

Key Highlights of Union Budget 2018-19

Finance Minister **Shri Arun Jaitley** presented the general budget **2018-19** in the Parliament. He has laid more emphasis on the Agricultural sector and stressed on the focus of government towards Employment Generation in 2018-19.

The Key points mentioned by the Finance minister:

- Improvement in **Foreign Direct Investment**.
- Recent **re-capitalization** of Public Sector Banks is expected to extent great support to Growth.
- Service Sector at more than 8% growth rate. And the Manufacturing sector is on a good growth.
- Total Revised Estimates for expenditure in 2017-18 are 21.57 lakh crore (net of GST compensation transfers to the States) as against the Budget Estimates of ₹21.47 lakh crore
- Revised Fiscal Deficit estimates for 2017-18 are ₹5.95 lakh crore at 3.5% of GDP.
- Fiscal Deficit for 2016-17 was 3.5% of GDP. A Fiscal Deficit of **3.3%** of GDP is projected by the Finance Minister for the year 2018-19.

AGRICULTURE AND ALLIED SECTORS

- Indian Agricultural Production achieved a record high level with food grain production - 275 million tonnes and fruits and Vegetables - **300 million tonnes**
- 470 Agricultural Produce Market Committees have been connected to **e-NAM network** and rest will be connected by March, 2018.
- Existing 22,000 rural Haats will be upgraded and developed into **Gramin Agricultural Markets (GrAMs)**. In these GrAMs, the physical infrastructure will be strengthened using MGNREGA and other Government Schemes.
- An Agri-Market Infrastructure Fund with a corpus of ₹2000 crore will be set up for developing and upgrading agricultural marketing infrastructure in the 22000 Gramin Agricultural Markets (GrAMs) and 585 APMCs
- A sum of ₹200 crore is allocated to support organized cultivation and associated industry
- **Prime Minister Krishi Sampada Yojana** is a flagship programme aimed at boosting investment in food processing
- Allocation of Ministry of Food Processing is being doubled to ₹1400 crore in 2018-19.
- Government proposed to launch an **“Operation Greens”** and a sum of ₹500 crore is allocated for this purpose to promote Farmer Producers Organizations (FPOs), Agri-logistics, Processing facilities and professional management.

- It is planned to liberalize the export of agri-commodities and also set up state-of-the-art testing facilities in all the **42 Mega Food Parks**
- Government proposed to extend the facility of **Kisan Credit Cards** to fisheries and animal husbandry farmers to help them meet their working capital needs.
- **Bamboo** is phrased as '**Green Gold**'.
- Bamboo grown outside forest areas has been eliminated from the definition of trees. It is proposed to launch a Re-Structured National Bamboo Mission with an outlay of ₹1290 crore to promote bamboo sector in a holistic manner.
- It is planned to expand the Scope of a Long-Term Irrigation Fund (LTIF) would be to cover specified command area development projects.
- It is Proposed to set up a two funds with an outlay of ₹10,000 Crore
- **Fisheries and Aquaculture Infrastructure Development Fund (FAIDF)** for Fisheries Sector
- **Animal Husbandry Infrastructure Development Fund** for financing infrastructure requirement of Animal Husbandry sector.
- The volume of institutional credit for agriculture sector from year-to-year from ₹8.5 lakh crore in 2014-15 to ₹10 lakh crore in 2017-18. It is proposed to raise this to ₹11 lakh crore for the year 2018-19.

RURAL DEVELOPMENT:

- It is proposed to increase the target of providing free LPG connection to 8 crore poor women under **Prime Minister's Ujjwala Scheme** to make poor women free from the smoke of wood.
- An amount of ₹16,000 Crore is being spent under **Prime Minister Saubhagya Yojana** for providing electricity to 4 Crore households of the country free of charge.
- Government has already constructed more than ₹6 crore toilets under **Swachh Bharat Mission** and is planning to further construct around ₹2 crore toilets.
- **Under Prime Minister Awas Scheme Rural Houses** planned in 2017-18 is ₹51 lakhs and ₹51 lakh houses during 2018-19 which is more than one crore houses will be constructed exclusively in rural areas. In urban areas the assistance has been sanctioned to construct ₹37 lakh houses.
- It is proposed to establish a dedicated **Affordable Housing Fund (AHF)** in National Housing Bank, funded from priority sector lending shortfall and fully serviced bonds authorized by the Government of India.
- Loans to Self Help Groups of women increased to about ₹42,500 crore in 2016-17.
- It is anticipated that the loans to SHGs will increase to ₹75,000 crore by March, 2019. Substantially an increase in allocation of National Rural Livelihood Mission to ₹5750 crore in 2018-19 is proposed.
- An amount of ₹2,600 Crore is allocated for Ground water irrigation scheme under **Prime Minister Krishi Sinchai Yojna- Har Khet ko Pani** will be taken up in 96 deprived irrigation districts where less than 30% of the land holdings gets assured irrigation presently.

• In the year 2018-19, for creation of livelihood and infrastructure in rural areas, total amount to be spent by the Ministries will be ₹14.34 lakh crore, including extra-budgetary and non-budgetary resources of ₹11.98 lakh crore it is anticipated that this expenditure will create employment of ₹321 crore person days, ₹3.17 lakh kilometers of rural roads, ₹51 lakh new rural houses, ₹1.88 crore toilets, and provide ₹1.75 crore new household electric connections besides boosting agricultural growth.

HEALTH AND SOCIAL BENEFITS

- Allocation on **National Social Assistance Programme** this year has been earmarked at ₹9975 crore
- Two major Initiatives: **Ayushman Bharat programme** , **National Health Protection Scheme**
- Ayushman Bharat programme is aimed at making path breaking interventions to address health holistically, in primary, secondary and tertiary care system covering both prevention and health promotion. ₹1200 Crore is outlayed for this flagship programme.
- National Health Protection Scheme to cover over ₹10 crore poor and vulnerable families providing coverage upto ₹5 lakh rupees per family per year for secondary and tertiary care hospitalization. This will be the world's largest government funded health care Programme.
- Government Allocated additional ₹600 crore to provide nutritional support to all TB patients at the rate of ₹500 per month for the duration of their treatment.
- It is proposed to set up 24 new Government Medical Colleges and Hospitals by upgrading existing district hospitals in the country to ensure that there is at least 1 Medical College for every 3 Parliamentary Constituencies and at least 1 Government Medical College in each State of the country.

EDUCATION

- It is proposed to increase the digital intensity in education and move gradually from “black board” to “digital board.
- It has been decided that by the year 2022, every block with more than 50% ST population and at least 20,000 tribal persons, will have an Ekalavya Model Residential School The proposed schools will be on par with Navodaya Vidyalayas and will have special facilities for preserving local art and culture besides providing training in sports and skill development.
- To step up investments in research and related infrastructure in premier educational institutions, including health institutions, it is proposed to launch a major initiative named “Revitalising Infrastructure and Systems in Education (RISE) by 2022” with a total investment of ₹1,00,000 crore in next four years.
- The Government would launch the “Prime Minister’s Research Fellows (PMRF)” Scheme this year. Under this sheme, 1,000 best B.Tech students each year from premier institutions will be selected and will be provided with facilities to do Ph.D in IITs and IISc, with a handsome fellowship.
- Estimated schematic budgetary expenditure on health, education and social protection for 2018-19 is ₹1.38 lakh crore against estimated expenditure of ₹1.22 lakh crore in 2017-18

MSME

- It is proposed to onboard Public-Sector Banks and Corporates on
- Trade Electronic Receivable Discounting System (TReDS) platform and

- link this with GSTN. Online loan sanctioning facility for MSMEs will be
- revamped for prompt decision making by the banks
- MUDRA Yojana launched in April, 2015 has led to sanction of
- ₹4.6 lakh crore in credit from ₹10.38 crore MUDRA loans. 76% of loan accounts are of women and more than 50% belong to SCs, STs and OBCs. It is proposed to set a target of ₹3 lakh crore for lending under MUDRA for 2018-19
- The Government has proposed an outlay of ₹7148 crore for the textile sector in 2018-19

EMPLOYMENT:

- It is proposed to make amendments in the Employees Provident Fund and Miscellaneous Provisions Act, 1952 to reduce women employees' contribution to 8% for first three years of their employment against existing rate of 12% or 10% with no change in employers' contribution
- The Government is setting up a model aspirational skill centre in every district of the country under Pradhan Mantri Kaushal Kendra Programme.
- 306 Pradhan Mantri Kaushal Kendra have been established for imparting skill training through such centers.

INFRASTRUCTURE

- An estimated investment in excess of ₹50 lakh crore is expected in infrastructure to increase growth of GDP.
- Smart Cities Mission aims at building 100 Smart Cities with state-of-the-art amenities.
- 99 Cities have been selected with an outlay of ₹2.04 lakh crore
- Projects worth ₹2350 crore have been completed and works of ₹20,852 crore are under progress
- It is proposed to develop 10 prominent tourist sites into Iconic Tourism destinations by following a holistic approach involving infrastructure and skill development, development of technology, attracting private investment, branding and marketing
- 100 Adarsh monuments of the Archaeological Survey of India will be upgraded to enhance visitor experience.
- The AMRUT Programme focuses on providing water supply to all households in 500 cities. State level plans of ₹77,640 crore for 500 cities have been approved. Water supply contracts for 494 projects worth ₹19,428 crore and sewerage work contract for 272 projects costing ₹12,429 crore has been awarded.
- Government has targeted to complete National Highways exceeding 9000 kilometers length during 2017-18.
- Ambitious Bharatmala Pariyojana has been approved for providing seamless connectivity of interior and backward areas and borders of the country to develop about 35000 kms in Phase-I at an estimated cost of ₹5,35,000 crore.
- To raise equity from the market for its mature road assets, NHAI will consider organizing its road assets into Special Purpose Vehicles and use innovative monetizing structures like Toll, Operate and Transfer (TOT) and Infrastructure Investment Funds (InvITs).
- Railways' Capex for the year 2018-19 has been pegged at ₹1,48,528 crore

- 18,000 kilometers of doubling, third and fourth line works and 5000 kilometers of gauge conversion would eliminate capacity constraints and transform almost entire network into Broad Gauge - 4000 kilometers are targeted for commissioning during 2017-18
- Adequate number of rolling stock – 12000 wagons, 5160 coaches and approximately 700 locomotives are being procured during 2018-19.
- A decision has been taken to eliminate 4267 unmanned level crossings in the broad gauge network in the next two years.
- Redevelopment of 600 major railway stations is being taken up by Indian Railway Station Development Co. Ltd. All stations with more than 25000 footfalls will have escalators
- Modern trainsets with state-of-the-art amenities and features are being designed at
- Integrated Coach Factory, Perambur. First such train-set will be commissioned during 2018-19.
- Mumbai-Ahmedabad bullet train project, India's first high speed rail project was laid on September 14, 2017. An Institute is coming up at Vadodara to train manpower required for high speed rail projects
- In the last three years, the domestic air passenger traffic grew at 18% per annum and. Regional connectivity scheme of UDAN (Ude Desh ka Aam Nagrik) initiated by the Government last year shall connect 56 unserved airports and 31 unserved helipads across the country
- Airport Authority of India (AAI) has 124 airports. It is proposed to expand our airport capacity more than 5 times to handle a billion trips a year under a new initiative – NABH Nirman.
- Rs 10000 crore has been out layed in 2018-19 for creation and augmentation of Telecom Infrastructure

TECHNOLOGY

- Corpus for Digital India Programme is doubled to ₹3073 crore in 2018-19
- To harness the benefit of emerging new technologies, particularly the 'Fifth Generation' (5G) technologies and its adoption, the Department of Telecom will support establishment of an indigenous 5G Test Bed at IIT, Chennai.
- The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system
- Government's estimated budgetary and extra budgetary expenditure on infrastructure for 2018- 19 is being increased to ₹5.97 lakh crore against estimated expenditure of ₹4.94 lakh crore in 2017-18.

BANKING AND FINANCE

- Capital of the Food Corporation of India will be restructured to enhance equity and to raise long-term debt for meeting its standing working capital requirement
- Department of Commerce will be developing a National Logistics Portal as a single window online market place to link all stakeholders
- The Government has approved listing of 14 CPSEs, including 2 insurance companies, on the stock exchanges. The Government has also initiated the process of strategic disinvestment in 24 CPSEs. It includes strategic privatization of Air India

- Three public sector general insurance companies National Insurance Company Ltd., United India Assurance Company Limited and Oriental India Insurance Company Limited will be merged into a single insurance entity and will be subsequently listed.
- The Government introduced Exchange Traded Fund Bharat-22 to raise ₹14,500 crore, which was over-subscribed in all segments.
- 2017-18 Budget Estimates for disinvestment were pegged at the highest ever level of ₹72,500 crore. Government has already exceeded the budget estimates. And assuming receipts of ₹1,00,000 crore in 2017-18. Disinvestment target for 2018-19 is ₹80,000 crore.
- Bank recapitalization program has been launched with bonds of ₹80,000 crore being issued this year. This recapitalization will pave the way for the Public Sector Banks to lend additional credit of ₹5 lakh crore.
- Outward Direct Investment (ODI) from India has grown to US\$15 billion per annum.
- Indian Post Offices Act, Provident Fund Act and National Saving Certificate Act are being amalgamated and certain additional people friendly measures are being introduced.

TAXATION

- The growth rate of direct taxes up to 15th January, 2018 is 18.7%.
- There has been huge increase in the number of returns filed by taxpayers.
- In financial year 2016-17, ₹85.51 lakhs new taxpayers filed their returns of income as against ₹66.26 lakhs in the immediately preceding year.
- The number of effective tax payer base increased from ₹6.47 crores at the beginning of F.Y.14-15 to ₹8.27 crores at the end of F.Y.16-17
- It is proposed to extend the benefit of reduction in corporate tax rate to 25% to companies who have reported turnover up to ₹250 crore in the financial year 2016-17 which was earlier applicable companies which reported turnover up to ₹50 crore.
- For assessment year 2016-17, 1.89 crore salaried individuals have filed their returns and have paid total tax of ₹1.44 lakh crores which works out to average tax payment of ₹76,306/- per individual salaried taxpayer.
- It is proposed to allow a standard deduction of ₹40,000/- in lieu of the present exemption in respect of transport allowance and reimbursement of miscellaneous medical expenses
- The revenue cost of this decision is approximately ₹8,000 crores the government and the total number of salaried employees and pensioners who will benefit from this decision is around ₹2.5 crores.
- For senior Citizens Exemption of interest income on deposits with banks and post offices to be increased from ₹10,000/- to ₹50,000/- and TDS shall not be required to be deducted on such income, under section 194A
- Raising the limit of deduction for health insurance premium and/ or medical expenditure from ₹30,000/- to ₹50,000/-, under section 80D. All senior citizens will now be able to claim benefit of deduction up to ₹50,000/- per annum in respect of any health insurance premium and/or any general medical expenditure incurred.

- It is proposed to extend the Pradhan Mantri Vaya Vandana Yojana up to March, 2020 under which an assured return of 8% is given by Life Insurance Corporation of India. The existing limit on investment of ₹7.5 lakh per senior citizen under this scheme is also being enhanced to ₹15 lakh.
- It is proposed to tax long term capital gains exceeding ₹1 lakh at the rate of 10% without allowing the benefit of any indexation.
- It is proposed to reduce customs duty on raw cashew from 5% to 2.5% to help the cashew processing industry.
- Increased customs duty on mobile phones from 15% to 20%, on some of their parts and accessories to 15% and on certain parts of TVs to 15% to promote creation of more jobs in the country
- It is proposed to abolish the Education Cess and Secondary and Higher Education Cess on imported goods, and in its place, imposing a Social Welfare Surcharge, at the rate of 10% of the aggregate duties of Customs, on imported goods, to provide for social welfare schemes

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