

All About

Union Budget 2018-19

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Union Budget at a Glance

- MSP for all unannounced kharif crops will be one and half times of their production cost like majority of rabi crops: Institutional Farm Credit raised to 11 lakh crore in 2018-19 from 8.5 lakh crore in 2014-15.
- 22,000 rural haats to be developed and upgraded into Gramin Agricultural Markets to protect the interests of 86% small and marginal farmers.
- "Operation Greens" launched to address price fluctuations in potato, tomato and onion for benefit of farmers and consumers.
- Two New Funds of ₹10,000 crore announced for Fisheries and Animal Husbandary sectors; Re-structured National Bamboo Mission gets ₹1290 crore.
- Loans to Women Self Help Groups will increase to ₹75,000 crore in 2019 from 42,500 crore last year.
- Higher targets for Ujjwala, Saubhagya and Swachh Mission to cater to lower and middle class in providing free LPG connections, electricity and toilets.
- Outlay on health, education and social protection will be 1.38 lakh crore. Tribal students to get Ekalavya Residential School in each tribal block by 2022. Welfare fund for SCs gets a boost.
- World's largest Health Protection Scheme covering over 10 crore poor and vulnerable families launched with a family limit upto 5 lakh rupees for secondary and tertiary treatment.
- Fiscal Deficit pegged at 3.5 %, projected at 3.3 % for 2018-19.
- ₹ 5.97 lakh crore allocation for infrastructure
- Ten prominent sites to be developed as Iconic tourist destinations
- NITI Aayog to initiate a national programme on Artificial Intelligence(AI)
- Centres of excellence to be set up on robotics, AI, Internet of things etc
- Disinvestment crossed target of ₹ 72,500 crore to reach ₹ 1,00,000 crore
- Comprehensive Gold Policy on the anvil to develop yellow metal as an asset class
- 100 percent deduction proposed to companies registered as Farmer Producer Companies with an annual turnover upto ₹ 100 crore on profit derived from such activities, for five years from 2018-19.
- Deduction of 30 percent on emoluments paid to new employees Under Section 80-JJAA to be relaxed to 150 days for footwear and leather industry, to create more employment.
- No adjustment in respect of transactions in immovable property where Circle Rate value does not exceed 5 percent of consideration.
- Proposal to extend reduced rate of 25 percent currently available for companies with turnover of less than 50 crore (in Financial Year 2015-16), to companies reporting turnover up to ₹ 250 crore in Financial Year 2016-17, to benefit micro, small and medium enterprises.
- Standard Deduction of ₹ 40,000 in place of present exemption for transport allowance and reimbursement of miscellaneous medical expenses. 2.5 crore salaried employees and pensioners to benefit.
- Exemption of interest income on deposits with banks and post offices to be increased from ₹ 10,000 to ₹ 50,000.
- TDS not required to be deducted under section 194A. Benefit also available for interest from all fixed deposit schemes and recurring deposit schemes.
- Hike in deduction limit for health insurance premium and/ or medical expenditure from ₹ 30,000 to ₹ 50,000 under section 80D.
- Increase in deduction limit for medical expenditure for certain critical illness from ₹ 60,000 (in case of senior citizens) and from ₹ 80,000 (in case of very senior citizens) to ₹ 1 lakh for all senior citizens, under section 80DDB.
- Proposed to extend Pradhan Mantri Vaya Vandana Yojana up to March, 2020. Current investment limit proposed to be increased to ₹ 15 lakh from the existing limit of ₹ 7.5 lakh per senior citizen.
- To control cash economy, payments exceeding ₹ 10,000 in cash made by trusts and institutions to be disallowed and would be subject to tax.
- Tax on Long Term Capital Gains exceeding ₹ 1 lakh at the rate of 10 percent, without allowing any indexation benefit. However, all gains up to 31st January, 2018 will be grandfathered.
- Proposal to introduce tax on distributed income by equity oriented mutual funds at the rate of 10 percent.

- Proposal to increase cess on personal income tax and corporation tax to 4 percent from present 3 percent.
- Proposal to roll out E-assessment across the country to almost eliminate person to person contact leading to greater efficiency and transparency in direct tax collection.

Major Highlights of Union Budget 2018-19

Growth Forecast

Government says that it is firmly on course to achieve high growth of 8% plus as manufacturing, services and exports are back on good growth path. While GDP growth at 6.3% in the second quarter of 2017-18 signalled turnaround of the economy, growth in the second half is likely to remain between 7.2% to 7.5%.

Agriculture

- **The government would be doubling the farmer's income by 2022, on the occasion of India's 75th anniversary with special emphasis on generating higher income for farmers.**
- The government's emphasis will be on generating higher incomes for farmers, by helping them produce more with lesser cost and earn higher income for their produce.
- The government wants to assist farmers to earn 1.5 times the production cost, and the **Minimum Selling Price (MSP)** for the Kharif Crops has been set at 1.5 times the produce price.
- The government would be working with the states to ensure that all farmers get a fair price.
- Niti Aayog would also be developing appropriate policies through which farmers would be able to get the right price for their crops.
- More than 86 per cent farmers are small and marginal. To assist these farmers, the government has decided to develop and upgrade existing 22,000 rural haats into **Gramin Agricultural Markets (GrAMs)**.
- In these GrAMs, physical infrastructure will be strengthened using **MGNREGA** and other government schemes. The government would be setting up an Agri-Market Infrastructure Fund with a corpus of `2000 crore for developing and **upgrading agricultural marketing infrastructure in the 22000 Grameen Agricultural Markets (GrAMs)**.
- Organic farming will be encouraged and women self help groups will be encouraged to take up organic farming under national rural agriculture programme.
- **Allocation of ₹ 1400 crore for food processing**, doubled from last year's budget which allocated ₹ 715 crore.
- Government plans to launch '**Operation Green**' with a corpus of ₹ 500 crore. It will promote **Farmer Producers Organizations (FPOs)**, agri-logistics, processing facilities and professional management.
- **Indian Agricultural Export will be liberalised and 42 mega food parks will be launched.**
- **Kisan credits cards will be provided to fisheries and animal husbandry farmers to help them meet their working capital needs.** Small and marginal farmers will get more benefits.
- **The government has set aside ₹ 10,000 crore for Fisheries and Aquaculture and Animal Husbandry Development Fund.**
- The government has also proposed to launch a **restructured bamboo mission with a fund of ₹ 1290 crore to promote bamboo sector in a holistic manner.**
- **The agricultural credit target has also been increased from ₹ 8.5 lakh crore to ₹ 11 lakh core.**
- The Government is going to introduce a special scheme to support **the state governments of Haryana, Punjab and Delhi to manage the burning of crop residue and reduce pollution.**

Education, Health and Social Protection

- **The Finance Minister said that estimated 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 .
- The government has **allocated an amount worth ₹ 9975 crore for National Social Assistance Programme this year.**
- **Budget 2018 proposes to treat education holistically without segmentation from pre-nursery to Class 12.**
- To improve the quality of teachers and education, the government would be initiating an integrated B.Ed. programme for the teachers.
- The government has amended the **Right to Education Act to enable more than 13 lakh untrained teachers to get trained.**
- The government has also proposed to increase the digital intensity in education and move gradually from **“black board” to “digital board”**.
- Technology will also be used to upgrade the skills of teachers through the recently launched digital portal **“DIKSHA”**.
- To provide the best quality education to the tribal children in their own environment, 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.**
- **Ekalavya 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.
- The government has also 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. **Higher Education Financing Agency (HEFA)** would be suitably structured for funding this initiative.
- The government is also planning to set up a specialised Railways University at Vadodara.
- The government has also proposed to set up two new full-fledged schools of Planning and Architecture, to be selected on challenge mode.
- Additionally, 18 new schools of Planning and Architecture would be established in the IITs and NITs as autonomous Schools, also on challenge mode.
- Lastly, the government would launch the **‘Prime Minister’s Research Fellows (PMRF)’** Scheme this year. Under the scheme, the government would identify 1,000 best B.Tech students each year from premier institutions and provide them facilities to do Ph.D in IITs and IISc, with a handsome fellowship. It is expected that these bright young fellows would voluntarily commit few hours every week for teaching in higher educational institutions.
- The Finance Minister announced the world’s largest government funded health care programme titled **National Health Protection Scheme to cover over 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) providing coverage upto 5 lakh rupees per family** per year for secondary and tertiary care hospitalization.
- Government also committed **₹ 1200 crore for the National Health Policy, 2017**, which with 1.5 lakh Health and Wellness Centres will bring health care system closer to the homes of people.
- The Government **also decided to allocate additional ₹600 crore to provide nutritional support to all TB patients at the rate of ₹500 per month for the duration of their treatment.**
- Government will be setting up **24 new Government Medical Colleges and Hospitals by upgrading existing district hospitals in the country.**
- **A total of 187 projects have been sanctioned under the Namami Gange programme for infrastructure development**, river surface cleaning, rural sanitation and other interventions at a cost of ₹16,713 crore.
- **All 4465 Ganga Grams – villages on the bank of river - have been declared open defecation free.**
- Government has identified 115 aspirational districts taking various indices of development in consideration for making them model districts of development.

Medium, Small and Micro Enterprises (MSMEs) and Employment

- A sum of ₹ 3794 crore has been provided for giving credit support, capital and interest subsidy and for innovations.
- 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** after having successfully exceeded the targets in all previous years.
- **Government will contribute 12% of the wages of the new employees in the EPF for all the sectors for next three years.**
- Government 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 Budget proposed an outlay of ₹7148 crore for the textile sector in 2018-19** as against ₹6,000 Crore in 2016.

Fiscal Expenditure

The total expenditure of the **Union government is ₹ 21.57 lakh crore.**

The projected fiscal deficit of the **FY 2018-19 is 3.3 per cent of the GDP.**

Taxation Reforms

- In previous years, the growth rate of direct taxes have been significant. Till January 2018, **growth rate of 18.7 per cent was recorded.** Over 85 lakh new taxpayers filed their returns. The number of effective taxpayers increased from 6.47 lakh crore to 8.27 lakh crore in the previous financial year.
- **The excess revenue from personal income tax is ₹ 90000 crore.**
- No changes in personal income tax slabs.
- Majorly, the personal income tax collection comes from the salaried class. **Around 1.89 crore returns were filed in 2017 and ₹ 1.44 lakh crore was paid as taxes.**
- **100 per cent tax deduction to farmer-producer companies having ₹ 100 crore turnover.**
- Corporate tax will be reduced to 25 per cent for companies **having turnover of up to ₹ 250 crore.**
- Long term capital gains tax of 10 per cent will be levied **for amount exceeding ₹ 1 lakh.**
- This year budget proposes a standard deduction of **₹ 40000 for transport and medical reimbursements. The revenue cost of this reimbursements will be ₹ 8000 crore.**
- Exemption of interest income for deposits in banks and post offices **will be increased from ₹ 10000 to ₹ 50000 for senior citizens.** It applies to all fixed deposit schemes.
- All senior citizens will now be able to claim benefit of **a deduction of ₹ 50000 for any medical expenditure and can claim deduction of ₹ 100000 for critical illnesses.**

Duties

- Customs duty on mobile phones and parts of televisions **will be increased to 20 per cent from 15 per cent.**
- Customs duty on raw cashew will be **reduced from 5 per cent to 2.5 per cent.**
- The name of the Central Board of Excise and Customs will be changed to **the Central Board of Direct Taxes and Customs.**
- Electronic IT assessment will be rolled out across the country for greater efficiency and transparency.
- No more education cess on imported goods. **Education cess will be replaced by social welfare surcharge of 10 per cent.**

Infrastructure and Financial Sector Development

- Finance Minister estimated that investment in excess of **₹50 lakh crore** is needed to increase growth of GDP and connect the nation with a network of roads, airports, railways, ports and inland waterways.
- Government announced increase of budgetary allocation on infrastructure for 2018-19 to ₹5.97 lakh crore against estimated expenditure of ₹4.94 lakh crore in 2017-18.
- Using online monitoring system of PRAGATI alone, projects worth 9.46 lakh crore have been facilitated and fast tracked.
- Budget proposes to develop ten 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.
- Under the Bharatmala Pariyojana, about 35000 kms road construction in Phase-I at an estimated cost of ₹5,35,000 crore has been approved.
- 99 cities have been selected with outlay of ₹2.09 lakh crore under Smart City programme.
- Government to preserve heritage cities through National Heritage Augmentation Yojana.
- The Finance Minister announced that his Ministry will leverage the India Infrastructure Finance Corporation Limited (IIFCL) to help finance infrastructure projects including investment in education and health infrastructure.
- Government announced for creation of livelihood and infrastructure in rural areas, total amount to be spent by various Ministries will be ₹14.34 lakh crore, including extrabudgetary and non-budgetary resources of ₹11.98 lakh crore.
- Strengthening the Ground water irrigation scheme under Prime Minister Krishi Sinchai Yojna - Har Khet ko Pani – the Government allocated ₹ 2600 crore for this purpose.

Railways

- Railways Capital Expenditure for the year 2018-19 has been pegged at ₹1,48,528 crore.
- 18000 km of railway line will be doubled to eliminate capacity constraints.
- The government would be laying special focus on safety. Hence, special attention would be paid to the maintenance of track infrastructure.
- There would also be an increase in the use of technology such as fog, train protection and warning system.
- The Railways is planning to re-develop 600 major railway stations.
- All stations with more than 25000 footfall will have escalators. All stations will also be equipped with high-speed wifi.
- Mumbai's local train network will have 90 kilometers of double line tracks at a cost of over ₹11,000 crore. 150 kilometers of additional suburban network is being planned at a cost of over ₹40,000 crore, including elevated corridors on some sections.
- A suburban network of approximately 160 kilometers at an estimated cost of ₹17,000 crore is being planned to cater to the growth of the Bengaluru metropolis.
- The government had previously laid the foundation of the high-speed bullet Mumbai-Ahmedabad train. An institute would be set up in Vadodara in Gujarat to train the manpower for the high-speed railway project.

Air Transport

- The Budget proposes to expand the airport capacity more than five times to handle a billion trips a year under a new initiative - **NABH Nirman**.
- **Under the Regional connectivity scheme of UDAN (Ude Desh ka Aam Nagrik)** initiated by the Government last year, 56 unserved airports and 31 unserved helipads would be connected.
- The government would also be setting up a coalition for disaster resilient infrastructure. **The centre would be allocating ₹ 60 crores to kick-start the initiative.**

Digital Economy

- The Finance Minister said that NITI Aayog will initiate a national program to direct efforts in artificial intelligence.
- Department of Science & Technology will launch a Mission on Cyber Physical Systems to support establishment of centres of excellence for research, training and skilling in robotics, artificial intelligence, digital manufacturing, big data analysis, quantum communication and internet of things.
- The Budget doubled the allocation on Digital India programme to ₹ 3073 crore in 2018-19.
- To further Broadband access in villages, the Government proposes to set up five lakh wifi hotspots to provide net connectivity to five crore rural citizens.
- The Finance Minister allocated ₹ 10000 crore in 2018-19 for creation and augmentation of Telecom infrastructure.
- The government will explore use of blockchain technology proactively to boost digital economy. However, the government will not consider **cryptocurrency** as legal tender.
- Individual Enterprises will now have their own unique IDs.

Defence

- India's defence budget for the coming financial year **2018-19 has been increased by 7.81 per cent to ₹ 2,95,511.41 lakh crore.**
- **Out of ₹ 2.95 lakh crore, ₹ 1,95,947.55 crore has been allocated for revenue expenditure and ₹ 99,563.86 crore** for capital expenditure for the defence services and departments under the ministry.
- **First defence corridor will be established in Tamil Nadu, linking Chennai and Bangalore.**
- The government is planning to develop connectivity infrastructure in the border areas. While the construction on the Rohtang tunnel has been completed, the construction of Zojila pass tunnel is progressing well.
- The government has also proposed to construct a tunnel under the **Sela pass**.
- Recognizing the sacrifices made by **the Armed Forces in meeting the security challenges**, the Finance Minister proposed development of two defence industrial production corridors.

Disinvestment

- The Finance Minister announced that **2017-18 disinvestment target of ₹72,500 crore has been exceeded and expected receipts of ₹1,00,000 crore.** He set disinvestment target of **₹80,000 crore for 2018-19.**
- Three Public Sector Insurance companies- **National Insurance Co. Ltd., United India Assurance Co. Ltd., and Oriental India insurance Co. Ltd., will be merged into a single insurance entity.**
- The Finance Minister announced that **a comprehensive Gold Policy will be formulated to develop gold as an asset class.**

- The Government will also establish a **system of consumer friendly and trade efficient system of regulated gold exchanges in the country.**
- Gold Monetization Scheme will be revamped **to enable people to open a hassle-free Gold Deposit Account.**
- The Budget proposes **to revise emoluments to ₹5 lakh for the President, ₹ 4 lakhs for the Vice President and ₹3.5 lakh per month to Governor.** These emoluments were last revised in 2006.
- **To celebrate the 150 Birth Anniversary of Mahatma Gandhi, Father of the Nation from 2 nd October 2019, the Budget set aside ₹150 crore for the activities leading to the commemoration programme.**

Underprevidged

- The government had launched **Ujjwala Yojana** earlier to make poor women free from the smoke of wood.
- Though initially, their target was to provide free LPG connections to about 5 crore poor women, the government has now proposed to increase the target to 8 crore poor women.
- Under **Saubhagya Yojna**, around 4 crore poor households are being provided with free electricity connections at a cost of ₹ 16000 crore
- **Swachh Bharat Mission**- Under the mission, Government has already constructed more than 6 crore toilets to enable proper hygiene and sanitation especially among women. The government is now planning to construct 2 crore more toilets.
- The government plans **to build houses for all the poor in the country by 2022.** To ensure the same, **it launched the Pradhan Mantri Awas Yojana in rural and urban areas of the country.**
- Under the Yojana, **51 lakhs houses in year 2017-18 and 51 lakh houses during 2018-19 will be constructed exclusively in rural areas.** In urban areas the assistance has been sanctioned to construct 37 lakh houses.
- The government has also established a dedicated **Affordable Housing Fund (AHF) in National Housing Bank**, funded from priority sector lending shortfall and fully serviced bonds authorised by the Government of India.
- **The government also plans to increase the loans to Self Help Groups of women to ₹ 75000 crore by March 2019.**
- The government has also proposed to substantially increase the allocation of **National Rural Livelihood Mission to ₹ 5750 crore in 2018-19.**
- Further, the ground water irrigation scheme under **Pradhan Mantri Krishi Sinchai Yojna- Har Khet ko Pani** will be taken up in 96 deprived irrigation districts where less than 30 per cent of the land holdings gets assured irrigation presently. **The government has allocated ₹ 2600 crore for the same.**
- 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.**
- Overall, the budgetary allocation will give way to increased employment opportunities, lead to the development of 3.17 lakh kilometres 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.

Schemes Launched in Budget 2018-19

1. Kifayati Aawas yojna: The Central Government will create a dedicated affordable housing fund in National Housing Bank. In the Budget 2018-19, Jaitley said that "My government will set up a dedicated affordable housing fund in the National Housing Bank, which will be funded from the loans given to priority sector." The government has planned that by the end of 2022, everyone will have their own house. For this, more than one crore households are being constructed in the rural areas in the current and next financial year under the Pradhanmantri Awas Yojana.

2. Ayushman Bharat Scheme (National Health Protection Scheme): National Health Protection Scheme will be launched to cover 10 crore poor and vulnerable families. Under this, up to Rs 5 lakh will be provided to each family

per year in secondary and tertiary care institutions. This scheme will have 50 crore beneficiaries. So far under the National Health Insurance Scheme, insurance cover of Rs 30,000 was available only. This is a big increase in this regard.

3. Kisan Credit Card to Fishermen: On the lines of the Kisan Credit Card, the Finance Minister has announced a card to fishermen and cattle owners. This will make enable them to avail the easier loans. The Government says that this will help the people associated with the milk production business in rural areas. Apart from this, financial assistance will also be provided to fisheries.

4. Gobar-Dhan Yojna (Galvanizing Organic Bio-Agro Resource Fund Scheme): The government announced a new scheme Gobar-Dhan (Galvanizing Organic Bio-Agro Resource Fund) scheme under its efforts to improve the lives of the villagers. He said that under this scheme, solid waste of dung and fields will be changed into compost, biogas and bio-CNG. He said that under the vision of inclusive society formation, the government has identified 115 districts for development.

5. National Bamboo Mission: Finance Minister Arun Jaitley has also proposed the proposal of National Bamboo Mission. An amount of Rs. 1,290 crore will be allocated under this scheme. This will help in the development of bamboo production as an industry. This will help the people of rural and tribal areas.

6. Eklavya School: Arun Jaitley said that along the lines of Navodaya schools, Eklavya schools will be established for scheduled caste students by 2022. He said that Eklavya model residential schools will be set up in each Block having more than 50 percent tribal areas and 20,000 tribal people. These schools will be part of Navodaya Vidyalayas and besides training in sports and skill development, there will also be special facilities for preserving local art and culture.

7. Revitalising Infrastructure and Systems in Education (RISE): In his Budget 2018 speech, Jaitley unveiled a new scheme called Revitalising Infrastructure and Systems in Education or RISE. The RISE scheme will be financed via a restructured higher education financing agency (HEFA) that is functioning for the last two months as a non-banking financial company. It aims to lend low-cost funds to government higher educational institutions. Presently, HEFA is looking to raise Rs20,000 crore and Budget announcement hiked this number to Rs1 trillion. While HEFA was granted a budgetary allocation of Rs250 crore in the fiscal year 2018, in FY19, the lending body will be provided a budget of Rs 2,750 crore.

8. Operation Green: The goal of the scheme is to double the farmers' income by end of the year 2022. With the budget allocation of Rs. 500 Cr, Finance Minister Arun Jaitley has announced about the Operation Green in Union Budget 2018. This scheme will facilitate the farmers of the nation. This will be in line with the operation flood. To reduce the fluctuation in the pricing of Onion, Tomatoes and Potatoes the scheme has been launched.

9. Prime Minister Fellowship Scheme: Finance Minister Arun Jaitley also announced the PM Fellowship Scheme during the budget. Under this, one thousand B.Tech students will be given the opportunity to do Ph.D. in IIT and IISc.

10. Expansion of Ujjwala Scheme: Modi Government has set a target to provide the number of free LPG connections to the poor families under the Ujjwala scheme to reach 8 crores.

11. Saubhagya Yojna: The government has targeted to increase the number of power connections in rural areas to 40 million households. This scheme is one of PM Modi's ambitious plans.

12. Expansion of UDAN Yojna: 56 airports and 31 helipads being used less than the capacity will be added in the initiative to connect common man with the 'UDAN Yojna. Along with this, the announcement of the construction of 10 major prestigious destinations for the promotion of tourism was announced.