

# Interim Budget 2019—Balancing Short-Term Needs of Economy with Long-Term Vision 2030

A manifestation of the motto '*sab ka sath sab ka vikas*,' the Interim Budget 2019 also has two distinctions of its own, one of them related to ICAI and Indian accountancy profession. Firstly, it has not only lived up to the populist expectations but has also well balanced the short-to-medium term objectives of economy with the long term ten-dimensional vision 2030. Secondly, it has an element of pride for ICAI and Indian Accountancy Profession as it is for the first time in the annals of history that it has been presented by a Chartered Accountant—CA. Piyush Goyal.

*The Federal Budget is actually a vision for macro-economic policy promoting overall economic growth*, so goes an economics saying: In that spirit, the Interim Budget aims at fulfilling the aspirations of a changing India in the backdrop of the signs of economic revival in clear sight. It echoes the government's commitment to substantially boost investment across the agricultural, social, education and health sectors as well as promote welfare of the economically weaker, rural and the urban middle class.

As per the Government's vision reflected through Interim Budget, India is poised to become a Five Trillion Dollar Economy in the next five years and become a Ten Trillion Dollar Economy in the next 8 years thereafter. This is proposed to be achieved through a comprehensive ten dimensional vision. This vision includes building physical as well as social infrastructure, creating a Digital India reaching every sector of the economy, becoming a major source of energy supply, employing micro-irrigation techniques, developing inland waterways, becoming the launchpad of satellites, working towards distress-free health care and last, but not the least, transforming India into a *Minimum Government Maximum Governance* nation.

Taking forward the digital India mission to the next level, the government made full use of Interim Budget by mooted another revolutionary measure in digitalising the tax assessments and verification of ITRs filed by the taxpayer. In a welcome move, Finance Minister announced the I-T department's upcoming project wherein the Returns would be processed within 24 hours and refunds, if any, will be issued simultaneously. Further, it was announced that within the next two years, almost all verification and assessment of ITRs will be done electronically by an anonymised back office consisting of tax experts and officials, without any personal interface between the taxpayers and the tax officers.

In order to pass on the benefit of tax reforms to tax payers, a number of tax proposals have been introduced in this interim budget favouring small taxpayers, especially

middle class salary earners, pensioners, and senior citizens. The beneficial tax proposals include complete tax rebate for individual taxpayers having total income up to ₹ 5 lakhs, increase in standard deduction from ₹ 40,000 to ₹ 50,000, extension of benefit of Nil annual value for self-occupation to two residential houses and increase in TDS threshold on interest earned on bank/post office deposits from ₹ 10,000 to ₹ 40,000 and on rent from ₹ 1,80,000 to ₹ 2,40,000. Further, investment in two residential houses would be permissible for claiming capital gains exemption under section 54. Overall, the budget proposals on the personal taxation front would put more money in the pockets of small taxpayers and increase their purchasing power. The direct tax proposals put forth in the budget have firmly portrayed the government's intent to speed up the momentum of the buoyancy in direct taxes and expanding the taxpayer base, with suitable respites.

Despite India emerging as one of the fastest growing economies, the bane of inequality and exclusion continues to confront it. The interim budget should be seen as an attempt to arrest this trend, and also as an effort to connect India's long-term socio-economic vision with what the world wants to achieve by 2030. It is broadly agreed that some success in the context of Millennium Development goals was largely because of the contribution of China. However, now the world looks upon India for the success of global Sustainable Development Goals. It is in this background that the proposals in the interim budget mainly focused on empowerment of farmers and impoverished, strengthening of local manufacturing capacities, enhancing the use of STI (Science, Technology and Innovation) and capturing the potential of the blue economy with the promotion of inter-sectoral connect. In this regard, the proposed Pradhan Mantri Kisan Samman Yojana (PM-Kisan) has emerged as an important policy instrument.

However, on the other hand, expending money for reliefs is needed to be compensated with parallel revenue generation. It remains critical that we continue to move on the path of fiscal consolidation and it is something that should get proper attention of policy makers.

All in all, the Interim Budget offers right direction to the economic vision of India. In this regard, the CA fraternity in India has all the right skills and wherewithal to push forward the economic agenda of the country, particularly with respect to achieving a moderate taxation-high compliance regime. Let's recall Prime Minister Shri Narendra Modi when he had called Indian CAs as the '*pillars and saints and sages* of Indian economy'. TOGETHER WE CAN!

—Editorial Board (ICAI – Partner in Nation Building)