



# Union Budget 2019

*Infrastructure Sector*

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New Delhi  
July 2019

July 9, 2019

### **Announcements in the Union Budget 2019 relating to the Infrastructure Sector**

By keeping the focus firmly on the infrastructure sector, the government has made its intention clear that it will continue its efforts to catalyse investment in the core infrastructure sectors. The connectivity theme in the Budget is unmistakable with the govt putting its weight behind projects such as industrial corridors, DFC, Bharatmala, Sagarmala and UDAN schemes which have and will continue to improve connectivity and increase competitiveness. Aviation gets coverage through higher FDI, facilitating maintenance, repair and operations (MRO). Power sector comes back in focus with the planned One Nation One Power Grid, National Gas Grid and DISCOM reforms. Large Public-Private participation envisaged in developing railway infrastructure in addition to the budgetary allocation.

#### **Below is a snapshot of key budgetary announcements relating to the infrastructure sector in the Union Budget 2019:**

- Massive push given 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.
- State road networks to be developed in second phase of Bharatmala project.
- Navigational capacity of Ganga to be enhanced via multi modal terminals at Sahibganj and Haldia and a navigational lock at Farakka by 2019-20, under Jal Marg Vikas Project.
- Rs. 50 lakh crore investment needed in Railway Infrastructure during 2018-2030.
- Public-Private-Partnership proposed for development and completion of tracks, rolling stock manufacturing and delivery of passenger freight services.
- Policy interventions to be made for the development of Maintenance, Repair and Overhaul (MRO), to achieve self-reliance in aviation segment.
- Regulatory roadmap for making India a hub for aircraft financing and leasing activities from Indian shores, to be laid by the Government.
- Outlay of Rs. 10,000 crore for 3 years approved for Phase-II of FAME Scheme.
- Upfront incentive proposed on purchase and charging infrastructure, to encourage faster adoption of Electric Vehicles. Only advanced-battery-operated and registered e-vehicles to be incentivized under FAME Scheme.
- National Highway Programme to be restructured to ensure a National Highway Grid, using a financeable model.
- Power at affordable rates to states ensured under “One Nation, One Grid”.
- Blueprints to be made available for gas grids, water grids, i-ways, and regional airports.

- High Level Empowered Committee (HLEC) recommendations for the power sector to be implemented.
- Retirement of old & inefficient power plants.
- Addressing low utilization of gas plant capacity due to paucity of Natural Gas.
- Cross subsidy surcharges, undesirable duties on open access sales or captive generation for industrial and other bulk power consumers to be removed under Ujjwal DISCOM Assurance Yojana (UDAY).
- Package of power sector tariff and structural reforms to be announced soon.
- Joint development and concession mechanisms to be used for public infrastructure and affordable housing on land parcels held by the Central Government and CPSEs.

### **Infrastructure Financing**

- Measures to enhance the sources of capital for infrastructure financing:
- Credit Guarantee Enhancement Corporation to be set up in 2019-2020.
- Action plan to be put in place to deepen the market for long term bonds with focus on infrastructure.
- Proposed transfer/sale of investments by FIIs/FPIs (in debt securities issued by IDFNBFCS) to any domestic investor within the specified lock-in period.

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