation.

Having addressed the legacy issues, Public Sector Banks are now proposed to be further provided Rs.70, 000 crore capital to boost credit for a strong impetus to the economy. Sir, Rs.70, 000 crore capital will be provided so that credit can be improved. To further improve ease of living, they will leverage technology, offering online personal loans, doorstep banking, and enabling customers of one Public Sector Bank to access services across all Public Sector Banks and so on. In addition, Government will initiate steps to empower accountholders to remedy the current situation in which they do not have control over deposits of cash by others into their accounts. There is an issue now. Without their knowledge, the money is being deposited into their accounts and that is creating a lot of problems for customers. So, we will be addressing that also. We will initiate steps to address that problem. Reforms will also be undertaken to strengthen governance in Public Sector Banks.

Non-Banking Financial Companies (NBFCs) are playing an extremely important role in sustaining consumption demand as well as capital formation in small and medium industrial segment. NBFCs that are fundamentally sound should 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. one lakh crore during the current financial year, Government will provide one time six months' partial credit guarantee to Public Sector Banks for the first loss of up to 10 per cent. - I shall read this again. For the purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs. one lakh crore during the current financial year, Government will provide one-time six months' partial credit guarantee to Public Sector Banks for the first loss of up to 10 per cent. - Further, Reserve Bank of India (RBI) is the regulator for NBFCs. However, RBI has limited regulatory authority over NBFCs. Appropriate proposals for strengthening the regulatory authority of RBI over NBFCs are being placed in the Finance Bill.

NBFCs which do public placement of debt have to maintain a Debenture Redemption Reserve (DRR) and in addition, a special reserve as required by RBI, has also to be maintained. To allow NBFCs to raise funds in public issues, the requirement of creating a DRR, that is the Debenture Redemption Reserve, which is currently applicable for only public issues as private placements are exempted will be done away with.

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 taken to allow all NBFCs to directly participate on the TReDS platform.

Efficient and conducive regulation of the housing sector is extremely important in our context. The National Housing Bank (NHB), besides being a

refinancer and a lender, is also the regulator of the housing finance sector. This gives a somewhat conflicting and difficult mandate to the NHB. I am proposing to return the regulation authority over the housing finance sector from the NHB to the RBI -- I repeat that I am proposing to return the regulation authority over the housing finance sector from the NHB, National Housing Board, to the RBI. Necessary proposals have been placed in the Finance Bill even for that.

Government has announced its intention to invest Rs. 100 lakh crore in infrastructure over the next five years -- Rs. 100 lakh crore for infrastructure over the next five years. To this end, it is proposed to set up an expert committee to study the current situation relating to long-term finance and our past experience with development finance institutions, and this Committee shall recommend the structure and required flow of funds through development finance institutions. The situation will be reviewed by them and they will suggest measures.

Pension Fund Regulatory and Development Authority (PFRDA) implements and regulates the National Pension System (NPS) and Atal Pension Yojana through various intermediaries including, inter-alia, the NPS Trust. Keeping in view the wider interest of the subscribers and to maintain arm's length relationship of the NPS Trust with PFRDA, steps will be taken to separate the NPS Trust from PFRDA with appropriate organizational structure.

To facilitate on-shoring of international insurance transactions and to enable opening of branches by foreign reinsurers in the International Financial Services Centre, it is proposed to reduce Net Owned Fund requirement from Rs.

5,000 crore to Rs. 1,000 crore -- I will repeat that sentence. To facilitate on-shoring of international insurance transactions and to enable opening of branches by foreign reinsurers in the International Financial Services Centre, it is proposed to reduce Net Owned Fund requirement from Rs. 5000 crore to Rs. 1000 crore.

Government has been following the policy of disinvestment in non-financial public sector undertakings maintaining Government stake not to go below 51%. Government is considering, in case where the Undertaking is still to be retained in Government control, to go below 51% to an appropriate level on case to case basis. Government has also decided to modify present policy of retaining 51% Government stake to retaining 51% stake inclusive of the stake of Government controlled institutions.

Hon. Speaker, Sir, in order to improve the capital flows into the Indian economy, it is important to align domestic corporate systems and practices with global ones. It is also appreciated that global finance movement in equity uses certain parameters to evaluate the stocks in which they choose to invest. Government intends to further encourage retail participation in CPSEs which, of late has shown very encouraging upward trend. In order to provide additional investment space, the Government would realign its holding in CPSEs, including Banks to permit greater availability of its shares and to improve depth of its market.

Strategic disinvestment of select CPSEs would continue to remain a priority of this Government. In view of current macro-economic parameters,

Government would not only reinstate the process of strategic disinvestment of Air India, but would offer more CPSEs for strategic participation by the private sector -- I repeat this sentence: Strategic disinvestment of select CPSEs would continue to remain a priority for this Government. In view of current macro-economic parameters, Government would not only reinstate the process of strategic disinvestment of Air India, but would also offer more CPSEs for strategic participation by the private sector.

Government is setting an enhanced target of Rs.1,05,000 crore of disinvestment receipts for the financial year 2019-20. The Government will undertake strategic sale of PSUs. The Government will also continue to do consolidation of PSUs in the non-financial space as well.

ETFs have proved to be an important investment opportunity for retail investors and has turned out to be a good instrument for Government of India's disinvestment programme. To expand this further, Government will offer an investment option in ETFs on the lines of Equity Linked Savings Scheme (ELSS). This would also encourage long term investment in CPSEs.

For bringing better public ownership of the PSUs and also bring greater commercial and market orientation of the listed PSUs, the Government will take all necessary steps to meet public shareholding norms of 25% for all listed PSUs and raise the foreign shareholding limits to maximum permissible sector limits for all PSU companies which are part of Emerging Market Index.

India's sovereign external debt to GDP is among the lowest globally at less than 5%. Hon. Speaker, Sir, this is a very important indicator for India, and

hence, I am repeating the line: India's sovereign external debt to GDP is among the lowest globally at less than 5%. The Government would start raising a part of its gross borrowing programme in external markets in external currencies. This will also have beneficial impact on demand situation for the government securities in domestic market.

New series of coins of One Rupee, Two Rupees, Five Rupees, Ten Rupees and Twenty Rupees, easily identifiable to the visually impaired also, were released by the Hon'ble Prime Minister on 7th March, 2019. These new coins will be made available for public use shortly.

In the first 50 years after Independence we emphasized on Rights. -- Sir, I would draw your attention to this line which marks the end of Part A of my Speech: In the first 50 years after Independence we emphasized on Rights -- Marking 75 years of our Independence, we should place emphasis on our Duty towards India, without undermining Rights. Thinkers, all over the world, have supported the argument that in performing one's duty protection of one's rights is inherent. For the bright future of India, when again in 2022, we will remember our freedom fighters, we should dedicate ourselves to the service of the nation.

Now I move to 'taxation related Part B', which is something of great interest for all of us.

PART B

Mr. Speaker, Sir, I begin by thanking our taxpayers who, as responsible citizens, perform their duty by paying their taxes. It is because of their valuable contribution that our Government is able to work for our collective dream of inclusive and all-round development of our nation. I place my appreciation to the honest tax payer of India. At this juncture, I find wisdom in a line from Pura Nanooru, which is a Sangam time Tamil literature piece, a Tamil Sangam Era work and this is done by Pisirandaiyaar. The verse, "Yannai pugundha nilam", a land into which an elephant gets in, "Yannai pugundha nilam". This was sung as an advice to the king, a Pandian King, King Pandian Arivudai Nambi. The king is Arivudai Nambi and Pisirandaiyaar gives this advice to him. It is a long verse. I am only picking up the first line, some lines from the middle and the end:

"Kai nel aruthu kavalam koliney

....

....

Arivudai vendan neri arindu koliney

....

....

Parivu Thapa edukum pinndam nachin

....

....

Yanai pukka pulam pola,

thanum unnan, ulagamum kedumey."

Meaning, ...(*Interruptions*) a few mounds of rice, just a few mounds of rice, from paddy that is harvested from a small piece of land would be sufficient for the elephant. For an elephant, just a few mounds of rice cooked from paddy which is taken from a small piece of land will be sufficient. But what if the elephant itself enters into the field and starts eating? It would eat far lesser than what it will trample with its foot. I hope, the meaning is clear. So, the advice given to Pandian Arivudai Nambi is a valuable advice that this Government appreciates. If an elephant is given mounds of rice, here I would refer to taxation, it will be quite happy. It does not have to enter the field and trample to eat the food. So, we do not intend to trample anybody.

Direct Tax

Mr. Speaker, Sir, due to slew of efforts taken by our Government, the direct tax revenue has significantly increased over the past couple of years. It has increased by over 78% from 6.38 lakh crore in Financial Year 2013-14 to around 11.37 lakh crore in Financial Year 2018-19 -- from Rs. 6.38 lakh crore to Rs. 11.37 lakh crore between 2013-14 and 2018-19. It is now growing at double digit rate every year.

Let me recall and reiterate this Government's effort over the past five years to alleviate the tax burden on small and medium income earners. This includes self-employed as well as small traders, salary earners, and senior citizens. Only when their annual taxable income exceeds Rs. 5 lakh -- only when their annual taxable income exceeds Rs. 5 lakh -- they are required to pay any

income tax. The details of our efforts and achievements on this front during the past few years are given in the Annexure to the speech. I am not going into the details of it.

Hon. Speaker Sir, my tax proposals will aim to stimulate growth, incentivise affordable housing and encourage start-ups by releasing the entrepreneurial spirits. It will also be geared towards promoting digital economy. I aim to simplify tax administration and bring greater transparency.

So far as corporate tax is concerned, we continue with phased reduction in rates. Currently, the lower rate of 25 per cent is only applicable to companies having annual turnover up to Rs. 250 crore - Currently, the lower rate of 25 per cent is only applicable to companies having annual turnover up to Rs. 250 crore - I propose to widen this to include all companies having annual turnover of up to Rs. 400 crores. This will cover 99.3 per cent of all the companies. Now only 0.7 per cent of companies will remain outside this rate.

Mega Investment in Sunrise and Advanced Technology Areas

In order to boost economic growth and Make in India, the Government will launch a scheme to invite global companies through a transparent competitive bidding to set up mega manufacturing plants in sunrise and advanced technology areas such as Semi-conductor Fabrication (FAB), Solar Photo Voltaic cells, Lithium storage batteries, Solar electric charging infrastructure, Computer Servers, Laptops, etc. and provide them investment linked income tax exemptions under Section 35 AD of the Income Tax Act and other indirect tax benefits.

Electric Vehicles

Considering our large consumer base, we aim to leapfrog and envision India as a global hub of manufacturing of Electric Vehicles – a global hub of manufacturing of Electric Vehicles. Inclusion of Solar storage batteries and charging infrastructure in the above scheme will boost our efforts. Government has already moved GST Council to lower the GST rate on electric vehicles from 12 per cent to 5 per cent. Also, to make electric vehicles affordable to consumers, our Government will provide additional income tax deduction – additional income tax deduction - of Rs.1.5 lakh on the interest paid on loans taken to purchase electric vehicles. What does this mean? This amounts to a benefit of Rs.2.5 lakh over the loan period to the tax payer who takes loans to purchase electric vehicle. So, by the time the entire period of the loan ends for you, having taken the loan for buying an electric vehicle, you would benefit to the level of Rs. 2.5 lakh because of this income tax deduction which is being brought in for encouraging purchase of electric vehicles.

Start-ups

As I said when I was talking about the youth of this country, Start-ups are required and we have been consistently providing them all the encouragement. Start-ups in India are taking firm roots and their continued growth needs to be encouraged. To resolve the so-called 'angel tax' issue -- I am sure that a lot of Members are concerned on this issue -- the start-ups and their investors who file requisite declarations and provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premiums. The

issue of establishing identity of the investor and source of his funds will be resolved by putting in place a mechanism of e-verification. So, there is no man-to-man interface there. With this, the funds raised by start-ups will not require any kind of scrutiny from the Income Tax Department.

In addition, special administrative arrangements shall be made by the Central Board of Direct Taxes (CBDT) for pending assessments of start-ups and redressal of their grievances. It will be ensured that no inquiry or verification in such cases be carried out by the Assessing Officer without obtaining approval of his supervisory officer. So, the element of discretion with which start-ups were suffering has been removed. Without obtaining the approval of his Supervisory Officer, an Assessing Officer shall not worry the assessee.

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). I propose to extend this benefit to Category-II Alternative Investment Funds also. At the moment, it is available for AIFs Category – I. Now, I expand this to include Category – II AIFs also. Therefore, valuation of shares issued to these funds shall be beyond the scope of income tax scrutiny. Again, you get out of income tax scrutiny.

I also propose to relax some of the conditions for carry forward and set off of losses in the case of start-ups. I also propose to extend the period of exemption of capital gains arising from sale of residential house for investment in start-ups up to 31.3.2021 and relax certain other conditions of this exemption.

Affordable housing

Sir, now I come to affordable housing, which is an aim of this Government. For realisation of the goal of 'Housing for All' and affordable housing, a tax holiday has already been provided on the profits earned by developers of affordable housing. Also, interest paid on housing loans is allowed as a deduction to the extent of Rs. 2 lakh in respect of self-occupied property. In order to provide a further impetus, I propose to allow an additional deduction of up to Rs. 1,50,000/- for interest paid on loans borrowed up to 31st March, 2020, next year, for purchase of an affordable house valued up to Rs. 45 lakh. Therefore, a person purchasing an affordable house will now get an enhanced 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. Just as we said about the electric cars, now, we are saying that the tax deduction provision that we are coming up now with, will enable home buyers of the affordable home category that in the period of 15 years, when your home loan runs, the net gain would be Rs. 7 lakh. This will, immediately, benefit a lot of middle class.

NBFCs

Sir, a lot of discussion happens today about NBFCs. Non-banking financial companies play an increasingly important role in India's financial system. With the enhanced levels of regulation, they are subjected to by the Reserve Bank of India, there is a need to provide greater parity in their tax treatment vis-à-vis scheduled banks. Currently, interest on certain bad or

doubtful debts made by scheduled banks and other financial institutions is allowed to be offered to tax in the year in which this interest is actually received. I propose to extend this facility to deposit taking as well as systemically important non-deposit taking NBFCs also.

IFSC

To promote the International Financial Services Centre (IFSC) in GIFT City, series of measures have already been taken in the past by this Government. With a view to further incentivising the IFSC, I propose to further provide several direct tax incentives to an IFSC including 100 % profit-linked deduction under section 80-LA in any ten-year block within a fifteen-year period, exemption from dividend distribution tax from current and accumulated income to companies and mutual funds, exemptions on capital gain to Category-III AIF and interest payment on loan taken from non-residents.

Securities Transaction Tax (STT)

I propose to give relief in levy of Securities Transaction Tax (STT) by restricting it only to the difference between settlement and strike price in case of exercise of options.

Simplification and Ease of living

India's Ease of Doing Business ranking under the category of 'paying taxes' showed a significant jump from 172 in 2017 to 121 in the 2019 - from 172,

we have come to 121 which is a drastic improvement. I now propose to implement series of measures that will leverage technology to make compliance easier for the taxpayers.

Interchangeability of PAN and Aadhaar

Mr Speaker, Sir, more than 120 Crore Indians now have Aadhaar. Therefore, for ease and convenience of tax payers, I propose to make PAN and Aadhaar interchangeable and allow those who do not have PAN to file Income Tax returns by simply quoting their Aadhaar number and also use it wherever they are required to quote PAN. So, wherever you are required to quote the PAN, instead of that, you can just quote the Aadhaar number and even if you do not have a PAN, there is no problem.

Pre-filling of Income-tax Returns

Pre-filled tax returns will be made available to taxpayers which will contain details of salary income, capital gains from securities, bank interests, and dividends etc. and tax deductions. Information regarding these incomes will be collected from the concerned sources such as Banks, Stock exchanges, mutual funds, EPFO, State Registration Departments etc. This will not only significantly reduce the time taken to file a tax return, but will also ensure accuracy of reporting of income and taxes.

Faceless e-assessment

Sir, this is a very important thing about which there has been a lot of discussion. Assessors should not face any kind of harassment. The existing

system of scrutiny assessments in the Income-tax Department involves a high level of personal interaction between the taxpayer and the Department, which leads to certain undesirable practices on the part of tax officials. To eliminate such instances, and to give shape to the vision of the Hon'ble Prime Minister, a scheme of faceless assessment in electronic mode involving no human interface is being launched this year in a phased manner. To start with, such e-assessments shall be carried out in cases requiring verification of certain specified transactions or discrepancies.

Cases selected for scrutiny shall be allocated to assessment units in a random manner and notices shall be issued electronically by a Central Cell, without disclosing the name, designation or location of the Assessing Officer. The Central Cell shall be the single point of contact between the taxpayer and the Department. This new scheme of assessment will represent a paradigm shift in the functioning of the Income Tax Department.

Digital Payments

Mr. Speaker, Sir, our Government has taken a number of initiatives in the recent past for the promotion of digital payments and less cash economy. To promote digital payments further, I propose to take a slew of measures. To discourage the practice of making business payments in cash, I propose to levy TDS of 2% on cash withdrawal exceeding Rs. 1 crore in a year from a bank account.

I will repeat this. To discourage the practice of making business payments in cash, I propose to levy TDS of 2 per cent on cash withdrawal exceeding Rs.

1 crore in a year from a bank account. Further, there are low-cost digital modes of payment such as BHIM UPI, UPI-QR Code, Aadhaar Pay, certain Debits cards, NEFT, RTGS etc. which can be used to promote less cash economy. I, therefore, propose that the business establishments with annual turnover of more than Rs. 50 crore shall offer such low cost digital modes of payment to their customers and no charges or Merchant Discount Rate shall be imposed on customers as well as the merchants. -- I repeat; no charges or Merchant Discount Rate shall be imposed on customers as well as the merchants. -- RBI and Banks will absorb these costs from the savings that will accrue to them on account of handling less cash as people move to these digital modes of payment. Necessary amendments are being made in the Income Tax Act and the Payments and Settlement Systems Act, 2007 to give effect to these provisions.

Revenue Mobilization

Now about Revenue Mobilization. I am sure, it is equally a concern for all of us.

Mr. Speaker Sir, as I have stated earlier, we have taken several measures in the past to alleviate the tax burden on small and medium income-earners as those having annual income up to Rs. 5 lakh are not required to pay any income tax. We are thankful to the taxpayers who play a major role in nation building by paying their taxes. However, in view of the rising income levels, those in the highest income brackets, need to contribute more to the nation's development. I, therefore, propose to enhance the surcharge on individuals having taxable

income from Rs. 2 crore to Rs. 5 crore and Rs. 5 crore and above, so that effective tax rates for these two categories will increase by around 3 per cent and 7 per cent respectively.

Other measures

Regarding 'other measures', I also propose to simplify the tax law to reduce genuine hardships being caused to taxpayers which include enhancing threshold of tax for launching prosecution for non-filing of returns and exempting appropriate class of persons from the anti-abuse provisions of section 50CA and Section 56 of the Income Tax Act.

Indirect Taxes

Now coming to Indirect Taxes, we are aware that the landscape has changed significantly with implementation of GST. In every sense, this has been a monumental reform. -- I repeat, in every sense, this has been a monumental reform. -- Centre and States coming together and agreeing to pool in their sovereign power of taxation for common good of the country was unprecedented. 17 taxes and 13 cesses became one tax. Multitude of rates instantly became four. Almost all commodities saw rate reduction. Tens of returns were replaced by just one. Taxpayer's interface with Tax Departments got reduced. Border checks got reduced and eliminated in many cases. Goods started moving freely across States, which saved time and energy. A truck started doing two trips in the same time in which it was doing one. Thus, dream of **one nation, one tax, one market** was realized. The GST Council deserves all the credit for this.

13.00 hrs

Sir, in the initial phase, GST witnessed certain teething problems. This was natural considering the scale of the reform. However, the Council, the Centre and the States proactively worked to resolve these issues. GST rates have also been reduced significantly, where relief of about -- I repeat, relief of about – Rs. 92,000 crore per year has been given. We should not lose sight of this fact while judging the performance of the GST. The details are given in the annexure.

We are further simplifying the GST processes. A simplified single monthly return is being rolled out. Taxpayer having annual turnover of less than Rs. 5 crore shall file quarterly return. Free accounting software for return preparation has been made available to small businesses. A fully automated GST refund module shall be implemented. Multiple tax ledgers for a taxpayer shall be replaced by just one.

It is also proposed to move to an electronic invoice system wherein invoice details will be captured in a central system at the time of its issuance. This will eventually be used to prefill the taxpayer's returns. There will be no need for a separate e-way bill. Its roll out would begin from January, 2020. Electronic invoice system will significantly reduce the compliance burden.

Sir, on the Customs side my proposals are driven with the objectives of securing our borders, achieving higher domestic value addition through 'Make in India', reducing import dependence, protection to MSME sector, promoting clean energy, curbing non-essential imports, and correcting inversions.

Defence has an immediate requirement of modernisation and upgradation. This is a national priority. For this purpose, import of defence equipment that are not being manufactured in India, are being exempted from the basic customs duty.

'Make in India' is a cherished goal. In order to provide domestic industry a level playing field, basic customs duty is being 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 and so on. Also, exemptions from custom duty on certain electronic items which are now being manufactured in India are being withdrawn. Further, end use based exemptions on palm stearin, fatty oils, and exemptions to various kinds of papers are also being withdrawn. To encourage domestic publishing and printing industry, 5 per cent customs duty is being imposed on imported books.

To further promote domestic manufacturing, customs duty reductions are being proposed on certain raw materials and capital goods. These include certain inputs of CRGO sheets, amorphous alloy ribbon, ethylene di-chloride, propylene oxide, cobalt matte, naphtha, wool fibres, inputs for manufacture of artificial kidney and disposable sterilised dialyser, and fuels for nuclear power plants. To further incentivise e-mobility, customs duty is being exempted on certain parts of electric vehicles. Customs duty is also being exempted on capital goods required for manufacture of specified electronic goods.

Sir, the export duty is being rationalised on raw and finished leather to provide relief to this sector.

Crude prices have softened from their highs. This gives me room to review excise duty and cess on petrol and diesel. I propose to increase Special Additional Excise duty and Road and Infrastructure Cess each by one Rupee a litre on petrol and diesel. ...(*Interruptions*) It is also proposed to increase custom duty on gold and other precious metals from 10 per cent to 12.5 per cent.

Tobacco products and crude attract National Calamity and Contingent duty. In certain cases, this levy has been contested on the ground that there is no basic excise duty on these items. To address this issue, a nominal basic excise duty is being imposed.

I am also proposing few amendments to the Customs Act. Recent trends reveal that certain bogus entities are resorting to unfair practices to avail undue concessions and export incentives. While we have intensified our efforts against such nefarious activities, provisions are being incorporated in the Act for enhanced penalty and prosecution for such offences. Further, misuse of duty-free scrips and drawback facility involving more than fifty lakh rupees will be a cognizable and non-bailable offence.

GST has just completed two years. An area that concerns me is that we have huge pending litigations from pre-GST regime. More than 3.75 lakh crore of rupees is blocked in litigations in service tax and excise. There is a need to unload this baggage and allow businesses to move on. I, therefore, propose, a Legacy Dispute Resolution Scheme that will allow quick closure of these

litigations. I would urge the trade and business to avail this opportunity and be free from legacy litigations.

The details of my tax proposals are given in the Annexure.

Mr. Speaker Sir, I thank you for this opportunity. With these words I commend the Budget to this august House.

I would just like to mention that I have not mentioned specific allocations for the schemes and programmes. All these details are available in the Budget documents as much as in my Speech's annexure. I also take this opportunity to thank for the response that we have received from crowd sourcing of ideas for the Budget. Immense suggestions from common citizens reached us. We have benefitted from the crowd sourcing. One last mention which is more for the curiosity's sake is the Fiscal Deficit this year is 3.3 per cent, brought down from 3.4 per cent. Thank you.

13.09 hrs

STATEMENTS RE:

**(i) MEDIUM-TERM FISCAL POLICY
CUM FISCAL POLICY STRATEGY
AND**

(ii) MACRO-ECONOMIC FRAMEWORK*

[English]

THE MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS

(SHRIMATI NIRMALA SITHARAMAN): I beg to lay on the Table the following Statements under section 3(1) of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003:-

1. Medium-term Fiscal Policy cum Fiscal Policy Strategy Statement; and
2. Macro-economic Framework Statement.

* Laid on the Table and also placed in Library, See No. LT 17/17/2019.

13.10 hrs

FINANCE (NO.2) BILL, 2019*

[English]

THE MINISTER OF FINANCE AND MINISTER OF CORPORATE AFFAIRS (SHRIMATI NIRMALA SITHARAMAN): I beg to move for leave to introduce a Bill to give effect to the financial proposals of the Central Government for the financial year 2019-2020.

[Translation]

HON.SPEAKER: The Question is:

“That leave be granted to introduce a Bill to give effect to the financial proposals of the central Government for the financial year 2019-2020.”

The motion was adopted

[English]

SHRIMATI NIRMALA SITHARAMAN: I introduce** the Bill.

[Translation]

HON. SPEAKER: The Finance (Number 2) Bill 2019 was introduced.

* Published in the Gazette of India, Extraordinary, Part-II, Section-2, dated 5.7.2019.

** Introduced with the recommendation of the President.

[Translation]

HON. SPEAKER: Hon Members, I, on behalf of the House would like to congratulate the First full-time woman Finance Minister of the country for presenting the Budget. I would also like to congratulate all the Hon. Members for the manner in which they peacefully listened to the first budget speech of the Government for 2 hours and 15 minutes.

The House is adjourned till 11 O'clock in the morning on Monday 8 July, 2019.

13.11 hrs

*The Lok Sabha then adjourned till Eleven of the Clock
on Monday, July 8, 2019/ Ashadha 17, 1941(Saka)*

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