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Info Capsule

SECTOR-WISE HIGHLIGHTS OF UNION BUDGET, 2018-2019¹

Fiscal Situation and Targets

- GST revenue will be collected for 11 months and that would impact balance sheets. Rs 21.57 lakh crore transferred in the form of net GST against the predicted Rs 21.47 lakh.
- Government aims for 2018-19's fiscal deficit target of 3.3 per cent of GDP. Revised fiscal deficit for 2017-18 was Rs 5.95 lakh crore or 3.5 per cent of GDP.

Agriculture and Rural Economy

- Finance Minister reasserted the government's resolve to double farmers' income, increase production from same land parcels.
- In a major relief to farmers, minimum support price (MSP) for all upcoming Kharif crops has been raised to 1.5 times the cost of production. In case the market prices are lower than MSP, government would procure the produce or ensure farmers get right prices.
- Agricultural market and infra fund of with corpus of Rs 2,000 will be created for 22,000 gramian agricultural markets and 585 APMCs.
- Cluster development model of agricultural commodities, emphasis to encourage for organic farming.
- Allocation for Food Processing Ministry has been doubled.
- Operation Green will produce farmer producer organization, logistics, warehousing etc. allocation of Rs 500 crore. Export of agriculture-commodity has been liberalized to meet India's agricultural exports potential of \$100 billion.
- To boost bamboo sector and animal husbandry, kisan credit cards will now be extended to fisheries and animal husbandry farmers.
- A restructured national bamboo mission with corpus of Rs 1,290 crore will be set up. Rs 10,000 crore are allocated to set up two funds to promote fisheries and animal husbandry.
- Government to encourage favorable taxation treatment for farmer producer's organizations.
- To ensure agriculture received boost, agricultural products will now be in futures markets.
- In a big ticket announcement, Finance Minister proposed Rs 11 lakh crore for credit for farm sector.
- He also announced a special scheme to manage crop residue.
- In terms of social protection and security, gas connections will now be provided to 8 crore poor women.
- In the energy coverage push, Rs 16,000 crore for PM Saubhagya Yojana was allocated for connecting 4 crore households with free electricity.
- Government has set a target to construct at least 2 crore toilets under Swachh Bharat Mission. Also, under Housing for All by 2022 and PM Awas Yojana (rural), 51 lakh affordable housing units constructed in rural and 50 lakh in urban areas.

¹ Available at: <http://indianexpress.com/article/business/budget/union-budget-2018-live-updates-highlights-of-arun-jaitleys-fifth-budget-5047188/>

- Finance Minister proposes dedicated affordable housing fund to meet targets.
- For boosting livelihood opportunities and private enterprise, target for loans to self-help group for women has been increased to Rs 75,000 crore.
- Allocation to National Livelihood Mission set at Rs 5,750 crore. A total allocation of Rs 14.34 lakh crore from extra and non-budgetary resources has been estimated for housing, infrastructure and livelihood in rural areas.

Health Education and Social Protection

- Comprehensive social security program National social assistance program over Rs 9,000 crore. Education in country to be treated without segmentation from KG till class 12. Aim to move from black board to digital board with push for digital technology and e-education.
- By 2022, every block with over 20,000 tribal and over 50 per cent STs will have a special Eklavya school. As many as 10 crore people to get Rs 5 lakh health coverage for hospitalization every year. Government aims to move towards universal health coverage. Allocation of Rs 600 crore has been proposed for tuberculosis patients who are undergoing treatment.
- Government proposes establishment of two new Schools of Planning and Infrastructure. To address brain drain issue in country, a new scheme to identify bright students studying B.Tech in top engineering schools and allow them opportunity to study and do research in IITs and Indian Institute of Science.
- Selected students to get special fellowships and will be expected to teach in institutes of higher education, particularly in rural areas. Mudra Yojana lending target has been set at Rs 3 lakh crore. Aim to bring 60 crore bank accounts under Jan Dhan Yojana.
- Finance Minister proposes an integrated B.Ed. program for teachers for improving quality of teachers and education. A fund for social security and protection of widows and orphaned children is to be set up.
- Allocation of Rs 1 lakh crore has been proposed for revitalizing and upgrading education sector. Finance Minister pushes for learning based outcomes and research.
- Government to set up 1.5 lakh centers under Aayushman Bharat programme to provide health facilities with an allocation of Rs 1,200 crore.
- In a major boost to healthcare and medical education, Finance Minister pledges to set up at least one medical college for every three parliamentary constituencies. Also, PM Jivan Bima Yojana gave benefits to 5.22 crore families.
- Under Jan Dhan Yojana, the entire lot of 16 crore accounts will be brought under micro insurance and pension plans.
- Finance Minister says 1.26 crore bank accounts opened under the Sukanya Samridhi Scheme. Allocation of Rs 52 719 crore for social inclusion of scheduled castes is proposed in the budget.

Industry

- Mass formalization of MSME industry after GST and demonetization. Finance Minister allocated Rs 3,794 crore capital support and industry subsidy by 2022 for the MSME sector. Under Mudra Yojana, Finance Minister set a target of Rs 3 lakh crore.
- The finance minister said Rs 4.6 lakh crore was sanctioned under Mudra Yojana.
- Consumers get relief with excise cut on fuel. Excise on unbranded diesel was cut by Rs 2 to Rs 6.33 per litre and the same deduction was given from unbranded petrol top Rs 4.48 per litre.

Railways

- The theme of this year's budget appeared to be modernization of trains and boosting high speed railway network.
- Total capital expenditure for Indian Railways set at Rs 1,48,528 crore. A special railway university will also be set up in Vadodara, Gujarat. In order to cut travel times and delays, Finance Minister proposed cutting 4,267 unmanned railway crossings.

- In a bid to overhaul the railway stations' infrastructure, all station that have a footfall of 25,000 passengers will now have escalators.
- To provide connectivity on the go, all trains will soon be equipped with CCTVs and WiFi.
- Allocations for Mumbai rail network was pegged at Rs 11,000 crore and for Bengaluru Metro, Rs 17,000 crore was allocated.

Aviation

- Government plans to expand airport capacity by as much as five times and aims to take the trip count to 1 billion per year.
- An initial investment of Rs 60 has been set aside. Under UDAN scheme, 64 airports will be connected across the country to boost low cost flying.

Markets, Finance and Insurance

- Government to encourage a strong environment for VCs and angel investors. Meanwhile SEBI would make it mandatory for large corporations to meet a quarter of their debt needs from bond markets.
- The disinvestment target for FY2019 has been set for Rs 80,000 crore. The disinvestment targets for the current fiscal have been set at Rs 1 lakh crore. Government would also evolve a scheme that would assign unique IDs for companies. The National Insurance Co, Oriental Insurance Co and United Assurance Co will be merged into one entity which will then be listed.
- For bank recapitalization, Finance Minister said it many set the path for public banks to lend an extra Rs 5 lakh crore.

Fiscal Targets

- Government aims for 2018-19's fiscal deficit target of 3.3 per cent of GDP. Revised fiscal deficit for 2017-18 was Rs 5.95 lakh crore or 3.5 per cent of GDP.

Taxation

- The government proposes no change in personal income tax rates for salaried class.
- Finance Minister said in his speech that there has been a 12.6% growth in direct taxes in 2017-18; 18.7% growth in indirect taxes in 2017-18.
- As many as 85.51 lakh new taxpayers filed their tax returns in 2017-18, as against 66.26 lakhs in 2016-17. The number has increased from 6.47 crore in 2016-17 to 8.27 crore by end of 2017.
- Finance Minister proposed liberalization of presumptive income schemes for small businesses with income below Rs 2 crore, similar schemes for professionals with income below Rs 50 lakh. Rs 90,000 crore additional income tax collection was seen in 2016-17 and 2017-18.
- Corporate tax reduced has been reduced from 30 per cent to 25 per cent for companies with turnover up to Rs 250 crore, in a move to boost MSME sector.
- The finance minister has proposed revision in monthly emoluments of President of India at Rs 5 lakh, Rs 4 lakh for Vice President and Rs 3.5 lakh for Governors.
- Standard deduction of Rs 40,000 for salaried taxpayers was announced. In terms of capital gains tax, long-term capital gains are proposed to be taxed at 10 per cent on investments over Rs 1 lakh. Short term capital gains tax to remain unchanged at 15 per cent.
- For senior citizens, Finance Minister proposed exemption of interest income on bank deposits raised to Rs 50,000 for senior citizens as well as exemption of Rs 10,000 on income from Bank FDs and post offices.

- The budget proposes 10 percent tax on distributed income by equity-oriented mutual funds as well as 100 per cent deductions for cooperative societies.
- In the realty sector, Finance Minister proposed that were to be made when circle is at or below 5 per cent of sale consideration.
- In terms of revenue loss, Finance Minister said Rs 8,000 crore revenue was lost due to standard deductions for salaried employees.
- Also, Rs 7,000 crore forgone due to lower corporate tax on firms with turnover not exceeding Rs 250 crore. Rs 19,000 crore was lost last fiscal in terms of revenue from direct taxes.

Infrastructure

- Finance Minister said that there is a requirement of Rs 50 lakh crore for the infrastructure sector. He said that construction of a new tunnel at Sera Pass will also work in promoting tourism.
- A total 10 prominent tourist sites will be upgraded as iconic tourist destinations.
- In the flagship Bharatmala project that aims to connect India's eastern and western ends with a 35,000 km highway and roads network, an outlay was announced to the tune of Rs 5.35 lakh crore under phase-I.
- For toll payments on highways, Finance Minister said that the government will introduce a new system called "Pay as You Use".

Technology

- An allocation of Rs 3,073 crore was done for Digital India scheme.
- As many as 5 lakh WiFi hotspots will be installed to give access of broadband services to 5 crore rural citizens. An allocation of Rs 10,000 crore was proposed for the same.
- Government will now explore the usage of Block-chain technology but it will also take steps to prohibit circulation of cryptocurrencies as they are not classified as legal tenders as of now.

Trade

- Customs duty on mobile phones, TVs hiked for providing fillip to Make in India initiative. Government also proposes 10 per cent social welfare surcharge on imports.
- Budget for employees
- Government pledges contribution of 12 per cent in wages of new employees in all sectors for the upcoming 3 years under EPF scheme. Women contribution to EPF slashed for initial three years to 8 per cent.

Miscellaneous

- The food subsidy has been increased for the from Rs 1.4 lakh crore in 2017-18 to Rs 1.69 lakh crore in 2018-19.
- To commemorate the 150th Birth anniversary of Mahatma Gandhi, Rs 150 crore have been set aside.
- Also, it has been proposed that the emoluments of MPs may be increased based on index to inflation.

AMENDMENTS IN THE INCOME-TAX ACT PROPOSED TO NOTIFY A NEW SCHEME FOR ASSESSMENT IN ELECTRONIC MODE²

E-assessment to be rolled-out across the country to transform age-old assessment procedure

In the General Budget 2018-19 presented in Parliament today, the Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley proposed to amend the Income-tax Act to notify a new scheme for assessment.

He said the assessment will be done in electronic mode which will almost eliminate person to person contact leading to greater efficiency and transparency. The Finance Minister added that the e-assessment system was introduced in 2016 on a pilot basis. In 2017, it was extended to 102 cities with the objective of reducing the interface between the department and the taxpayers.

“With the experience gained so far, we are now ready to roll out the E-assessment across the country, which will transform the age-old assessment procedure of the income tax department and the manner in which they interact with taxpayers and other stakeholders” Shri Jaitley said.

Team ICSI

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² Available at <http://www.pib.gov.in/PressReleaseDetail.aspx?PRID=1518530>