



ECONOMICS - PART 2

BUDGET 2019-2020

Infrastructure Rental Housing

- Rental housing to be promoted
- 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 be finalized soon

Infrastructure: Surplus land with PSUs

- Central Ministries and CPSUs have surplus land
- Large public infrastructure can be built on such surplus land.
- Through innovative instruments such as joint development and concession, public infrastructure and affordable housing will be taken up

Infrastructure

- Railway infrastructure would need an investment of ₹ 50 lakh crores between 2018 and 2030. PPP to be used to unleash faster development and the delivery of passenger freight services.
- Comprehensive restructuring of National Highways Programme will be done, to ensure the creation of National Highways Grid of desirable capacity. Government envisions using rivers for cargo transport. It will also decongest roads and railways.

Investment needs of Infrastructure

- Infrastructure creation needs low cost capital
- India requires investment of ₹ 20 lakh crores every year
- A Credit Guarantee Enhancement Corporation is being set up in 2019-20
- Long term bonds, credit default swaps etc. with specific focus on infrastructure sector will be put in place
- It is proposed to permit investments made by FII's in debt securities issued by Infrastructure Debt Fund- NBFC to be sold to any domestic investor within the specified lock-in period.

Investment needs of Infrastructure

- Corporate Debt markets are crucial for the Infrastructure sector
- 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)

Infrastructure Spending

- Aim is to invest ₹ 100 lakh crore in infrastructure over the next five years.
- It is proposed to set up a expert committee to study the current situation relating to long-term finance and our past experience with development finance institutions, and recommend the structure and required flow of funds through development finance institution

Banking & Financial Sector

Banking

- NPAs of commercial banks have reduced by over ₹ 1 lakh crore over the last year
- Record recovery of over ₹ 4 lakh crore due to IBC
- Provision coverage ratio is now at its highest in 7 years
- Domestic credit growth has risen to 13.8%
- Consolidation of Banks, reducing the number of Public Sector Banks by 8.
- Six Public Sector Banks have been enabled to come out of Prompt Corrective Action Framework.

Banking

- PSB are now proposed to be further provided ₹ 70,000 crore capital to boost credit for a strong impetus to the economy.
- To further improve ease of living, the Banks will leverage technology, offering online personal loans and doorstep banking and enabling customers of one Public Sector Bank to access services across all public sector banks
- Government will initiate steps to empower accountholders to remedy the current situation in which they do not have control over deposit of cash by others in their account
- Reforms will also be undertaken to strengthen governance in Public Sector Banks

Banking- NCMC

- NCMC: National Common Mobility Card
- Launched by PM in March 2019
- India's first indigenously developed payment ecosystem for transport
- The card 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

Banking

- A new series of coins of ₹ 1, 2, 5, 10, 20 which were released by the PM on 7th March 2019 will be made available for public use shortly. These coins are easily identifiable to visually impaired.

NBFCs (Non-banking financial companies)

- NBFCs plays an increasingly important role in India's financial system
- NBFCs are playing an extremely important role in sustaining consumption demand as well as capital formation in small and medium industrial segment
- They should continue to get funding from banks and mutual funds
- There is a need to provide greater parity in their tax treatment vis-à-vis schedule banks.
- Now NBFCs will also allowed to pay tax on interest on certain bad or doubtful debts in the year in which this interest is actually received

NBFCs (Non-banking financial companies)

- For purchase of high-rated pooled assets of financially sound NBFCs, amounting to a total of Rupees one lakh crore 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%
- The powers of RBI are being enhanced for controlling NBFCs.
- 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. This condition of maintaining DRR will be done away with to allow NBFCs to raise funds in public issues.

NBFCs (Non-banking financial companies)

- 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
- National Housing Bank (NHB), besides being the refinancer and lender, is also regulator of the housing finance sector. This gives a somewhat conflicting and difficult mandate to NBH. The regulating authority is being given to RBI.

Pension Fund Regulatory and Development Authority (PFRDA)

- 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.

International Insurance transactions

- 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 ₹ 5000 crore to ₹ 1000 crore.

Pension Benefits

Pension Benefits to Traders /workers

- Pradhan Mantri Karam Yogi Maandhan Scheme launched
- Under this scheme pension benefits will be extended to about three crore retail traders & small shopkeepers whose annual turnover is less than ₹ 1.5 crore.
- Pradhan Mantri Shram Yogi Maandhan was launched on 5th march, 2019. The scheme aims at providing ₹ 3000 per month as pension on attaining the age of 60 crores of workers in unorganized and informal sectors
- About 30 lakh workers have joined the scheme.

Ease of Living

Ease of Living

- Government's aim is to bring greater ease of living in the lives of its citizen
- For good quality of life and ease of living, maintaining a cleaner environment and ensuring sustainable energy use is vital
- A massive programme of replacing of incandescent bulbs and CFL bulbs by LED bulbs was launched. About 35 crore LED bulbs were distributed under UJALA Yojana. This has led to saving of ₹ 18,341 crores annually.
- Mission LED method is being used to promote the use of solar stoves and battery chargers in the country.

Ease of Living

- To make railway travel a pleasant and satisfying experience for the common citizen, a massive programme of railway stations modernization is launched this year.

Start-Ups

Start-Ups

- At present startups are not required to justify fair market value of their shares issued to certain investors including category 1 alternative investment funds. This benefit is extended to category 2 alternative investment funds also.
- To resolve the so called Angel Tax issue, the startups & their investors who file requisite declaration & provide information in their returns will not be subjected to any kind of scrutiny in respect of valuations of share premiums

Start-ups

- A television programme exclusively for start-ups will be launched under DD
- 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
- The channel shall be designed and executed by start-ups themselves

Stand-Up India Scheme

- Stand-Up India Scheme has delivered enormous benefits.
- The country is witnessing emergence of thousands of entrepreneurs from women and also from the SC & ST.
- Capital is provided under Stand-Up India Scheme.
- The scheme will be continued upto 2025.
- The banks will provide financial assistance for demand based businesses, including for example for acquisition of scavenging machines and robots.

Stand-Up India Scheme

- The Stand Up India Scheme has made human dignity and self esteem go up. “Kayakave Kailasa”
- The Ministry of Petroleum & Natural Gas has enabled SC/ST entrepreneurs in providing Bulk LPG Transportation
- In a matter of two years over 300 entrepreneurs have emerged.
- Machines and Robots have been deployed to do scavenging
- The synthesis between stand up and start up with commercial banks playing the catalyst has brought this transformational change.

- Thank You