<table>
<thead>
<tr>
<th>S. No</th>
<th>News Articles</th>
<th>Page Number*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Step by Step</strong></td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td><strong>Zero Budget for farmers; no drought relief</strong></td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td><strong>Slew of steps to boost digital payments</strong></td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td><strong>Aadhaar can be interchanged with PAN for filing tax returns</strong></td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td><strong>Fiscal deficit target revised downwards to 3.3%</strong></td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td><strong>Practice cum Revision - MCQs</strong></td>
<td>@end of the video</td>
</tr>
</tbody>
</table>

*C – Chennai; B – Bengaluru; D – Delhi; T – Thiruvananthapuram
Constitution based budget documents:
1. Annual Financial Statement (Article 112)
2. Demand for Grants (Article 113)
3. Finance Bill (Article 110 (1)(a))

- **Annual Financial Statement:**
  - Consists of estimated receipts and expenditure of the Government of India for the year 2019-2020
  - Consolidated Fund of India, Contingency Fund of India, Public Account of India

- **Demand for Grants:**
  - Expenditure 'made' from Consolidated Fund of India - has to be voted by Lok Sabha
  - Expenditure 'charged upon' Consolidated Fund of India - non-voteable

- **Finance Bill**
  - details the imposition, abolition, remission, alteration and regulation of taxes.

FRBM Act based statements/documents
- Macroeconomic Framework Statement
- Medium-term Fiscal Policy and Fiscal Policy Strategy Statement

- **Outcome Budget:**
  - With effect from Financial year 2007-08
    - Separately by Ministries/Departments
  - Since Fy 2017-18,
    - Outcome budget of all Ministries - combined in a single document
  - Brought out by Min. of Finance, in collaboration with NITI Aayog
  - Consists of clearly defined outputs and outcomes of Central Sector schemes and Centrally Sponsored Schemes for present financial year.
Other Budget Documents:
- Expenditure budget, Receipts budget, expenditure profile, budget at a glance and memorandum explaining provisions of Finance Bill.
- It return can be filed using Aadhaar
- Customs duty raised for gold and other precious metals.
  - tax levied on the imports
- Excise duty hiked for fuel.
- Indirect tax - on goods manufactured in India.
- Rs. 1 lakh loan to one woman in every 500.
  - Mudra loans - extended for purposes that provide income generation and employment creation in
    - Manufacturing
    - Retail and Agri allied activities.

Expansion of Swachh Bharat Mission to undertake Solid Waste Management in all villages.
- RBI - to be the regulator for Housing Finance Sector
  - Regulatory role to be strengthened with respect to NBFCs.
- GST for Electric Vehicles - 12% → 5%
  - Section 80EEB in Income Tax Act
- Corporate tax lowered - Companies with annual turnover of less than 400 crores.
- Startups Relieved from ‘Angel Tax’
  - Share price/premium in excess of fair market value → taxed under “Income from other Sources” → Angel Tax.

“Zero Budget for farmers; no drought relief”

Part B—Main Examination
PAPER-III
General Studies- II: Governance, Constitution, Policy, Social Justice and International relations.
- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- Welfare schemes for vulnerable sections of the population by the Centre and States and the performance of these schemes;
- Issues relating to poverty and hunger.

Part IV
- Indian Economy and issues relating to planning, mobilization, of resources, growth, development and employment.
- Inclusive growth and issues arising from it.
- Government Budgeting.
- Major crops-cropping patterns in various parts of the country, - different types of irrigation and irrigation systems storage, transport and marketing of agricultural produce and issues and related constraints; e-technology in the aid of farmers.
Agricultural Sector:

1. National Agriculture Market (e-NAM):
   - Union government will work with State Government to allow farmers to benefit from e-NAM
   - Pan-India electronic trading portal
   - Networking of existing APMC mands
   - Unified National Market for agricultural commodities
   - Lead Agency for Small Farmers Agribusiness Implementation Consortium (SFAC)
   - Uniformity in Agriculture Marketing
     - Streamlining procedures across integrated markets
     - Removing information asymmetry between buyer and seller
     - Promoting real-time price discovery

2. To form 10,000 Farmer Producer Organisations
   - To ensure economies of scale in next 5 years

3. Go back to ‘Zero Budget Farming’
   - Zero Budget Natural Farming – Set of farming methods
   - Ends reliance of farmers on loans and drastically cuts production costs
   - ‘Budget’ → Credit and expenses
     - ‘Zero Budget’ → Without using credit
     - Without spending on purchased inputs
     - ‘Natural Farming’ → Without use of chemicals

4. 4 pillars:
   a) Jwanmrita / Jeeramrutham
      - Fermented microbial culture
   b) Bijamrita / Beegamrutham
      - Treatment for seed, seedlings or any planting material
   c) Aachadana - Mulching
      - To enrich or insulate soil
   d) Whapasa - Moisture
      - Air & Water molecules in soil

8. Farmers groups → ignored their concerns
   - No special concern on drought

9. Agriculture Ministry’s Budget → doubled
   - Lion’s share → PM-KISAN
     - Budget Allocated → ₹ 75,000 crores
     - Budget Required → ₹ 87,000 crores

10. Focus on Agriculture Infrastructure
    - Support to private entrepreneurship
     - Value addition to farmer’s produce, allied activities, generating renewable energy
     - ‘Annadata can also be Ujwadeta’
    - Dairying through co-operatives
     - Infrastructure for cattle feed manufacturing
     - Milk procurement, processing and marketing
    - Farmer Welfare Schemes
     - Crop Insurance, market intervention & price support and PM-NAPSA scheme
PM - PASHA:
- Budget allocated - ₹ 1500 crore
- Ensures remunerative prices to farmers for their produce

**PM - PASHA**

- Price Support Scheme (PSS)
- Price Deficiency Payments Scheme (PDPS)
- Private Procurement & Stockists Scheme (PPSS)
- Physical Procurement of pulse, oilseeds & copra
- Oilseeds covered by MSP
- Difference will be paid

CASHLESS FUTURE

**Slew of steps to boost digital payments**

Minister proposes tax on cash withdrawals exceeding ₹ 1 crore in one year

- To push digital payments, Finance Minister Nirmala Sitharaman announced multiple measures in her maiden budget, including levy of 2% tax delineated at source, withdrawal exceeding ₹ 1 crore in a year.
- "To promote digital payments further, I propose to take a step of measures. To discourage the practice of making untethered payments in cash, I propose to levy 10% of 1% on cash withdrawal exceeding ₹ 1 crore in a year from a bank account," she added.

Note: The coverage of digital payments in cash, such as through ATMs, UPI, and Debit cards, MSME and MSME cards will be also used to promote a low cash economy, she added.

---

**Part A — Preliminary Examination**

**Paper I — (200 marks)**

- Current events of national and international importance.
- Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

**Part B — Main Examination**

**PAPER-III**

General Studies-II: Governance, Constitution, Polity, Social Justice and International relations.

- Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
- Important aspects of governance, transparency and accountability, e-governance applications, models, successes, limitations, and potential; citizen’s charters, transparency & accountability and institutional and other measures.

**PAPER-IV**


- Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.
- Government Budgeting.
Business establishments of annual turnover more than 50 crore

- Should not impose charges on customers for using digital mode for payments

- Merchant Discount Rate: Charge obtained from a merchant by a bank - debit and credit cards
- Payment Infrastructure - PoS machines, internet facility, etc.
- Merchant account with Bank

- Costs from the customers will be absorbed by the Reserve Bank of India
- from the savings generated because of handling less cash

Payments options such as BHIM-UPI, UPI, QR Code, Aadhaar Pay, certain Debit cards, NEFT, RTGS - has to be provided by such merchants.

A tax on cash withdrawals?

- Cash withdrawals more than 1 crore in a year, in a bank account
- 2% → tax deducted at source
- to discourage withdrawal of cash notes

News:

- Union Budget 2019-20 has proposed to make Aadhaar interchangeable with PAN
- ease and convenience of tax payers
- filing of income tax returns using Aadhaar number

Aadhaar Number:

- 12-digit number - issued by UIDAI to residents of India
- after satisfying the verification process
- Person’s willing - to provide minimal demographic and biometric information

**DEMOGRAPHIC**
- Name
- Gender
- D.o.B
- Address
- Age
- Mobile No
- E-mail ID

**BIOMETRIC**
- 10 fingerprints
- 2 Iris Scans
- Facial Photograph
Can enrol only once → Unique No
Cannot be duplicated
Primary identifier to roll out government welfare schemes and programmes
Proof of identity - does not confer any right of citizenship or domicile

News - “Allotting Aadhaar to NRIs with passport, arriving in India, within 180 days”

- Aadhaar (Targeted delivery of Financial and other Subsidies, Benefits and Services) Act, 2016
  - Resident individual can obtain Aadhaar
    - ‘Resided in India for a period or periods of 182 days or more’
  - Preceding the date of enrolment
  - Presently NRIs have to wait 180 days to apply for Aadhaar

PAN:
- Permanent Account Number
- 10-digit alpha numeric identifier
- Issued by Income Tax Department
- To file income tax returns for themselves or on behalf of others
  - Mandatory to provide PAN
- Income Tax Return:
  - Prescribed form - particulars of income in a financial year & taxes paid on such income, communicated to I-T Department
  - Different for different States & nature of income
  - Duty of a citizen
  - Validation of credit worthiness
  - Not filing is a crime - attracts interests, penalty & prosecution

Many do not have PAN
- Now they can use Aadhaar
- Aadhaar just an alternative, not a replacement
Fiscal deficit target revised downwards to 3.3%

Ratings agencies and analysts say there is a risk of missing the 3.3% target if tax revenues fall short of the target.

"This (the fiscal deficit target) has been revised downwards to 3.3% in line with the government's aim of maintaining a fiscal deficit of 3.3% of GDP in the financial year 2019-20, lower than the 3.4% estimated earlier in the Union Budget presented in February.

The main reason for this is an increase in the revenue side, while the expenditure side remains controlled, Finance Secretary Halkesh Chandras Garg said. Ratings agencies and tax analysts warned there is a risk of missing the 3.3% target if tax revenues fall short of the target.

"There is also an increase in the revenue side as we are expecting more dividend.

"No relief on the expenditure side, he said, the interest burden is more or less the same as in the interim budget. All of this put together gives a net deficit of about 3.3% of GDP in the fiscal year 2019-20, he said. "This brings down the fiscal deficit to 3.3% from 3.4%.

"The government is aiming to lower the central government deficit to 3.3% of GDP in fiscal 2020 from 3.4% in fiscal 2019" Garg said.

To manage fiscal deficit, ↑ revenues or ↓ expenditures

Part A—Preliminary Examination

Paper I - (200 marks)

1. Current events of national and international importance.
2. Economic and Social Development-Sustainable Development, Poverty, Inclusion, Demographics, Social Sector Initiatives, etc.

Part B—Main Examination

Paper IV

General Studies-III: Technology, Economic Development, Biodiversity, Environment, Security and Disaster Management

- Indian Economy and issues relating to planning, mobilisation, of resources, growth, development and employment.
- Government Budgeting.

Cut in Swachh Bharat
- ₹ 4344 crores (B4)

Economic Survey 2018-19
- ₹ 41.1 lakh crore
- Reduction in tax receipts

B1. Revenue Receipts

C1. Tax Revenues
  - Income Tax (c)
  - Wealth Tax (c)
  - Dividend (c)
  - Custom Duties (c)
  - Other Taxes / Duties (c)

Fr 2019-20 (b) ↓ 14.5% (CD)
Fr 2018-19 (c) ↑ 15.2 (c)

C2. Non-Tax Revenues
  - Interest
  - Profits
  - Dividends
  - Grants, in. Aid

C3. Other Non-tax Receipts
  - Fiscal Services
  - Social Services
  - Other Services (General)

Fiscal Deficit = Total Expenditure - Total Receipts except Borrowings and other Liabilities

Fiscal Deficit = Total Expenditure - Total Receipts except Debt Capital Receipts
Practice Question – Prelims
Q1. Which of the following is correct with respect to the Union Budget presented by the Finance Minister?
   a) The Budget documents does not include the Demand for Grants under article 113 of Indian Constitution
   b) The Term ‘budget’ is found in the Constitution of India
   c) The Annual Financial Statement which is a part of the Budget, is mentioned in Indian Constitution, under Article 112 of the Constitution of India
   d) All the above are correct

Practice Question – Prelims
Q2. Which of the following is a measure of promoting digital transactions?
   a) A levy of 2 percent of tax deduction at source if digital payments made in a bank account exceeds 1 crore in a year.
   b) A levy of Merchant Discount Rate on a merchant having a turnover of more than 50 crore per annum.
   c) Deduction of some amount as charges for carrying out digital transactions through internet banking.
   d) A levy of 2 percent as tax deducted at source if cash withdrawals from a bank account exceeds 1 crore in a year.

Practice Question – Prelims
Q3. Consider the following statements.
   1. Permanent Account Number (PAN) is a 12-digit random number that is issued by the Income Tax Department.
   2. It is compulsory to quote PAN on return of income.
   Which among the above statements is/are correct?
   a) 1 only
   b) 2 only
   c) Both 1 and 2
   d) Neither 1 nor 2

Practice Question – Prelims
Q4. Which of the following is not a reason for decrease in the fiscal deficit?
   a) Increase in the disinvestment proceeds
   b) Decrease in the non-tax revenues
   c) Decrease in the expenditure of social sector schemes
   d) Increase in customs duty

Practice Question – Prelims
06 July 2019
1. Option – c
2. Option – d
3. Option – b
4. Option – b