



### Union Budget 2018 - 19 Complete Highlights

1. **Union Budget 2017-18** - Finance Minister Arun Jaitley presented Union Budget 2018-19 in Lok Sabha. It was 4th full year Budget of NDA government and 5th budget of Arun Jaitley. Major Highlights Include -

#### 1. Key Economic Metrics -

1. Budget Size is INR 24,42,213 Crores. Government predicts expenditure of 21.57 Lakh Crores.

#### 2. Deficits -

1. **Revenue Deficit** (Called राजस्व घाटा in Hindi, Revenue deficit occurs when net revenue generated by government are less than projected net income) -

1. Revenue Deficit is aimed to be kept 2.2 % of GDP in 2018-19. Notable factor is that government's revenue deficit shot up to 2.6% of GDP in 2017-18, as against budget estimate of 1.9% of GDP.

2. **Fiscal Deficit** (Called राजकोषीय घाटा in Hindi, It is Difference between Government's Revenue and Expenditure) -

1. Fiscal Deficit is aimed to be at 3.3% of GDP in 2018-19. It was revised to 3.5 % of GDP in 2017-18, from earlier target of 3.2 % of GDP.

3. **Primary Deficit** (Called प्राथमिक घाटा in Hindi, It is a Part of Fiscal Deficit and is obtained by deducting Interest Payments from Fiscal Deficit) -

1. Primary Deficit is targeted to be kept .3 % of GDP in 2018-19, down from 2017-18 when it stood .4% of GDP.

#### 3. Debt-to-GDP ratio -

1. Government accepted recommendations of N.K. Singh Committee on fiscal discipline to reduce debt-to-GDP ratio to 40% by 2024-25 from 50.1% in 2017-18.

2. Government aims to reduce its to 48.8% in 2018-19, 46.7% in 2019-20 and 44.6% in 2020-21, while fiscal deficit as a percentage of GDP is targeted to be reduced to 3.3%, 3.1% and 3%, respectively during this.

#### 4. Tax Receipts -

1. Direct Tax Receipts are targeted to be 6.1 % of GDP, compared to 6.0 % of GDP in 2017-18. In 2018-19, Direct Taxes are expected to be 11.5 Lakh Crores (6.21 lakh Crore (Corporate Income Tax) + 5.29 Lakh Crore (Personal Income Tax)).

2. Indirect Tax Receipts are targeted to be 6.0 % of GDP, compared to 5.6 % of GDP in 2017-18.

1. Government assumed GST collections will grow by 67% to INR 7.4 Lakh Crore in 2018-19. Of These Receipts, INR 90000 Crores will be Provided to States as GST Implementation Compensation.

2. In 2017-18, 11 Month GST revenue is estimated to be 4.45 lakh crores.

3. Total Tax Receipts Projected - 12.1 % of GDP, compared to 11.6 % of GDP in 2017-18.

#### 5. 2018-19 Budget in Numbers -

1. Indian Economy is Now worth 161 lakh Crores.

Metric Name	2018-19 Budget Estimate (in Crores)
Revenue Receipts (A)	17,25,738
Capital Receipts (B)	7,16,475
Total Revenue	24,42,213 (A+B)
Total Expenditure	24,42,213
Revenue Deficit	4,16,034 (2.2 % of GDP)
Effective Revenue Deficit (Introduced in 2011-12, It Excludes Government grants given by Central Govt to state governments /UTs /other bodies from Revenue expenditure, as they create durable assets for nation in future).	2,20,589 (1.2 % of GDP)
Fiscal Deficit	6,24,276 (3.3 % of GDP)
Primary Deficit	48,481 (.3 % of GDP)

## 6. Disinvestment -

1. Government increased disinvestment target in 2018-19 by 10 %, to INR 80000 crores.
2. 3 Government Sector General Insurance Companies will be merged Into one - *National Insurance Company Limited, United India Insurance Company* and *Oriental India Insurance Company*. After this merger, there will be 2 Government sector General Insurance Companies - Merged One and New India Assurance Limited.
3. Air India Disinvestment is expected to Bring in Good receipts for Government.

## 7. Market Borrowings -

1. Government increased its borrowing Target to INR 6.06 Lakh Crores in 2018-19, up from 6.05 Lakh Crores last year. Most of these borrowings will be used for paying interests (slated to be 5.75 lakh Crores this year).

## 8. Subsidies -

1. Subsidies on Food, fertiliser and petroleum have been pegged higher by 15 % to Rs 2.64 lakh crore for 2018-19.
  1. Food Subsidy -> 1.69 Lakh Crores
  2. Fertilizer Subsidy -> .71 Lakh Crores
  3. Petroleum Subsidy -> .25 Lakh Crores

## 9. Taxation -

### 1. Direct Tax -

1. As per Budget 2018-19, Major part of personal income tax comes from salaried class. Over 1.89 crore returns were filed in 2017 and Rs 1.44 lakh crore was paid as taxes by salaried people.
2. NO CHANGE in Income Tax Slabs has been proposed.
3. Budget proposed to replace existing 3 % *education cess (2 % for primary education and 1 % for secondary and higher education)* on personal income tax and corporation tax with 4 % *Health and Education Cess* to take care of education and health needs of poor and rural families. This 1 % Increase in Cess will enable govt to earn 11000 Crores.
4. As a Small relief to salaried class and senior citizens, Budget proposed standard deduction of INR 40,000 as transport allowance and medical reimbursement. It will cost 8000 Crores INR to Government.
  1. Earlier, INR 19200 Tax Benefit was provided as transport allowance and INR 15000 as medical reimbursement. New System of INR 40000 Standard Deduction will provide Minor Tax Relief of INR 5800 To Salaried Class.
5. For Senior Citizens -
  1. Exemption limit on income from interest for Senior Citizens has been raised 5 times to INR 50,000 per year.
  2. Budget also raised limit of deduction for health insurance premium and medical expenditure to INR 50,000 from 30,000 under section 80D. For Severe Illness, this limit is increased from 60000 to 100000, under Section 80DB.
  3. Budget extends Pradhan Mantri Vaya Vandana Yojana to March 2020 and increases limit of investment from INR 7.5 lakh to 15 lakh. It gives assured return of 8% to senior citizens.

### 2. Indirect Taxes -

1. As a boost to companies with turnover upto INR 250 crores, corporate tax rate has been reduced to 25 % from 30 %. Earlier, Companies with turnover upto 50 Crores were kept in 25 % Corporate Tax Rate Slab.
2. Budget announced a new 10 % tax on long-term gains from investing in stock markets and equity mutual funds. Under this, profits of over 1 lakh from stock and equity mutual fund investments held over 1 year will be taxed at 10 %.
3. At present, profits from stock and equity mutual fund investments held for more than 12 months are tax exempt. The existing short-term capital gains tax, applicable on profits made on investments below one year, remains 15 %.
4. However, long-terms capital gains made on investments up to January 31, 2018, will not be taxed. Budget also introduced a 10 % tax on distributed income by equity-oriented mutual funds.
5. Budget has announced 5 year rebate on tax (100%) for Farmer Producer Organisations (FPOs) with turnover of under INR 100 crores, that are currently taxed at 30 %.

6. Budget increased customs duty on several product ranges, to discourage imports. It Includes 5 % increase in customs duty on Mobile Phones (15 % to 20 %). Customs duty on edible oils is raised from 12.5% to 30% and from 20% to 30% on refined edible oil. Customs duty on Raw cashew is reduced from 5 to 2.5 %.
7. Budget abolishes Education Cess and Secondary and Higher Education Cess on imported goods. It Will be replaced by social welfare surcharge of 10%.

## 10. How Government Spends -

1.

Metric Name	% Spending
Interest Payment	24.4
Defence	12.2
Subsidy on Food Items	6.8
Transfer to States	6.4
Pension	6.1
Rural Development	6
Transport	5.8
Household Works	3.9
Education	3.7
Fertilizer Subsidy	3.3
Agriculture	2.6
Health	2.3
Urban Development	1.9
Social Welfare	1.8
Energy	1.7
Finance	1.4
Petroleum Subsidy	1.2
Industries	1.1
Science	1
IT and Telecom	1
North East Development	.2
Other Spends	5.3

## 2. Agriculture -

1. Budget focuses on generating higher income for farmers and higher prices for their produce.
2. Minimum Support Price of Kharif crops shall be increased by 1.5 times.
3. Approx 22000 Rural haats (*Grameen Agricultural Markets (GrAMs)*) will be upgraded to regular Mandis at cost of INR 2000 crores and work will be done under MNREGA. It will strengthen Small and marginal farmers (approx 86 % of total farmers), enabling them to sell their produce at reasonable rates in Mandis.
4. Allocation of Food processing has been doubled to 1400 crores.
5. Purview of Kisan Credit Cards has been increased to Dairy and Fisheries Farmers.
6. Agriculture Credit Target For Financial Year 2018 - 19 has been increased 10 % To 11 Lakh Crores.
7. Operation Greens will be launched with corpus of INR 500 crores, as a price fixation scheme that aims to ensure farmers are given the right price for Farmers' produce. It will help control and limit erratic fluctuations in prices of onions, potatoes and tomatoes.
8. INR 1290 crores allocated for restructured bamboo production mission, referring Bamboo as *Green Gold*.
9. Budget proposed setting up Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry sector and Fisheries and Aqua culture Infrastructure Development Fund (FAIDF) for fisheries sector. Total corpus for these 2 funds will be INR 10000 crore.
10. Budget Approved setting up of Fishery and Aquaculture fund and Animal Husbandary fund with total corpus of Rs 10000 crores.
11. Budget allocated INR 2600 Crores to Prime Minister Krishi Sinchai Yojna, to Strengthen groundwater irrigation. It looks to provide assured irrigation in 96 irrigation deprived districts where less than 30% of the land holdings get water.
12. Loans to self-help groups will increase to INR 75000 crores.
13. Budget announced Rs.1.4 lakh-crore Kisan Urja Suraksha evam Utthaan Mahaabhiyan (KUSUM) scheme for promoting solar farming i.e. decentralised solar power production of up to 28,250 MW to help farmers. Budget allocated INR 48,000

crore for scheme for 10 years.

1. KUSUM scheme will start with building 10,000 MW solar plants on barren lands and providing 1.75 million off-grid agricultural solar pumps. It will provide extra income to farmers, by giving them an option to sell additional power to grid through solar power projects set up on their barren lands.
2. Surplus electricity generated by farmers will be bought by state electricity distribution companies (discoms). Thus, it will help boost the country's emerging green economy.
3. Components of scheme Include -
  1. 10,000 MW solar plants on barren lands.
  2. Solarising existing pumps of 7250 MW as well as government tube wells with a capacity of 8250 MW.
  3. Distributing 17.5 lakh solar pumps.
  4. Government will provide 60% subsidy on solar pumps to farmers. It will be shared between Centre and States while 30% will be provided through bank loans.

### 3. Education -

1. Government stated that by 2022, each block with over 50% ST population and at least 20000 tribal persons, will have an Ekalavya Model Residential School.
2. Budget 2018 allotted INR 85010 crores for education sector, of which 35010 crores are earmarked for higher education and 50000 crores for school education.
3. A Fellowship Scheme is announced for top 1000 BTech students, to provide them opportunity to pursue a PhD in IITs / IISc.
  1. The scheme is called *Prime Minister's Research Fellows (PMRF)* and will be implemented at total cost of INR 1650 crores for 7 years beginning 2018-19.
4. 20 New Schools of Planning And Architecture (SPA) will be set up, 2 as separate units and 18 under IITs / NITs.
5. A new scheme called *Revitalising Infrastructure and Systems in Education (RISE)* has been announced in Budget 2018. It will be implemented with a total investment of Rs 1 lakh crore in next 4 years.
  1. RISE scheme will be financed via a restructured higher education financing agency (HEFA) that functions as a non-banking financial company. HEFA lends low-cost funds to government higher educational institutions.
  2. HEFA's Budget has been Increased from INR 250 crores in 2017-18 to 2750 crores in 2018-19.
6. To improve quality of teaching, Govt will initiate an integrated B-Ed programme for teachers.

### 4. Sports -

1. Flagship Sports Development scheme Khelo India's Budget has been increased from 350 Crores in 2017-18 to 520 Crores in 2018-19. Government has cut down budget of SAI (Sports Authority of India) by 66 Crore to 429 crores.

### 5. Defence -

1. Defence budget is hiked 7.81% to INR 2.95 Lakh crores. A new Defence Production Policy 2018 will be brought out to promote domestic production by public sector, private sector and MSMEs. Approx 1 Lakh Crores have been allotted for procuring defence equipments.
2. Government will develop two defence industrial production corridors and bring out an industry-friendly military production policy to promote defence industry. 1st of 2 defense industrial production corridors will link Chennai & Bengaluru and will pass through Coimbatore and several other industrial clusters.

### 6. Transport -

1. Budget has allocated INR 1.48 lakh crores for Indian Railways for 2018-19.
2. 18000 km of railway line will be doubled to eliminate capacity constraints.
3. Redevelopment of 600 major railway stations will be taken up.
4. All railway stations with more than 25000 footfalls will have escalators.
5. Training institute will be set up in Vadodara (Gujarat) to train manpower for high-speed railway projects.
6. Mumbai's local train network will have 90 kilometers of double line tracks at a cost of over INR 11,000 crores. Suburban network of 160 kilometers at cost of INR 17,000 crores is being planned to cater to growth of Bengaluru metropolis.
7. UDAN scheme will now connect 56 unserved airports and 31 unserved helipads in the country.
8. Capacity of 124 Airports of Airport Authority of India will be increased 5 times to handle over 1 billion trips every year, under *NABH Nirman* Initiative.

### 7. MSME Sector -

1. Budget has announced INR 3794 crore allocation to MSME sector for credit support, capital and interest subsidy on innovation.
2. Boosted Allocation of INR 7148 crores for textile sector.

#### **8. Infrastructure -**

1. Increased budgetary allocation on infrastructure for 2018-19 to Rs.5.97 lakh crores, compared to INR 4.94 lakh crores in 2017-18.
2. 10 prominent tourist sites will be developed into Iconic Tourism destinations.
3. Construction of 35000 kms roads under Phase-I of Bharatmala Programme has been approved at cost of 5.5 Lakh Crores.
4. INR 10000 Crores has been allocated for creation and augmentation of Telecom infrastructure.

#### **9. Rural Development -**

1. Under Ujjwala Scheme for distribution of free LPG connections to Rural Families, 8 crore poor women instead of previous target of 5 crore women will be benefitted now. It has been given additional allocation of INR 4800 Crores for this target extension.
2. Under Saubahagya (Sahaj Bijli Har Ghar) Yojana, 4 crore poor households will be provided with electricity connection with an outlay of INR 16000 crores.
3. Budget has provisioned Total of 14.34 Lakh Crores for all rural development activities in 2018-19. It aims at construction of 3.17 lakh km of roads, 51 lakh new houses, 1.88 crore toilets, and electricity connections to 1.75 crore new households.
4. Government announced new scheme called Gobar-Dhan (Galvanizing Organic Bio-Agro Resource Fund) scheme. Under this, solid waste of dung and fields will be changed into compost, biogas and bio-CNG.

#### **10. Healthcare -**

1. Government announced new mega healthcare scheme named *National Health Protection Scheme (NHPS; also called Ayushman Bharat*, which will provide health cover of INR 5 lakh to 10 crore households (50 Crore People).
  1. Expenditure of NHPS will be borne by centre and state governments. It is world's largest government-funded health care programme.
  2. Per family premium will be INR 1000 - 12000, which will be borne by central and state governments. It will annually cost 5000-6000 crores to government.
  3. NHPS will replace RSBY (Rashtriya Swasthaya Bima Yojana). In RSBY, Government provided medical expenses help of up to INR 30000 to BPL Families.
  4. INR 2000 Crores have been allotted to NHPS initially, which is expected to cost approx INR 10000 Crores.
2. Government announced INR 500 help for TB (Tuberculosis) Patients, costing approx 600 Crores.
3. Budget announced opening 1.5 Lakh New health and wellness centres across India, with an investment of INR 1200 Crores.
4. New Medical Infrastructure -
  1. 24 new Medical Colleges to be set up in underserved areas
  2. 18,058 UG and PG seats to be increased in medical colleges
  3. 248 Nursing and Midwifery schools to be set up.

#### **11. Miscellaneous -**

1. Salaries of President, Vice - President and States' Governors have been increased. New Monthly Salaries are -
  1. President - 5 Lakh (Up from 1.5 Lakh)
  2. Vice President - 4 Lakh (Up from 1.25 Lakh)
  3. Governors - 3.5 Lakh (Up from 1.10 Lakh)
2. Government will pay 12 % of wages to Employees Provident Fund (EPF) contribution on behalf of new employees in all sections for next 3 years. Also, Employees Provident Fund Act will be amended to reduce contribution of women to 8 % from 12 % cent with no change in employer's contribution. This would enable women employees to get a higher take-home pay.
3. Government will explore use of blockchain technology proactively to boost digital economy. However, government will not consider cryptocurrency as legal tender.
4. Commerce Ministry will develop a National Logistics Portal as a single window program to boost logistics sector.
5. NITI Aayog will establish a National Programme to direct government's efforts in Artificial Intelligence towards national development.
6. Government will recapitalise public sector banks to help them lend an additional Rs 5 lakh crores.

7. Pradhan Mantri Jan Dhan Yojana will be extended to all 60 crore bank accounts.
8. Budget states that 70 lakh formal jobs will be created in 2018-19.
9. Budget proposes 5 lakh wifi hotspots to provide net connectivity to 5 crore rural citizens.
10. Budget Sets aside INR 150 Crores To celebrate 150 Birth Anniversary of M K Gandhi from 2nd October 2019.
11. To control the cash economy, payments exceeding INR 10,000 in cash made by trusts and institutions shall be disallowed and would be subject to tax.
12. Central Board of Excise and Customs (CBECO will be renamed to Central Board of Indirect Taxes and Customs (CBIC).
13. A new tunnel will be built through Sela Pass in Arunachal Pradesh, at an elevation of 13,700 ft. It will ensure faster movement of troops in Tawang, a strategically- located town in Arunachal Pradesh bordering China.
14. External Affairs Ministry's annual allocation to Nepal has nearly doubled to INR 650 crores. Bhutan remains largest recipient of External Affairs Ministry's allocation with 2650 crores funds.

**12. Budgetary Allocations of Prominent Centrally Sponsered Schemes and Welfare Programmes (In Crores) -**

1. Welfare Programmes -

1. SC - 56616
2. ST - 39134
3. Children - 79088
4. North Eastern Areas - 47994

2. See Allocations for Centrally Sponsered Schemes -

1. National Social Assistance Program - 9975
2. Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGA) - 55000 Crores.
3. Pradhan Mantri Awaas Yojana - 27500 Crores
4. Prime Minister Gram Sadak Yojana - 19000 crores
5. Pradhan Mantri Krishi Sinchai Yojna - 9129 Crores
6. Green Revolution - 13908 Crores Crores
7. White Revolution - 2219 Crores
8. Blue Revolution - 642 Crores
9. Modernisation of Police Forces - 3157 Crores
10. National Rural Drinking Water Mission 7000 Crores
11. Swachh Bharat Mission - 17843 Crores
12. National Health Mission - 30634 Crores
13. National Education Mission - 32612 Crores
14. Integrated Child Development Services - 23088 Crores
15. Mid-day Meal - 10500 Crores
16. National Livelihood Mission - Ajeevika - 6060 Crores
17. Jobs and Skill Development - 5071 Crores
18. Urban Rejuvenation Mission: AMRUT and Smart Cities Mission - 12169 Crores
19. Border Area Development Programme - 771 Crores
20. Shyama Prasad Mukherjee Rurban Mission - 1200 Crores
21. National Health Protection Scheme (erstwhile Rashtriya Swasthaya Bima Yojana) - 2000 Crores
22. Mudra Yojana - 3 lakh crores.
23. National Rural Livelihood Mission - 5750 crores.
24. Digital India - 3073 crores.
25. Integrated Power Development Scheme - 4935 Crores
26. Deen Dayal Upadhyaya Gram Jyoti Yojna - 3800 Crores
27. Khelo India - 520 Crores
28. National Ganga Plan and Ghat Works - 2300 Crores
29. Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan) & PRASAD - 1250 Crores
30. Sahaj Bijli Har Ghar Yojana (Rural)- Saubhagya - 2750 Crores
31. Prime Minister Employment Generation Programme (PMEGP) - 1801 Crores

32. Pradhan Mantri Fasal Bima Yojana - 13014 Crores

33. For More, see **Allocations for Centrally sponsored schemes in Budget 2018-19**

