Highlights of Union Budget 2018

Why in news?

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Union Finance Minister presented the annual budegt in the Parliament.

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What are the highlights?

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- **Fiscal Prudence -** Under the new GST regime, the last date for filing of GST returns remains the 20th of the succeeding month.
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- This is expected to have a significantly impact balance sheets as indirect tax receipts will be only for 11 months (excluding the receipts for March).
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- Also, Rs 21.57 lakh crores were transferred in the form of net GST to finance the shortfalls of states against the predicted Rs 21.47 lakh.
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- Considering the upended government spending and the above mentioned fiscal constraints, the government wasn't able to meet its fiscal target of 3.2%.
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- Notably, the 2018-19 target has been set at 3.3% of GDP and the actual fiscal deficit for 2017-18 was calculated to be "Rs 5.95 lakh crore or 3.5% of GDP".
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- **Agriculture -** The government's resolve to double farmers' income, and increase production was reasserted.
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- 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.
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- "Agricultural Market and Infra Fund" with a corpus of Rs 2,000 crore will be created for 22,000 gramin agricultural markets and 585 APMCs.
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- Also, Rs 11 lakh crore credit for the farm sector has been proposed and allocation for Food Processing Ministry has been doubled.

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- A restructured “National Bamboo Mission” with corpus of Rs 1,290 crore to boost bamboo cultivation has been provided for.
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- Emphasis has been given to organic farming and export of agri commodities has been liberalised to meet India’s agri exports potential of $100 billion.
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- kisan credit cards has been extended to animal husbandry and fisheries and Rs 10,000 crores has been allocated for these domains.
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- A favourable taxation treatment for farmer producers organisations has been intended and agricultural products will now be in futures markets.
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- A special scheme to manage crop residue and contain winter smog in the northern plains around Delhi has also been proposed.
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- **Rural Welfare -** Deposite free gas connections will be provided to 8 crore poor women under the PM Ujjwala Scheme.
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- Rs 16,000 crore for PM Saubhagya Yojana was allocated for connecting 4 crore households with free electricity.
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- 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.
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- Allocation to National Livelihood Mission was set at Rs 5,750 crore and target for loans to women self help group has been increased to Rs 75,000 crore.
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- Extra and non-budgetary resources of Rs 14.34 lakh crore has been estimated for housing, infrastructure and livelihood in rural areas.
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- Constructing at least 2 crore toilets under Swachh Bharat Mission has been targeted for 2018.
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- **Education -** By 2022, every block with over 20,000 tribals and over 50% STs has been envisioned to have a special “Eklavya school”.
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- The budget establishes an single segmentation from KG till class 12 for education and the blackboard to digital board migration has been stressed.
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- To arrest brain drain, a new scheme has been proposed to identify bright UG students and nudge them with PG opportunities at premier institutions.
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- Selected students to get special fellowships and will be expected to teach in institutes of higher education, particularly in rural areas.
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- An integrated B.Ed programme for teachers has been envisioned for improving quality of teachers and education.
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- 1.5 lakh centres under “Aayushman Bharat programme” to provide health facilities with an allocation of Rs 1,200 crore is to be set up.
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- Establishment of atleast one medical college for every three parliamentary constituencies has to envisioned.
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- Allocation of Rs 1 lakh crore has been proposed for revitalising and upgrading various aspects of the sector as a whole.
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- Government has also planned to establish of two new Schools of excellence for “Planning and Infrastructure”.
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- **Health -** Allocation of Rs 600 crore has been proposed for TB patients who are undergoing treatment.
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- As many as 10 crore people to get Rs 5 lakh health coverage for hospitalisation every year and the move towards universal health coverage is envisioned.
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- National social assistance program that provides financial assistance to the elderly, widows, the disabled and orphans has been allocated Rs 9,000 crore.
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- Setting up of 1.5 lakh centres under “Aayushman Bharat programme” to provide health facilities with an allocation of Rs 1,200 crore has been targeted.
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- **Financial Schemes -** 60 crore bank accounts under PM Jan Dhan Yojana is envisioned awhuch is currently 16 crores.
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- All the existing “Jan Dhan accounts”, are touted to be brought under micro insurance and pension plans of the government.
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- Notably, “PM Jivan Jothi Bima Yojana” is currently benefiting about 5.22 crore families.
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- It was stated that 1.26 crore bank accounts have already been opened under the “Sukanya Samriddhi Scheme” for the financial security of the girl child.
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- Rs 52,719 crore has been allocated for social inclusion of scheduled castes.
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- **Financial Markets -** Government to encourage a strong environment for Venture Capitalists and angel investors.
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- Meanwhile SEBI would make it mandatory for large corporations to meet a quarter of their debt needs from bond markets.
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- The disinvestment target for FY2019 has been set for Rs 80,000 crore and for the current fiscal has been set at Rs 1 lakh crore.
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- The National Insurance Co, Oriental Insurance Co and United Assurance Co will be merged into one entity which will then be listed.
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- It has been stated that bank recapitalisation many set the path for public banks to lend an extra Rs 5 lakh crore.
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- **Industry -** There seems have been a mass formalisation of MSME industry after GST and demonetisation.
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- Rs 3,794 crore capital support and subsidy for the sector has been allocated.
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- Under Mudra Yojana, a credit target of Rs 3 lakh crore has been envisioned for 2018, while it was noted that Rs 4.6 lakh crore was sanctioned till now.
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- Consumers get relief due to central excise cut on unbranded petrol and diesel by Rs.2 to Rs.6.33 and Rs.4.48 per liter respectively.
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- **Railways -** Targeted for capital expenditure for Railways is set at Rs 1,48,528 crore and a “special railway university” is envisioned at Vadodara, Gujarat.
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- All trains will soon be equipped with CCTVs and WiFi, and to cut travel times and delays, cutting 4,267 unmanned railway crossings has been targeted.
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- In a bid to overhaul the railway stations’ infrastructure, all station that have a footfall of 25,ooo passengers will now have escalators.
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- Allocations for Mumbai rail network was pegged at Rs 11,000 crore and for Bengaluru Metro was Rs 17,000 crore was allocated.
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- **Taxation -** No change in personal income tax rates for salaried class.
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- Jaitley said in his speech that there has been a 12.6% growth in direct taxes in 2017-18 and 18.7% growth in indirect taxes in 2017-18.
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- As many as 85.51 lakh new taxpayers filed their tax returns in 2017-18, as against 66.26 lakhs new registration in 2016-17.
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- The total filers now stands at 8.27 crore by end of 2017 and IT collections saw an increase of Rs.90,000 crores over the previous year.
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- Liberalisation of presumptive income scheme for small businesses with income below Rs 2 crores and professionals earning below 50 lakh is stated.
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- Corporate tax reduced has been reduced from 30% to 25% for companies with turnover up to Rs 250 crore, this is expected to boost MSME sector.
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- Long-term capital gains are proposed to be taxed at 10% on investments over Rs 1 lakh and Short term capital gains tax to remain unchanged at 15%.
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- For senior citizens, exemption of interest income on bank deposits has been raised to Rs 50,000 for senior citizens.
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- Bank FD and post offices deposits tax exeption of upto Rs. 10,000 was given.
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- The budget proposes 10% tax on distributed income by equity-oriented mutual funds as well as 100% deductions for cooperative societies.
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- **Infrastructure -** There is a requirement of Rs 50 lakh crore for the infrastructure sector.
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- A new tunnel at Sera Pass is to be constructed and 10 prominent tourist sites will be upgraded as iconic tourist destinations.
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- Bharatmala project aims to connect India’s eastern and western ends with a 35,000 km highway and roads network.
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- An outlay was announced to the tune of Rs 5.35 lakh crore under phase 1.
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- For toll payments on highways, the government will introduce a new system called “pay as you use”.
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- **Trade -** Customs duty on mobile phones, TVs has been hiked form 15% to 20% for providing a fillip to Make in India initiative.

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- Government also proposes 10% social welfare surcharge on imports.
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- **Employees -** Government pledges contribution of 12% in wages of new employees in all sectors for the upcoming 3 years under EPF scheme.
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- Women contribution to EPF slashed for initial three years to 8%.
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- **Defence -** The total outlay for defence in budget 2018 is Rs 2.95 lakh crore, according to PTI, up from Rs 2.74 lakh crore last year.
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- It was stated that thus far, emphasis was given on modernisation and enhancement of operational capabilities of the armed forces.
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- The intention has been to boost local manufacturing in defence sector but to meet the immediate needs, foreign procurements are made.
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- A new industry-friendly defence production policy 2018 for giving a boost to domestic production for private and public sector has also been promised.
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- **Technology -** Rs 3,073 crore was allocated for “Digital India scheme”.
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- To give access of broadband services to 5 crore rural citizens, an allocation of Rs 10,000 crore was proposed.
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- This will see the installation of more than 5 lakh WiFi hotspots across India.
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- Government will now explore the usage of Blockchain technology but it will also take steps to prohibit circulation of cryptocurrencies.
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- **Aviation -** Government plans to expand airport capacity by five times and aims to take the trip count to 1 billion per year.
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- An initial investment of Rs 60 has been set aside for this.
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- Under UDAN scheme, 64 airports will be connected across the country to boost low cost flying.
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- **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.
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- To commemorate the 150th birth anniversary of Mahatma Gandhi, Rs 150 crore has been set aside.
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- Also, it has been proposed that the emoluments of MPs may be increased based on index to inflation.
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Source: Indian Express

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