

BUDGET ANALYSIS: 2018-19

Budget 2018-19 largely focuses on:-

1. uplift of agricultural sector;
 2. healthcare and
 3. education sectors in the country.
- A fiscal deficit of 3.3% of GDP is proposed for 2018-19. This has been conservative approach by the govt. considering the impact of GST & Demonetization in the prior years.
 - Disinvestment target 2018-19 is Rs. 80,000 crore. For 2017-18 it has been exceeded and will reach Rs. 1 lakh crore.

Income Tax Proposals:

- Arun Jaitley surprisingly does not propose any changes in tax slabs for the salaried class / individuals this year. This seems disappointing to salary & individual taxpayers.
- Standard deduction of Rs. 40,000 re-introduced for salaried employees in lieu of transport and medical expenses.
- Budget proposes to tax long term capital gains (LTCG) exceeding Rs. 1 lakh at 10 per cent without indexation benefit. This being a major reform in LTCG on equity & equity oriented shares or mutual funds traded on a listed platform. However a major relief is that gains upto 31/01/2018 are exempted.
- Electronic IT assessment will be rolled out across the country, leading to greater efficiency and transparency. This shows government's effort on increasing transparency & reducing corruption at all levels. Already, this is in place in major cities & towns.
- TDS Relief for Senior Citizens: For senior citizens, exemption of interest income on bank deposits raised to Rs. 50,000/-.
- To keep Mutual Funds on par with LTCG on sale of shares, Budget proposes to introduce tax on distributed income by equity oriented mutual funds at 10 per cent.
- Mediciam: 80D limit for Senior Citizen raised to 50,000/-. Considering the push in the insurance sector, the limit has been raised significantly.
- 80DDB: Limit increased to Rs. 100000/- for specified diseases. Earlier the said limit was Rs. 60000/-.
- Bit\$coin: Treated Illegal: Government will take all steps to eliminate use of crypto currencies which are funding illegitimate transactions. After considering the huge rise in its value, GOI has decided to take stringent action against it.

What might be costly

- Mobile phones set to become costlier as custom duty on them has been increased to 20 per cent. This could be to dampen the imports of mobiles.
- Television sets to be costly considering the increased imports.

- Customs Duty on Footwear hiked to 20% from 10%.
- Truck & Buses Radial Tyres customs duty pegged to 15% to give boost to MAKE in INDIA.

Health Care

- Health and education cess has been increased to 4 per cent. Education cess of 3% now increased as health & education cess.
- Govt will launch health scheme to cover 10 crore poor families. FM has reiterated this to Speaker during the speech pointing that this could be a big reform in health scheme of India. We may term it as MODI Care of India like Obama Care of USA. The Government is slowly but steadily progressing towards universal health coverage said FM.
- Artificial Intelligence (AI): NITI Aayog will establish a national programme to direct efforts in the area of AI towards national development & health sector.
- Rs. 600 crore allocated to Tuberculosis patients undergoing treatment.
- Pure Water Facility: Amrut Program to focus on water supply to all households in 500 cities. In this context, water supply contracts for 494 projects worth Rs. 19,500 crore will be awarded.

Infrastructure

- 4,000 km of new railway track will be laid down by 2019.
- All railways stations with footfall more than 25,000 to have escalators which is the necessity of the day.
- Redevelopment of 600 major railway stations across the country is proposed.
- CapEx of Rs. 1,48,528 crore for Indian Railways in 2018-19.
- Airport capacity to be hiked to handle 1 billion trips every year. This could be a major boost for aviation sector
- Digital Push: Around 5 lakh WiFi hotspots will be set up in rural areas to provide easy internet access.
- Target to provide all Indians with their own homes by 2022 as promised in the election manifesto. Though the promise appears to be a huge task.
- Infra Expenditure pegged to 5.97 Lakh Crore. A major increase considering the Housing for All scheme & Infra development including Road whereby 9000 Km highways are proposed to be built.
- Smart Cities: 99 Cities to get 2.04 Lakh Crore. However, no much move has been seen in smart cities since its plan was given inception by PM.

Agri / MSME Push

- Ujjwala scheme to amplify targets, will now provide 8 crore rural women free LPG connections.
- Minimum Support Price (MSP): Budget fixes the MSP of agricultural products at 1.5 times the cost. This is seen as huge boost to farming community which has been suffering in the last few years.

- MSME Sector amongst top priority as it gets dedicated budget of Rs. 3794 crore. This will help MSME's to flourish as this will be in the form of Capital Support & Interest Subsidy thus paving the way for Start Up's.
- With mass formalisation of MSME sector after demonetisation and GST, hence further push is being given to MSME as per our analysis.
- Target of 3 lakh crore for lending under PM Mudra Yojana. This is to provide loans to Self HELP Group & Small Entrepreneurs for small & medium term business loans @ lower rate of interest to make them self dependent.
- Companies with turnover of up to Rs. 250 crore to be taxed at 25 per cent. Earlier the turnover limit was Rs.100 crore. Analysis of this shows that govt. is ready to forego Rs. 7000 crore to boost MSME sector.
- Rural Electrification: 16000 crore has been set aside ensuring the govt. meets it's planned rural electrification target thereby providing electricity in every village
- Irrigation being the base of farming, a separate fund of Rs. 2600 crore has been set aside for the same.
- Rural India gets massive Rs. 14.34 Lakh Crore. This is basically to empower the rural India, it's infra & for job creation in rural India.
- Another 55000 crore to MNREGA this year to continue the trend of UPA government.

Education

- Govt will set up two new Schools of Planning and Architecture, says Finance Minister Jaitley.
- Scheme to identify bright students pursuing B Tech in premiere engineering institutes, and providing them higher-education opportunities in the IITs and IISc. These students will receive handsome fellowships, and will be expected to dedicate a few hours to teach in higher education institutions weekly.
- Specialized Railway University to be set up at Vadodara.
- B.Ed programme for teachers: "training of teachers during service is essential." Technology will be the biggest driver in improving the quality of education. Hence, it appears that this could be a turning stone in India's education system as a whole.