

## **Union Budget 2018: Major Highlights**

The Union Finance Minister Arun Jaitley on February 1, 2018 presented the Union Budget 2018 in the parliament. In the independent India, this will be the 88th budget and the fifth of the Modi Government.

This year's budget session is crucial as it comes after government's two big financial decisions - demonetisation and the implementation of Goods and Services Tax. It will be also NDA government's last full budget presentation before next year's Lok Sabha elections.

The Budget 2018 has identified various sectors including agriculture, infrastructure, financial, public services, etc as key drivers of the economy. Accordingly, Arun Jaitley announced following initiatives:

### Agriculture

- This year's Budget will focus on generating higher income for farmers and higher prices for their produce.
- For better price realisation, farmers need to make decisions based on prices likely to be available in the market.
- Minimum Support Price shall be increased by 1.5 times.
- More than 86 per cent farmers are small and marginal, they will be strengthened through government initiatives like MNREGAS with corpus of Rs 2000 crore.
- Organic farming will be encouraged and women self help groups will be encouraged for organic farming
- Allocation of Rs 1400 crore for Food processing, doubled from last year's budget which allocated Rs 715 crore.
- Operation Green will be launched for agriculture with corpus of Rs 500 crore.
- Rs 1290 crore allocated for restructured bamboo production mission.
- Setting up of Fishery and Aquaculture fund and Animal Husbandary fund with total corpus of Rs 10000 crore

## Underprivileged

- Ujjwala Yojana, the free LPG connection scheme will be expanded to eight crore women.
- The Saubhagya Yojana will be another focus for the government.
- Free power connections to 4 crore homes.
- A dedicated affordable housing fund will be set up this year.
- Loans to self-help groups will increase to Rs 75000 crore.
- Allocation of Rs 5750 crore to National Livelihood Mission and Rs 2600 crore to the groundwater irrigation scheme.

## Education Sector

- Budget 2018 proposes to treat education holistically without segmentation from pre-nursery to Class 12.
- An integrated B-Ed programme will be initiated for teachers.
- Gradual progress from blackboard to digital board.
- Revitalising of Infrastructure and Systems of Education (RISE) will be launched by 2019.
- Setting up of two new full-fledged schools of planning and architecture.
- 18 new schools of planning and architecture will be set up in the IITs and NITs.
- Prime Minister's fellowship programme will be launched to subsidise research.

## Health Sector

- 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.
- This scheme will generate lakhs of jobs, particularly for women.
- Tuberculosis claims more lives every year than any other disease. The government will provide Rs 600 crore as nutritional support to all TB patients.
- 24 new government medical colleges will be set up by upgrading existing district hospitals in the country. At least one medical college will be there for three parliamentary constituencies.

## MSME sector

- Mass formalization of MSME sector is happening after demonetization and GST. Online loan sanctioning facility will be refurbished to speed up the complete process by banks.
- Rs 3 lakh crore is allocated as target for the Mudra Yojana for the year 2018-19. Additional measures will be taken to boost the growth of venture capital funds and angel investors.
- The government will contribute 12 per cent of wages of new employees for all sectors.
- Woman's contribution to the Provident Fund will be reduced to 8 per cent from now onwards for the first 3 years of her employment with no reduction in employer's contribution.
- Allocation of Rs 7148 crore for the textile sector.

## Infrastructure and Transport

- Rs 1.48 lakh crore have been allocated for the Indian Railways for the year 2018-19.
- 18000 km of railway line will be doubled to eliminate capacity constraints.
- Government will work on Eastern and Western dedicated freight corridor and will give special attention to the maintenance of track infrastructure.
- Budget will also encompass the increase in the use of technology, fog safe train protection and warning system.
- Redevelopment of 600 major railway stations will be taken up.
- All railway stations with more than 25000 footfalls will have escalators.
- An institute is under its way at Vadodara to train manpower for high-speed railway projects.
- UDAN scheme will now connect 56 unserved airports and 31 unserved helipads in the country.
- Airport Authority of India has 124 airports in total. The airport capacity will now be enhanced to handle more than one billion trips every year.

## Financial Sector

- NITI Aayog will establish a National Programme to direct government's efforts in the area of Artificial Intelligence towards national development.

- The government will explore use of blockchain technology proactively to boost digital economy. However, the government will not consider cryptocurrency as legal tender.
- Enterprises will now have to own their unique IDs.
- System of toll payments by cash will be digitized.
- The Union Commerce Ministry will develop a National Logistics Portal as a single window program to boost the logistics sector.
- Recapitalisation: The Union government will recapitalise public sector banks to help them lend an additional Rs 5 lakh crore.
- Unit Trust of India, Oriental Insurance and National Insurance will be merged and then listed.

### Taxation Reforms

- The total expenditure of the Union government will be Rs 21.57 lakh crore. The projected fiscal deficit of the FY 2018-19 is 3.3 per cent of the GDP.
- 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 Rs 90000 crore.
- 100 per cent tax deduction to farmer-producer companies having Rs 100 crore turnover.
- Corporate tax will be reduced to 25 per cent for companies having turnover of up to Rs 250 crore.
- Long term capital gains tax of 10 per cent