

Union Budget 2018-19¹

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Abstract

India achieved an average growth of 7.5 % in last 3 yrs. IMF and World Bank estimate India to grow at 7.2–7.5%. Budget aims to reduce poverty, expedite infrastructure creation and build a strong, confident New India. In 2018-19 for creation of livelihood and infrastructure in rural areas. Total amount to be spent by ministries will be ₹14.34 lakh. Which will create employment of 321 crore person days, 3.17 lakh km rural roads, 31 lakh. New rural houses, 1.88 crore to toilets and provide 1.75 crore new household electric connections besides boosting agriculture growth. Government estimated budgetary expenditure on health, education and social protection is ₹1.38 lakh crore in 2018-19; corporate taxes for MSME upto 250 crore turnover is reduced to 25 %; No. change in person and corporate taxes, however provision for relief to senior citizens; LTCG has been reintroduced at 10 %; 1% Health and Education cess has been introduced. Fiscal deficit is likely to be contained in 3.3 % of GDP for 2018-19.

I. Governance, Economy and Development

Madam Speaker,

I RISE TO Present the Budget for 2018-19.

Madam, four years ago, we pledged to the people of India to give this nation an honest, clean and transparent Government. We promised a leadership capable of taking difficult decisions and restoring strong performance of Indian economy. We promised to reduce poverty, expedite infrastructure creation and build a strong, confident and a New India. When our Government took over, India was considered a part of fragile 5; a nation suffering from policy paralysis and corruption. We have decisively reversed this. The Government, led by Prime Minister, Shri Narendra Modi, has

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successfully implemented a series of fundamental structural reforms. With the result, India stands out among the fastest growing economies of the world.

The journey of economic reforms during the past few years has been challenging but rewarding. As a result of the reforms undertaken by the Government, foreign direct investment has gone up. Measures taken by the Government have made it much easier to do business in India. Natural resources are now allocated in a transparent and honest manner. There is a premium on honesty. There was a time when corruption was commonplace. Today, our people, especially our youths, are curious to lead their lives honestly. The indirect tax system, with introduction of Goods and Services Tax, has been made simpler. Benefits to the poor have been targeted more effectively with use of digital technology. The demonetization of high value currency has reduced the quantum of cash currency and circulation in India. It has increased the taxation base and spurred greater digitization of the economy. The Insolvency and Bankruptcy Code (IBC) has changed the lender-debtor relationship. The recapitalized banks will now have a greater ability to support growth. All these structural reforms in the medium and long run will help Indian economy achieve stronger growth for a long time.

Indian economy has performed very well since our Government took over in May, 2014. India achieved an average growth of 7.5% in first three years of our Government. Indian economy is now 2.5 trillion dollar economy – seventh largest in the world. India is expected to become the fifth largest economy very soon. On Purchasing Power Parity (PPP) basis, we are already the third largest economy.

Indian society, polity and economy had shown remarkable resilience in adjusting with the structural reforms. GDP growth at 6.3% in the second quarter signaled turnaround of the economy. We hope to grow at 7.2% to 7.5% in the second half. IMF, in its latest Update, has forecast that India will grow at 7.4% next year. Manufacturing sector is back on good growth path. The services, mainstay of our growth, have also resumed their high growth rates of 8% plus. Our exports are expected to grow at 15% in 2017-18. We are now firmly on course to achieve high growth of 8% plus.

We have taken up programmes to direct the benefits of structural changes and good growth to reach farmers, poor and other vulnerable sections of our society and to uplift the under-developed regions. This year's Budget will consolidate these gains and particularly focus on strengthening agriculture and rural economy, provision of good health care to economically less privileged, taking care of senior citizens, infrastructure creation and working with the States to provide more resources for improving the quality of education in the country.

Prime Minister Shri Narendra Modi has always stressed importance of good governance. He has articulated the vision of “ Minimum Government and Maximum Governance”. This vision has inspired Government agencies in carrying out hundreds of reforms in policies, rules and procedures. This transformation is reflected in improvement of India’s ranking by 42 places in last three years in the World Bank’s ‘Ease of Doing Business’ with India breaking into top 100 for the first time. I would like to congratulate all those who worked to achieve this.

Now, our Government has taken Ease of Doing business further by stress on "Ease of Living" for the common men of this country, especially for those belonging to poor & middle class of the society. Good governance also aims at minimum interference by the government in the life of common people of the country.

Government is providing free LPG connections to the poor of this country through Ujjwala Yojana. Under Saubhagya Yojna 4 crore household are being provided with electricity connections. More than 800 medicines are being sold at lower price through more than 3 thousand Jan Aushadhi Centres. Cost of stents have been controlled. Special scheme for free dialysis of poor have been initiated. Persons belonging to poor and middle class are also being provided a great relief in interest rates on housing schemes. Efforts are being made to provide all government services, whether bus or train tickets or individual certificates on line. These include passports which may be delivered at doorstep in two or three days or Company registration in one day time and these facilities have benefited a large section of our country. Certificate attestation is not mandatory, interviews for appointment in Group C and Group D posts have been done away with. These measures have saved time and money of lakhs of our youth. Our Government by using modern technology is committed to provide a relief to those who suffer because of rigid rules and regulations.

Madam, while undertaking these reforms and programmes, we have worked sincerely and without weighing the political costs. Our Government has ensured that benefits reach eligible beneficiaries and are delivered to them directly. Many services and benefits are being delivered to the people at their doorsteps or in their accounts. It has reduced corruption and cost of delivery and has eliminated middlemen in the process. Direct Benefit Transfer mechanism of India is the biggest such exercise in the world and is a global success story

II. Investment, Expenditure and Policy Initiatives

2.1 Agriculture and Rural Economy

My Government is committed for the welfare of farmers. For decades, country’s agriculture policy and programme had remained production centric. We have sought to effect a paradigm shift. Honourable Prime Minister gave a clarion call to double farmers’ income by 2022 when India celebrates its 75th year of independence. Our emphasis is on generating higher incomes

for farmers. We consider agriculture as an enterprise and want to help farmers produce more from the same land parcel at lesser cost and simultaneously realize higher prices for their produce. Our emphasis is also on generating productive and gainful on-farm and non-farm employment for the farmers and landless families.

Madam Speaker, as a result of the hardwork of our country's farmers agriculture production in our country is at a record level. During the year 2016-17 we achieved a record food grain production of around 275 million tonnes and around 300 million tonnes of fruits and vegetables.

Madam Speaker, in our party's manifesto it has been stated that the farmers should realize at least 50 per cent more than the cost of their produce, in other words, one and a half times of the cost of their production. Government have been very much sensitive to this resolutions and it has declared Minimum support price (MSP) for the majority of rabi crops at least at one and a half times the cost involved. Now, we have decided to implement this resolution as a principle for the rest of crops. I am pleased to announce that as per pre-determined principle, Government has decided to keep MSP for the all unannounced crops of kharif at least at one and half times of their production cost. I am confident that this historic decision will prove an important step towards doubling the income of our farmers.

Our Government works with the holistic approach of solving any issue rather than in fragments. Increasing MSP is not adequate and it is more important that farmers should get full benefit of the announced MSP. For this, it is essential that if price of the agriculture produce market is less than MSP, then in that case Government should purchase either at MSP or work in a manner to provide MSP for the farmers through some other mechanism. NitiAyog, in consultation with Central and State Governments, will put in place a fool-proof mechanism so that farmers will get adequate price for their produce.

For better price realization, farmers need to make decisions based on prices likely to be available after its harvest. Government will create an institutional mechanism, with participation of all concerned Ministries, to develop appropriate policies and practices for price and demand forecast, use of futures and options market, expansion of warehouse depository system and to take decisions about specific exports and imports related measures.

Madam Speaker, last year, I had announced strengthening of e-NAM and to expand coverage of e-NAM to 585 APMCs. 470 APMCs have been connected to e-NAM network and rest will be connected by March, 2018.

More than 86% of our farmers are small and marginal. They are not always in a position to directly transact at APMCs and other wholesale markets. We will 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. These GrAMs, electronically linked to e-NAM and exempted from regulations of APMCs, will provide farmers facility to make direct sale to consumers and bulk purchasers.

An Agri- Market Infrastructure Fund with a corpus of ` 2000 crore will be set up for developing and upgrading agricultural marketing infrastructure in the 22000 Grameen Agricultural Markets (GrAMs) and 585 APMCs.

Task of connecting all eligible habitations with an all- weather road has been substantially completed, with the target date brought forward to March, 2019 from March 2022. It is now time to strengthen and widen its ambit further to include major link routes which connect habitations to agricultural and rural markets (GrAMs), higher secondary schools and hospitals. Prime Minister Gram Sadak Yojana Phase III will include such linkages.

For several years, we have been stating that India is primarily an agriculture based country. As India is primarily an agriculture based country, our districts can specialize in some or other agricultural produce and be known for it. But special attention is lacking in this regard. There is a need to develop cluster based model in a scientific manner for identified agriculture produces in our districts in the same manner as we have developed model for industrial sector.

Cultivation of horticulture crops in clusters bring advantages of scales of operations and can spur establishment of entire chain from production to marketing, besides giving recognition to the districts for specific crops. The Ministry of Agriculture & Farmers' Welfare will reorient its ongoing Schemes and promote cluster based development of agri- commodities and regions in partnership with the Ministries of Food Processing, Commerce and other allied Ministries.

Our Government has promoted organic farming in a big way. Organic farming by Farmer Producer Organizations (FPOs) and Village Producers' Organizations (VPOs) in large clusters, preferably of 1000hectares each, will be encouraged. Women Self Help Groups (SHGs) will also be encouraged to take up organic agriculture in clusters under National Rural Livelihood Programme.

Our ecology supports cultivation of highly specialized medicinal and aromatic plants. India is also home to a large number of small and cottage industries that manufacture perfumes, essential oils and other associated products. Our Government shall support organized cultivation and associated industry. I propose to allocate a sum of ` 200 crore for this purpose.

Food Processing sector is growing at an average rate of 8% per annum. Prime Minister Krishi Sampada Yojana is our flagship programme for boosting investment in food processing. Allocation of Ministry of Food Processing is being doubled from ₹ 715 crore in RE 2017-18 to ₹ 1,400 crore in BE 2018-19. Government will promote establishment of specialized agro - processing financial institutions in this sector.

Tomato, onion and potato are basic vegetables consumed throughout the year. However, seasonal and regional production of these perishable commodities pose a challenge in connecting farmers and consumers in a manner that satisfies both. My Government proposes to launch an 'Operation Greens' on the lines of "Operation Flood". "Operation Greens" shall promote Farmer Producers Organizations (FPOs), agri- logistics, processing facilities and professional management. I propose to allocate a sum of ` 500 crore for this purpose.

India's agri- exports potential is as high as US\$ 100 billion against current exports of US\$ 30 billion. To realize this potential, export of agri - commodities will be liberalized. I also propose to set up state - of -the-art testing facilities in all the forty two Mega Food Parks

I propose to extend the facility of Kisan Credit Cards to fisheries and animal husbandry farmers to help them meet their working capital needs. Small and marginal farmers will get more benefits.

Bamboo is "Green Gold". We removed bamboo grown outside forest areas from the definition of trees. Now, I propose to launch a Re - structured National Bamboo Mission with an outlay of ₹ 1,290 crore to promote bamboo sector in a holistic manner.

Many farmers are installing solar water pumps to irrigate their fields. Generation of solar electricity is harvesting of Sun by the farmers using their lands. Government of India will take necessary measures and encourage State Governments to put in place a mechanism that their surplus solar power is purchased by the distribution companies or licencees at reasonably remunerative rates

Our Government set up a Long Term Irrigation Fund (LTIF) in NABARD for meeting funding requirement of irrigation works. Scope of the Fund would be expanded to cover specified command area development projects.

Last year, I had announced setting up of Micro Irrigation Fund (MIF) for facilitating expansion of coverage under micro irrigation and Dairy Processing Infrastructure Development Fund (DPIDF) to help finance investment in dairying infrastructure. It is now time to expand such focused investment Funds. I, now, announce setting up a Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) for fisheries sector and an Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry sector. Total Corpus of these two new Funds would be ₹ 10,000 crore.

Our Government has been steadily increasing the volume of institutional credit for agriculture sector from year - to - year from ₹ 8.5 lakh crore in 2014-15 to ₹ 10 lakh crore in 2017-18. I now propose to raise this to ₹ 11 lakh crore for the year 2018 - 19

Presently, lessee cultivators are not able to avail crop loans. Consequently, a significant proportion of arable land remains fallow and tenant cultivators are forced to secure credit from usurious money lenders. NITI Aayog, in consultation with State Governments, will evolve a suitable mechanism to enable access of lessee cultivators to credit without compromising the rights of the land owners.

Government will extend a favourable taxation treatment to Farmer Producers Organisations (FPOs) for helping farmers aggregate their needs of inputs, farm services, processing and sale operations. I shall give details in Part B of my speech.

Air pollution in the Delhi - NCR region has been a cause of concern. A special Scheme will be implemented to support the efforts of the governments of Haryana, Punjab, Uttar Pradesh and the NCT of Delhi to address air pollution and to subsidize machinery required for in-situ management of crop residue.

Madam Speaker, the present top leadership of this country has reached at this level after seeing poverty at close quarters. Our leadership is familiar with the problems being faced by the SC, ST, Backward Classes and economically weaker sections of the society. People belonging to poor and middle class are not case studies for them, on the other hand they themselves are case study.

The Lower and Middle Class have been the focus of our Government during the last three years. This Government is continuously striving to alleviate all the small and major problems of the poor.

We launched Prime Minister's Ujjwala Scheme to make poor women free from the smoke of wood. Initially our target was to provide free LPG connections to about 5 crore poor women. But in view of the pace of implementation of Ujjwala scheme and its popularity among the women, we propose to increase the target of providing free connection to 8 crore poor women.

Our Government has launched Prime Minister Saubhagya Yojana for providing electricity to all households of the country. Under this scheme, four crores poor households are being provided with electricity connection free of charge. We are spending ₹ 16,000 crore under this scheme. You can very well imagine our anxiety and restlessness even with one hour power cut. Think about those women and children whose houses will not get electricity. Their life is going to change because of Pradhan Mantri Saubhagya Yojana.

Swachh Bharat Mission has benefited the poor. Under this mission, Government has already constructed more than 6 crore toilets. The positive effect of these toilets is being seen on the dignity of ladies, education of girls and the overall health of family. Government is planning to construct around 2 crore toilets.

Madam Speaker, a roof for his family is another concern of the poor. Far from the Benami properties earned by corruption, the poor only desire to have a roof, a small house by his earning of honesty. Our Govt. is helping them so that they may fulfil the dream of their own house. We have fixed a target that every poor of this country may have his own house by 2022. For this purpose Prime Minister Awas Yojana has been launched in rural and urban areas of the country. Under Prime Minister Awas Scheme Rural, 51 lakhs houses in year 2017-18 and 51 lakh houses during 2018-19 which is more than one crore houses will be constructed exclusively in rural areas. In urban areas the assistance has been sanctioned to construct 37 lakh houses.

My Government will also establish a dedicated Affordable Housing Fund (AHF) in National Housing Bank, funded from priority sector lending shortfall and fully serviced bonds authorized by the Government of India.

Loans to Self Help Groups of women increased to about Rupees 42,500 crore in 2016-17, growing 37% over previous year. The Government is confident that loans to SHGs will increase to ₹ 75,000 crore by March, 2019. I propose to substantially increase allocation of National Rural Livelihood Mission to ₹ 5,750 crore in 2018-19

Ground water irrigation scheme under Prime Minister Krishi Sinchai Yojna - Har Khet ko Pani will be taken up in 96 deprived irrigation districts where less than 30% of the land holdings gets assured irrigation presently. I have allocated ₹ 2, 600 crore for this purpose.

As my proposals outlined indicate, focus of the Government next year will be on providing maximum livelihood opportunities in the rural areas by spending more on livelihood, agriculture and allied activities and construction of rural infrastructure. 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. Apart from employment due to farming activities and self employment, this expenditure will create employment of 321 crore person days, 3.17 lakh kilometers 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. Details are in Annexure I.

2.2 Health, Education and Social Protection

My Government's goal is to assist and provide opportunity to every Indian to realize her full potential capable of achieving her economic and social dreams. Our Government is implementing a comprehensive social security and protection programme to reach every household of old, widows, orphaned children, divyaang and deprived as per the Socio-Economic Caste Census. Allocation on National Social Assistance Programme this year has been kept at ₹ 9,975 crore.

We have managed to get children to School but the quality of education is still a cause of serious concern. We have now defined learning outcomes and National Survey of more than 20 lakh children has been conducted to assess the status on the ground. This will help in devising a district-wise strategy for improving quality of education. We now propose to treat education holistically without segmentation from pre - nursery to Class 12.

Improvement in quality of teachers can improve the quality of education in the country. We will initiate an integrated B.Ed. programme for teachers. Training of teachers during service is extremely critical. We have amended the Right to Education Act to enable more than 13 lakh untrained teachers to get trained.

Technology will be the biggest driver in improving the quality of education. We propose to increase the digital intensity in education and move gradually from “ black board ” to “ digitalboard ”. Technology will also be used to upgrade the skills of teachers through the recently launched digital portal “ DIKSHA ”.

The Government is committed to provide the best quality education to the tribal children in their own environment. To realise this mission, 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.

To step up investments in research and related infrastructure in premier educational institutions, including health institutions, I propose 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.

Our Government has taken major initiative of setting up Institutes of Eminence. There has been tremendous response to this initiative by institutions both in public and private sectors. We have received more than 100 applications. We have also taken steps to set up a specialized Railways University at Vadodara.

We propose to set up two new full - fledged Schools of Planning and Architecture, to be selected on challenge mode. Additionally, 18 new SPAs would be established in the IITs and NITs as autonomous Schools, also on challenge mode.

The Government would launch the “Prime Minister’s Research Fellows (PMRF)” Scheme this year. Under this, we 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.

Now I come to the Health Sector. सर्वे भवन्तु : सुखिन, सर्वे संतु: निरामया is the guiding principle of my Government. Only Swasth Bharat can be a Samriddha Bharat. India cannot realize its demographic dividend without its citizens being healthy.

I am pleased to announce two major initiatives as part of “Ayushman Bharat” programme aimed at making path breaking interventions to address health holistically, in primary, secondary and tertiary care system covering both prevention and health promotion.

The National Health Policy, 2017 has envisioned Health and Wellness Centres as the foundation of India’s health system. These 1.5 lakh centres will bring health care system closer to the homes of people. These centres will provide comprehensive health care, including for non-communicable diseases and maternal and child health services. These centres will also provide free essential drugs and diagnostic services. I am committing ₹ 1,200 crore in this budget for this flagship programme. I also invite contribution of private sector through CSR and philanthropic institutions in adopting these centres.

Madam Speaker, we are all aware that lakhs of families in our country have to borrow or sell assets to receive indoor treatment in hospitals. Government is seriously concerned about such impoverishment of poor and vulnerable families. Present Rashtriya Swasthya Bima Yojana (RSBY) provide annual coverage of only ₹ 30,000 to poor families. Several State Governments have also implemented/supplemented health protection schemes providing varying coverage. My Government has now decided to take health protection to more aspirational level.

We will launch a flagship 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. This will be the world’s largest government funded health care programme. Adequate funds will be provided for smooth implementation of this programme.

Madam Speaker, these two far-reaching initiatives under the Ayushman Bharat will build a New India 2022 and ensure enhanced productivity, well being and avert wage loss and impoverishment. These Schemes will also generate lakhs of jobs, particularly for women. The Government is steadily but surely progressing towards the goal of Universal Health Coverage.

TB claims more lives every year than any other infectious disease. It affects mainly poor and malnourished people. My Government has, therefore, 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.

In order to further enhance accessibility of quality medical education and health care, we will be setting up 24 new Government Medical Colleges and Hospitals by upgrading existing district hospitals in the country. This

would ensure that there is at least 1 Medical College for every 3 Parliamentary Constituencies and at least 1 Government Medical College in each State of the country.

Our resolve of making our villages open defecation free is aimed at improving the life of our villagers. We will launch a Scheme called Galvanizing Organic Bio-Agro Resources Dhan (GOBAR-DHAN) for management and conversion of cattle dung and solid waste in farms to compost, fertilizer, bio-gas and bio-CNG.

Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY) has benefitted 5.22 crore families with a life insurance cover of ₹ 2 lakh on payment of a premium of only ₹ 330/- per annum. Likewise, under Pradhan Mantri Suraksha Bima Yojana, 13 crore 25 lakh persons have been insured with personal accident cover of ₹ 2 lakh on payment of a premium of only ₹ 12 per annum. The Government will work to cover all poor households, including SC/ST households, under these in a mission mode.

The Government will expand the coverage under Prime Minister Jan Dhan Yojana by bringing all sixty crore basic accounts within its fold and undertake measures to provide services of micro insurance and unorganized sector pension schemes through these accounts.

Our commitment towards “Beti Bachao Beti Padhao” is unflinching. Sukanya Samridhi Account Scheme launched in January 2015 has been a great success. Until November, 2017 more than 1.26 crore accounts have been opened across the country in the name of girl-child securing an amount of ₹ 19,183 crore.

Cleaning the Ganga is work of national importance and it is our firm commitment. Members will be happy to learn that this work has gathered speed. 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. 47 projects have been completed and remaining projects are at various stages of execution. All 4465 Ganga Grams - villages on the bank of river - have been declared open defecation free.

To give focused attention and to achieve our vision of an inclusive society, the Government has identified 115 aspirational districts taking various indices of development in consideration. The Government aims at improving the quality of life in these districts by investing in social services like health, education, nutrition, skill upgradation, financial inclusion and infrastructure like irrigation, rural electrification, potable drinking water and access to toilets at an accelerated pace and in a time bound manner. We expect these 115 districts to become model of development.

Economic and social advancement of hard working people of Scheduled Castes (SCs) and Scheduled Tribes (STs) has received core attention of Government. Our Government increased total earmarked allocation for SCs

in 279 programmes from ₹ 34,334 crore in 2016-17 to ₹ 52,719 crore in RE 2017-18. Likewise, for STs, earmarked allocation was increased from ₹ 21,811 crore in 2016-17 to ₹ 32,508 crore in RE 2017-18 in 305 programmes. I propose an earmarked allocation of ₹ 56,619 crore for SCs and ₹ 39,135 crore for STs in BE 2018-19.

Government's estimated schematic 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 BE 2017-18. Details are in Annexure II. This expenditure is likely to go up by at least ₹ 15,000 crore in 2018-19 on account of additional allocation during the year and extra budgetary expenditure, including through Higher Education Financing Agency.

IV. Medium, Small and Micro Enterprises (MSMEs) and Employment

Medium, Small and Micro Enterprises (MSMEs) are a major engine of growth and employment in the country. I have provided ₹ 3794 crore to MSME Sector for giving credit support, capital and interest subsidy and innovations. Massive formalization of the businesses of MSMEs is taking place in the country after demonetization and introduction of GST. This is generating enormous financial information database of MSMEs' businesses and finances. This big data base will be used for improving financing of MSMEs' capital requirement, including working capital.

It is proposed to onboard public sector banks and corporates on Trade Electronic Receivable Discounting System (TReDS) platform and link this with GSTN. Online loan sanctioning facility for MSMEs will be revamped for prompt decision making by the banks. Government will soon announce measures for effectively addressing non-performing assets and stressed accounts of MSMEs. This will enable larger financing of MSMEs and also considerably ease cash flow challenges faced by them. In order to reduce tax burden on MSMEs and to create larger number of jobs, I will be announcing some tax measures in Part B of my speech.

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.

Non-Bank Finance Companies (NBFCs) stepped up financing of MSMEs after demonetization. NBFCs can be very powerful vehicle for delivering loans under MUDRA. Refinancing policy and eligibility criteria set by MUDRA will be reviewed for better refinancing of NBFCs.

Use of Fintech in financing space will help growth of MSMEs. A group in the Ministry of Finance is examining the policy and institutional development measures needed for creating right environment for Fintech companies to grow in India.

Venture Capital Funds and the angel investors need an innovative and special developmental and regulatory regime for their growth. We have taken a number of policy measures including launching “Start-Up India” program, building very robust alternative investment regime in the country and rolling out a taxation regime designed for the special nature of the VCFs and the angel investors. We will take additional measures to strengthen the environment for their growth and successful operation of alternative investment funds in India.

Creating job opportunities and facilitating generation of employment has been at the core of our policy-making. During the last three years, we have taken a number of steps to boost employment generation in the country. These measures include:-

- i. Contribution of 8.33% of Employee Provident Fund (EPF) for new employees by the Government for three years.
- ii. Contribution of 12% to EPF for new employees for three years by the Government in sectors employing large number of people like textile, leather and footwear.
- iii. Additional deduction to the employees of 30% of the wages paid for new employees under the Income Tax Act.
- iv. Launch of National Apprenticeship Scheme with stipend support and sharing of the cost of basic training by the Government to give training to 50 lakh youth by 2020.
- v. Introducing system of fixed term employment for apparel and footwear sector.
- v. Increasing paid maternity leave from 12 weeks to 26 weeks, along with provision of crèches.

These measures have started showing results. An independent study conducted recently has shown that 70 lakh formal jobs will be created this year.

To carry forward this momentum, I am happy to announce that the Government will contribute 12% of the wages of the new employees in the EPF for all the sectors for next three years. Also, the facility of fixed term employment will be extended to all sectors.

To incentivize employment of more women in the formal sector and to enable higher take-home wages, I propose 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 Government is setting up a model aspirational skill centre in every district of the country under Pradhan Mantri Kaushal Kendra Programme. 306 Pradhan Mantri Kaushal Kendra have been established for imparting skill training through such centers.

The Government had approved a comprehensive textile sector package of ₹ 6,000 crore in 2016 to boost the apparel and made-up segments. I, now propose to provide an outlay of ₹ 7,148 crore for the textile sector in 2018-19.

3.3 *Infrastructure and Financial Sector Development*

Infrastructure is the growth driver of economy. Our country needs massive investments estimated to be in excess of ₹ 50 lakh crore in infrastructure to increase growth of GDP, connect and integrate the nation with a network of roads, airports, railways, ports and inland waterways and to provide good quality services to our people.

We have made an all-time high allocation to rail and road sectors. We are committed to further enhance public investment. Provision of key linkages like coal for power, power for railways and railway rakes for coal have been rationalized and made very efficient. Prime Minister personally reviews the targets and achievements in infrastructure sectors on a regular basis. Using online monitoring system of PRAGATI alone, projects worth ₹ 9.46 lakh crore have been facilitated and fast tracked.

To secure India's defences, we are developing connectivity infrastructure in border areas. Rohtang tunnel has been completed to provide all weather connectivity to the Ladakh region. Contract for construction of Zozila Pass tunnel of more than 14 kilometer is progressing well. I now propose to take up construction of tunnel under Sela Pass. For promoting tourism and emergency medical care, Government will make necessary framework for encouraging investment in sea plane activities.

Urbanization is our opportunity and priority. My Government has rolled out two interlinked programmes - Smart Cities Mission and the AMRUT.

Smart Cities Mission aims at building 100 Smart Cities with state-of-the-art amenities. I am happy to inform that 99 Cities have been selected with an outlay of ₹ 2.04 lakh crore. These Cities have started implementing various projects like Smart Command and Control Centre, Smart Roads, Solar Rooftops, Intelligent Transport Systems, Smart Parks. Projects worth ₹ 2,350 crore have been completed and works of ₹ 20,852 crore are under progress. To preserve and revitalize soul of the heritage cities in India, National Heritage City Development and Augmentation Yojana (HRIDAY) has been taken up in a major way.

India is blessed with an abundance of tourist attractions. It is proposed 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. In addition, tourist amenities at 100 Adarsh monuments of the Archaeological Survey of India will be upgraded to enhance visitor experience.

The AMRUT programme focuses on providing water supply to all households in 500 cities. State level plans of ₹ 77,640 crore for 500 cities have been approved. Water supply contracts for 494 projects worth ₹19,428 crore and sewerage work contract for 272 projects costing ₹12,429 crore has been awarded.

Reforms are being catalyzed by these missions. 482 cities have started credit rating. 144 cities have got investment grade rating.

My Ministry will leverage the India Infrastructure Finance Corporation Limited (IIFCL) to help finance major infrastructure projects, including investments in educational and health infrastructure, on strategic and larger societal benefit considerations.

Our Government has scaled new heights in development of Road Infrastructure sector. We are confident to complete National Highways exceeding 9000 kilometers length during 2017-18. Ambitious Bharatmala Pariyojana has been approved for providing seamless connectivity of interior and backward areas and borders of the country to develop about 35000 kms in Phase-I at an estimated cost of ₹ 5,35,000 crore. To raise equity from the market for its mature road assets, NHAI will consider organizing its road assets into Special Purpose Vehicles and use innovative monetizing structures like Toll, Operate and Transfer (TOT) and Infrastructure Investment Funds (InvITs).

Strengthening the railway network and enhancing Railways' carrying capacity has been a major focus of the Government. Railways' Capex for the year 2018-19 has been pegged at ₹ 1,48,528 crore. A large part of the Capex is devoted to capacity creation. 18,000 kilometers of doubling, third and fourth line works and 5000 kilometers of gauge conversion would eliminate capacity constraints and transform almost entire network into Broad Gauge.

There has also been significant improvement in the achievement of physical targets by Railways as well. We are moving fast towards optimal electrification of railway network. 4000 kilometers are targeted for commissioning during 2017-18.

Work on Eastern and Western dedicated Freight Corridors is in full swing. Adequate number of rolling stock - 12000 wagons, 5160 coaches and approximately 700 locomotives are being procured during 2018-19. A major programme has been initiated to strengthen infrastructure at the Goods sheds and fast track commissioning of private sidings.

A "Safety First" policy, with allocation of adequate funds under Rashtriya Rail Sanraksha Kosh is cornerstone of Railways' focus on safety. Maintenance of track infrastructure is being given special attention. Over 3600 kms of track renewal is targeted during the current fiscal. Other major steps include increasing use of technology like "Fog Safe" and "Train Protection and Warning System". A decision has been taken to eliminate 4267 unmanned level crossings in the broad gauge network in the next two years.

Redevelopment of 600 major railway stations is being taken up by Indian Railway Station Development Co. Ltd. All stations with more than 25000 footfalls will have escalators. All railway stations and trains will be progressively provided with wi-fi. CCTVs will be provided at all stations and on trains to enhance security of passengers. Modern train-sets with state-of-the-art amenities and features are being designed at Integrated Coach Factory, Perambur. First such train-set will be commissioned during 2018-19.

Mumbai's transport system, the lifeline of the City, is being expanded and augmented to add 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.

Foundation for the Mumbai-Ahmedabad bullet train project, India's first high speed rail project was laid on September 14, 2017. An Institute is coming up at Vadodara to train manpower required for high speed rail projects.

In the last three years, the domestic air passenger traffic grew at 18% per annum and our airline companies placed orders for more than 900 aircrafts. Regional connectivity scheme of UDAN (Ude Desh ka Aam Nagrik) initiated by the Government last year shall connect 56 unserved airports and 31 unserved helipads across the country. Operations have already started at 16 such airports. Airport Authority of India (AAI) has 124 airports. We propose to expand our airport capacity more than five times to handle a billion trips a year under a new initiative - NABH Nirman. Balance sheet of AAI shall be leveraged to raise more resources for funding this expansion.

Our efforts to set up a Coalition on Disaster Resilient Infrastructure for developing international good practices, appropriate standards and regulatory mechanism for resilient infrastructure development are moving well. I propose to allocate ₹ 60 crores to kick start this initiative in 2018-19.

The Government and market regulators have taken necessary measures for development of monetizing vehicles like Infrastructure Investment Trust (InvIT) and Real Investment Trust (ReITs) in India. The Government would initiate monetizing select CPSE assets using InvITs from next year.

In the current year, we included, in the scope of harmonized list of infrastructure, ropeways to promote tourism, logistics parks and expanded the scope of railways infrastructure to include development of commercial land around railway stations.

Reserve Bank of India has issued guidelines to nudge Corporates access bond market. SEBI will also consider mandating, beginning with large Corporates, to meet about one-fourth of their financing needs from the bond market.

Corporate bonds rated "BBB" or equivalent are investment grade. In India, most regulators permit bonds with the "AA" rating only as eligible for investment. It is now time to move from "AA" to "A" grade ratings. The government and concerned regulators will take necessary action.

We will take reform measures with respect to stamp duty regime on financial securities transactions in consultation with the States and make necessary amendments the Indian Stamp Act.

International Financial Service Centre (IFSC) at Gift City, which has become operational, needs a coherent and integrated regulatory framework to fully develop and to compete with other offshore financial centres. The Government will establish a unified authority for regulating all financial services in IFSCs in India.

Global economy is transforming into a digital economy thanks to development of cutting edge technologies in digital space – machine learning, artificial intelligence, internet of things, 3D printing and the like. Initiatives such as Digital India, Start Up India, Make in India would help India establish itself as a knowledge and digital society. NITI Aayog will initiate a national program to direct our efforts in the area of artificial intelligence, including research and development of its applications.

Combining cyber and physical systems have great potential to transform not only innovation ecosystem but also our economies and the way we live. To invest in research, training and skilling in robotics, artificial intelligence, digital manufacturing, big data analysis, quantum communication and internet of things, Department of Science and Technology will launch a Mission on Cyber Physical Systems to support establishment of centres of excellence. I have doubled the allocation on Digital India programme to ₹ 3,073 crore in 2018-19.

Task of connecting one lakh gram panchayat through high speed optical fiber network has been completed under phase I of the Bharatnet project. This has enabled broadband access to over 20 crore rural Indians in about two lakh fifty thousand villages. The Government also proposes to setup five lakh wi-fi hotspots which will provide broadband access to five crore rural citizens. I have provided ₹ 10,000 crore in 2018-19 for creation and augmentation of Telecom infrastructure.

To harness the benefit of emerging new technologies, particularly the "Fifth Generation" (5G) technologies and its adoption, the Department of Telecom will support establishment of an indigenous 5G Test Bed at IIT, Chennai.

Distributed ledger system or the block chain technology allows organization of any chain of records or transactions without the need of intermediaries. The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system. The Government will explore use of block chain technology proactively for ushering in digital economy.

The system of toll payments physically by cash at road toll plazas is being fast replaced with Fastags and other electronic payment systems to make road travel seamless. Number of Fastags has gone up from about 60,000 in December, 2016 to more than 10 lakh now. From December, 2017 all class "M" and "N" vehicles are being sold only with the Fastags. The Government will come out with a policy to introduce toll system on "pay as you use" basis.

In order to create employment and aid growth, Government's estimated budgetary and extra budgetary expenditure on infrastructure for 2018-19 is being increased to ₹ 5.97 lakh crore against estimated expenditure of ₹ 4.94 lakh crore in 2017-18. Details are in Annexure III.

3.4 *Building Institutions and Improving Public Service Delivery*

Our armed forces have played a stellar role in meeting the challenges we have been facing on our borders as well as in managing the internal security environment both in Jammu and Kashmir and the North East. I would like to place on record our appreciation for the efforts and the sacrifices made by the three services in defending the interests of the Nation.

Ever since the NDA Government has assumed office in 2014, lot of emphasis has been given to modernizing and enhancing the operational capability of the Defence Forces. A number of initiatives have been taken to develop and nurture intrinsic defence production capability to make the Nation self-reliant for meeting our defence needs. Ensuring adequate budgetary support will be our priority.

We have opened up private investment in defence production including liberalizing foreign direct investment. We will take measures to develop two defence industrial production corridors in the country. The Government will also bring out an industry friendly Defence Production Policy 2018 to promote domestic production by public sector, private sector and MSMEs.

Aadhar has provided an identity to every Indian. Aadhar has eased delivery of so many public services to our people. Every enterprise, major or small, also needs a unique ID. The Government will evolve a Scheme to assign every individual enterprise in India a unique ID.

To carry the business reforms for ease of doing business deeper and in every State of India, the Government of India has identified 372 specific business reform actions. All States have taken up these reforms and

simplifications in a mission mode constructively competing with each other. Evaluation of performance under this Programme will now be based on user feedback.

Capital of the Food Corporation of India will be restructured to enhance equity and to raise long-term debt for meeting its standing working capital requirement.

Budgeting of Government of India's contribution in equity and debt of the metro ventures floated by the State Governments will be streamlined.

Department of Commerce will be developing a National Logistics Portal as a single window online market place to link all stakeholders.

The Government has approved listing of 14 CPSEs, including two insurance companies, on the stock exchanges. The Government has also initiated the process of strategic disinvestment in 24 CPSEs. This includes strategic privatization of Air India.

Process of acquisition of Hindustan Petroleum Corporation by the ONGC has been successfully completed. Three public sector general insurance companies National Insurance Company Ltd., United India Assurance Company Limited and Oriental India Insurance Company Limited will be merged into a single insurance entity and will be subsequently listed.

The Government introduced Exchange Traded Fund Bharat-22 to raise ₹ 14,500 crore, which was over-subscribed in all segments. DIPAM will come up with more ETF offers including debt ETF.

2017-18 Budget Estimates for disinvestment were pegged at the highest ever level of ₹ 72,500 crore. I am happy to inform the House that we have already exceeded the budget estimates. I am assuming receipts of ₹ 1,00,000 crore in 2017-18. I am setting the disinvestment target of ₹ 80,000 crore for 2018-19.

Bank recapitalization program has been launched with bonds of ₹ 80,000 crore being issued this year. The programme has been integrated with an ambitious reform agenda, under the rubric of an Enhanced Access and Service Excellence (EASE) programme. This recapitalization will pave the way for the public sector banks to lend additional credit of ₹ 5 lakh crore.

It is proposed to allow strong Regional Rural Banks to raise capital from the market to enable them increase their credit to rural economy.

National Housing Bank Act is being amended to transfer its equity from the Reserve Bank of India to the Government. Indian Post Offices Act, Provident Fund Act and National Saving Certificate Act are being amalgamated and certain additional people friendly measures are being introduced. To provide the Reserve Bank of India an instrument to manage excess liquidity, Reserve Bank of India Act is being amended

to institutionalize an Uncollateralized Deposit Facility. Securities and Exchange Board of India, Act 1992, Securities Contracts (Regulation) Act 1956, and Depositories Act 1996, are being amended to streamline adjudication procedures and to provide for penalties for certain infractions. These proposals are in the Finance Bill.

For easier access, links to all Detailed Demand for Grants will be provided at india.gov.in. The Government will also consider feasibility of providing disclosed fiscal information in a machine readable form.

The Government is transforming method of disposal of its business by introduction of e-office and other e-governance initiatives in central Ministries and Departments. These initiatives are listed in Annexure IV.

The Government will formulate a comprehensive Gold Policy 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.

Outward Direct Investment (ODI) from India has grown to US\$ 15 billion per annum. The Government will review existing guidelines and processes and bring out a coherent and integrated Outward Direct Investment (ODI) policy.

Hybrid instruments are suitable for attracting foreign investments in several niche areas, especially for the startups and venture capital firms. The Government will evolve a separate policy for the hybrid instruments.

The emoluments of the President, the Vice President and the Governors were last revised with effect from 1st January, 2006. These emoluments are proposed to be revised to ₹ 5 lakh for the President, ₹ 4 lakhs for the Vice President and to ₹ 3.5 lakh per month for the Governors.

There has been a public debate with regard to the emoluments paid to the Members of Parliament. Present practice allows the recipients to fix their own emoluments which invites criticism. I am, therefore, proposing necessary changes to re-fix the salary, constituency allowance, office expenses and meeting allowance payable to Members of Parliament with effect from April 1, 2018. The law will also provide for automatic revision of emoluments every five years indexed to inflation. I am sure Hon'ble Members will welcome this initiative and will not suffer such criticism in future.

Our country will commemorate 150th birth anniversary of Mahatma Gandhi, Father of the Nation, from 2nd October, 2019 to 2nd October 2020. The Government and the People of India will rededicate them, through their actions, to the ideals that the Mahatma taught and lived by. A National Committee, chaired by the Prime Minister, which includes Chief Ministers of all the States, representatives from across the political spectrum, Gandhians, thinkers and eminent persons from all walks of life, has been

constituted to formulate a Commemoration Programme. My Government has earmarked ₹150 crore for the year 2018-19 for the activities leading to the Commemoration.

III. Fiscal Management

I now turn to the fiscal situation for 2017-18 and fiscal estimates for 2018-19.

In 2017-18, Central Government will be receiving GST revenues only for 11 months, instead of 12 months. This will have fiscal effect. There has also been some shortfall in Non-Tax revenues on account of certain developments, including deferment of spectrum auction. A part of this shortfall has been made up through higher direct tax revenues and bigger disinvestment receipts.

Total Revised Estimates for expenditure in 2017-18 are ₹ 21.57 lakh crore (net of GST compensation transfers to the States) as against the Budget Estimates of ₹ 21.47 lakh crore.

Our Government assumed office in May, 2014 when fiscal deficit was running at very high levels. Fiscal Deficit for 2013-14 was 4.4% of GDP. The Prime Minister and the Government have always attached utmost priority to prudent fiscal management and controlling fiscal deficit. As Hon'ble Members would recall, we embarked on the path of consistent fiscal reduction and consolidation in 2014. Fiscal Deficit was brought down to 4.1% in 2014-15 to 3.9% in 2015-16, and to 3.5% in 2016-17. Revised Fiscal Deficit estimates for 2017-18 are ₹ 5.95 lakh crore at 3.5% of GDP. I am projecting a Fiscal Deficit of 3.3% of GDP for the year 2018-19.

In order to impart unquestionable credibility to the Government's commitment for the revised fiscal glide path, I am proposing to accept key recommendations of the Fiscal Reform and Budget Management Committee relating to adoption of the Debt Rule and to bring down Central Government's Debt to GDP ratio to 40%. Government has also accepted the recommendation to use Fiscal Deficit target as the key operational parameter. Necessary amendment proposals are included in the Finance Bill.

IV. Part B : Tax Proposals

Madam Speaker, I shall now present my tax proposals.

The attempts made by our Government for reducing the cash economy and for increasing the tax net have paid rich dividends. The growth rate of direct taxes in the financial years 2016-17 and 2017-18 has been significant. We ended the last year with a growth of 12.6% in direct taxes and in the current year, the growth in direct taxes up to 15th January, 2018 is 18.7%. The average buoyancy in personal income tax of seven years preceding these two years comes to 1.1. In simple terms tax buoyancy of 1.1 means that if nominal GDP growth rate of the country is 10%, the growth rate of personal income tax is 11%. However, the buoyancy in personal income tax for financial years 2016-17 and 2017-18 (RE) is 1.95 and 2.11 respectively. This

indicates that the excess revenue collected in the last two financial years from personal income tax compared to the average buoyancy pre 2016-17 amounts to a total of about ₹ 90,000 crores and the same can be attributed to the strong anti-evasion measures taken by the Government.

Similarly, there has been huge increase in the number of returns filed by taxpayers. In financial year 2016-17 ₹ 85.51 lakhs new taxpayers filed their returns of income as against 66.26 lakhs in the immediately preceding year. By including all filers as well as persons who did not file returns but paid tax by way of advance tax or TDS, we can derive the figure of Effective Taxpayer Base. This number of effective tax payer base increased from ₹ 6.47 crores at the beginning of F Y 14-15 to ₹ 8.27 crores at the end of F Y 16-17. We are enthused by this success of our measures and we pledge to continue to take all such measures in future by which the black money is contained and the honest taxpayers are rewarded. Demonetization was received well by honest taxpayers as “*imandarikautsav*” only for this reason.

Madam Speaker, recognising the need for facilitating compliance, Government had liberalized the presumptive income scheme for small traders and entrepreneurs with annual turnover of less than ₹ 2 crores and introduced a similar scheme for professionals with annual turnover of less than ₹ 50 lakhs with the hope that there would be significant increase in compliance. Under this scheme, 41% more returns were filed during this year which shows that many more persons are joining the tax net under simplified scheme. However, the turnover shown is still not encouraging. The Department has received ₹ 44.72 lakh returns for assessment year 2017-18 from individual, HUF and firms with a meagre average turnover of ₹ 17.97 lakhs and an average tax payment of 7,000 only. The tax compliance behaviour of professionals is no better; the department has received 5.68 lakh returns under the presumptive income scheme for assessment year 2017-18 with average gross receipts of ₹ 5.73 lakhs only. Average tax paid by them is only ₹ 35,000.

4.1 *Tax incentive for promoting post-harvest activities of agriculture*

Madam Speaker, at present, hundred per cent deduction is allowed in respect of profit of co-operative societies which provide assistance to its members engaged in primary agricultural activities. Over the last few years, a number of Farmer Producer Companies have been set up along the lines of co-operative societies which also provide similar assistance to their members. In order to encourage professionalism in post-harvest value addition in agriculture, I propose to allow hundred per cent deduction to these companies registered as Farmer Producer Companies and having annual turnover up to ₹ 100 crores in respect of their profit derived from such activities for a period of five years from financial year 2018-19. This measure will encourage “Operation Greens” mission announced by me earlier and it will give a boost to SampadaYojana.

4.2 *Employment generation*

Currently, a deduction of 30% is allowed in addition to normal deduction of 100 % in respect of emoluments paid to eligible new employees who have been employed for a minimum period of 240 days during the year under section 80-JJAA of the Income-tax Act. However, the minimum period of employment is relaxed to 150 days in the case of apparel industry. In order to encourage creation of new employment, I propose to extend this relaxation to footwear and leather industry. Further, I also propose to rationalise this deduction of 30% by allowing the benefit for a new employee who is employed for less than the minimum period during the first year but continues to remain employed for the minimum period in subsequent year.

4.3 *Incentive for real estate*

Currently, while taxing income from capital gains, business profits and other sources in respect of transactions in immovable property, the consideration or circle rate value, whichever is higher, is adopted and the difference is counted as income both in the hands of the purchaser and seller. Sometimes, this variation can occur in respect of different properties in the same area because of a variety of factors including shape of the plot and location. In order to minimize hardship in real estate transaction. I propose to provide that no adjustment shall be made in a case where the circle rate value does not exceed 5% of the consideration.

4.4 *Incentivising micro, small and medium entrepreneurs*

In the Union Budget, 2017, I had announced the reduction of corporate tax rate to 25% for companies whose turnover was less than ₹ 50 crore in financial year 2015-16. This benefitted 96% of the total companies filing tax returns. Towards fulfilment of my promise to reduce corporate tax rate in a phased manner, I now propose to extend the benefit of this reduced rate of 25% also to companies who have reported turnover up to ₹ 250 crore in the financial year 2016-17. This will benefit the entire class of micro, small and medium enterprises which accounts for almost 99% of companies filing their tax returns. The estimate of revenue forgone due to this measure is ₹ 7,000 crores during the financial year 2018-19. After this, out of about 7 lakh companies filing returns, about 7,000 companies which file returns of income and whose turnover is above ₹ 250 crores will remain in 30% slab. The lower corporate income tax rate for 99% of the companies will leave them with higher investible surplus which in turn will create more jobs.

4.5 *Relief to salaried taxpayers*

The Government had made many positive changes in the personal income-tax rate applicable to individuals in the last three years. Therefore, I do not propose to make any further change in the structure of the income tax rates for individuals. There is a general perception in the society that individual business persons have better income as compared to salaried class. However, income tax data analysis suggests that major portion of personal

income-tax collection comes from the salaried class. For assessment year 2016- 17, 1.89 crore salaried individuals have filed their returns and have paid total tax of ₹ 1.44 lakh crores which works out to average tax payment of ₹ 76,306 per individualsalaried taxpayer. As against this, 1.88 crores individual business taxpayers including professionals, who filed their returns for the same assessment year paid total tax of ₹ 48,000 crores which works out to an average tax payment of ₹ 25,753 per individual business taxpayer. In order to provide relief to salaried taxpayers, I propose to allow a standard deduction of ₹ 40,000 in lieu of the present exemption in respect of transport allowance and reimbursement of miscellaneous medical expenses. However, the transport allowance at enhanced rate shall continue to be available to differently- abled persons. Also other medical reimbursement benefits in case of hospitalization etc., for all employees shall continue. Apart from reducing paper work and compliance, this will help middle class employees even more in terms of reduction in their tax liability. This decision to allow standard deduction shall significantly benefit the pensioners also, who normally do not enjoy any allowance on account of transport and medical expenses. The revenue cost of this decision is approximately ₹ 8,000 crores. The total number of salaried employees and pensioners who will benefit from this decision is around 2.5 crores.

4.6 Relief to senior citizen

A life with dignity is a right of every individual in general, more so for the senior citizens. To care of those who cared for us is one of the highest honours. To further the objective of providing a dignified life, I propose to announce the following incentives for senior citizens

- i. Exemption of interest income on deposits with banks and post offices to be increased from ₹ 10,000 to ₹ 50,000 and TDS shall not be required to be deducted on such income, under section 194A. This benefit shall be available also for interest from all fixed deposits schemes and recurring deposit schemes.
- ii. Raising the limit of deduction for health insurance premium and/ or medical expenditure from ₹ 30,000 to ₹ 50,000, under section 80D. All senior citizens will now be able to claim benefit of deduction up to ₹ 50,000 per annum in respect of any health insurance premium and/ or any general medical expenditure incurred.
- iii. Raising the limit of deduction for medical expenditure in respect of certain critical illness from, ₹ 60,000 in case of senior citizens and from ₹ 80,000 in case of very senior citizens, to ₹ 1 lakh in respect of all senior citizens, under section 80DDB.

These concessions will give extra tax benefit of ₹ 4,000 crores to senior citizens. In addition to tax concessions, I propose to extend the PradhanMantriVayaVandanaYojana up to March, 2020 under which an assured return of 8% is given by Life Insurance Corporation of India. The existing limit on investment of ₹ 7.5 lakh per senior citizen under this scheme is also being enhanced to ₹ 15 lakh.

4.7 *Tax incentive for International Financial Services Centre (IFSC)*

The Government had endeavoured to develop a world class international financial services centre in India. In recent years, various measures including tax incentives have been provided in order to fulfil this objective. To further this objective, I propose to provide two more concessions for IFSC. In order to promote trade in stock exchanges located in IFSC, I propose to exempt transfer of derivatives and certain securities by non-residents from capital gains tax. Further, non-corporate taxpayers operating in IFSC shall be charged Alternate Minimum Tax (AMT) at concessional rate of 9% at par with Minimum Alternate Tax (MAT) applicable for corporates.

4.8 *Further Measures to control cash economy*

Currently, the income of trusts and institutions is exempt if they utilise their income towards their objects in accordance with the relevant provisions of the Income-tax Act. However, there is no restriction on these entities for incurring expenditure in cash. In order to have audit trail of the expenses incurred by these entities, it is proposed that payments exceeding ₹ 10,000/- in cash made by such entities shall be disallowed and the same shall be subject to tax. Further, in order to improve TDS compliance by these entities, I propose to provide that in case of non-deduction of tax, 30% of the amount shall be disallowed and the same shall be taxed.

4.9 *Rationalisation of Long Term Capital Gains (LTCG)*

Madam Speaker, currently, long term capital gains arising from transfer of listed equity shares, units of equity oriented fund and unit of a business trust are exempt from tax. With the reforms introduced by the Government and incentives given so far, the equity market has become buoyant. The total amount of exempted capital gains from listed shares and units is around ₹ 3,67,000 crores as per returns filed for A Y17-18. Major part of this gain has accrued to corporates and LLPs. This has also created a bias against manufacturing, leading to more business surpluses being invested in financial assets. The return on investment in equity is already quite attractive even without tax exemption. There is therefore a strong case for bringing long term capital gains from listed equities in the tax net. However, recognising the fact that vibrant equity market is essential for economic growth, I propose only a modest change in the present regime. I propose to tax such long term capital gains exceeding ₹ 1 lakh at the rate of 10% without allowing the benefit of any indexation. However, all gains up to 31st January, 2018 will be grandfathered. For example, if an equity share is purchased six months before 31st January, 2018 at ₹ 100 and the highest price quoted on 31st January, 2018 in respect of this share is ₹ 120, there will be no tax on the gain of ₹ 20 if this share is sold after one year from the date of purchase. However, any gain in excess of ₹ 20 earned after 31st January, 2018 will be taxed at 10% if this share is sold after 31st July, 2018. The gains from equity share held up to one year will remain short term capital gain and will continue to be taxed at the rate of 15%. Further, I also propose to introduce a tax on distributed income by equity oriented mutual fund at the rate of 10%. This will provide level playing field across growth oriented funds and

dividend distributing funds. In view of grandfathering, this change in capital gain tax will bring marginal revenue gain of about ₹ 20,000 crores in the first year. The revenues in subsequent years may be more.

4.10 Health and Education Cess

Madam Speaker, at present there is a three per cent cess on personal income tax and corporation tax consisting of two per cent cess for primary education and one per cent cess for secondary and higher education. In order to take care of the needs of education and health of BPL and rural families, I have announced programs in Part A of my speech. To fund this, I propose to increase the cess by one per cent. The existing three per cent education cess will be replaced by a four per cent "Health and Education Cess" to be levied on the tax payable. This will enable us to collect an estimated additional amount of ₹ 11,000 crores.

4.11 E-assessment.

We had introduced e-assessment in 2016 on a pilot basis and in 2017, extended it to 102 cities with the objective of reducing the interface between the department and the taxpayers. With the experience gained so far, we are now ready to roll out the E-assessment across the country, which will transform the age-old assessment procedure of the income tax department and the manner in which they interact with taxpayers and other stakeholders. Accordingly, I propose to amend the Income-tax Act to notify a new scheme for assessment where the assessment will be done in electronic mode which will almost eliminate person to person contact leading to greater efficiency and transparency.

My other tax proposals on direct tax are listed in Annexure V of my speech.

4.12 Indirect Tax.

On the Indirect Taxes side, this is the first budget after the roll out of the Goods and Service Tax. Excise duties to a large extent and service tax have been subsumed in GST, along with corresponding duties on imports. Hence, my budget proposals are mainly on the customs side.

In this budget, I am making a calibrated departure from the underlying policy in the last two decades, wherein the trend largely was to reduce the customs duty. There is substantial potential for domestic value addition in certain sectors, like food processing, electronics, auto components, footwear and furniture. To further incentivise the domestic value addition and Make in India in some such sectors, I propose to increase customs duty on certain items. I propose to increase customs duty on mobile phones from 15% to 20%, on some of their parts and accessories to 15% and on certain parts of TVs to 15%. This measure will promote creation of more jobs in the country. Details of changes made in rates of customs duty as well as certain changes made in the excise duty structure are given in Annexure 6 to my speech.

To help the cashew processing industry, I propose to reduce customs duty on raw cashew from 5% to 2.5%.

I propose to abolish the Education Cess and Secondary and Higher Education Cess on imported goods, and in its place impose a Social Welfare Surcharge, at the rate of 10% of the aggregate duties of Customs, on imported goods, to provide for social welfare schemes of the Government. Goods which were hitherto exempt from Education Cesses on imported goods will, however, be exempt from this Surcharge. In addition, certain specified goods, mentioned in the Annexure 6 to my speech will attract the proposed Surcharge at the rate of 3% of the aggregate duties of customs only.

I also propose to make certain changes to the Customs Act, 1962, to further improve ease of doing business in cross border trade, and to align certain provisions with the commitments under the Trade Facilitation Agreement. To smoothen dispute resolution processes and to reduce litigation, certain amendments are being made, to provide for pre-notice consultation, definite timelines for adjudication and deemed closure of cases if those timelines are not adhered to.

With the roll out of GST, I propose to change the name of Central Board of Excise and Customs [CBEC] to Central Board of Indirect Taxes and Customs (CBIC). The necessary changes in law for this are proposed in the Finance Bill.

Madam, while making the proposals in this year's Budget, we have been guided by our mission to especially strengthen agriculture, rural development, health, education, employment, MSME and infrastructure sectors of Indian economy. I am sure the New India which we aspire to create now will emerge. Swami Vivekanand had also envisioned decades ago in his Memoirs of European Travel, "You merge yourselves in the void and disappear, and let new India arise in your place. Let her arise - out of the peasants' cottage, grasping the plough; out of the huts of the fisherman. Let her spring from the grocer's shop, from beside the oven of the fritter-seller. Let her emanate from the factory, from marts, and from markets. Let her emerge from groves and forests, from hills and mountains".

With these words, Madam Speaker, I commend the Budget to the House.

Annexure I
Budgetary & Non-Budgetary Resources on Agriculture &
other Livelihood Programmes in Rural Area

(in crore)

Name of Scheme	Infrastructure/ Livelihood / Both	2018-19 targets Physical Target	Financial Target		Total
			GBS	EBR	
M/o Water Resources, River Development & Ganga Rejuvenation					
PMKSY-AIBP	Infrastructure	48 AIBP priority Projects by December 2019		15000	15000
PMKSY-HKKP (CADWM)	Infrastructure	Utilisation of irrigation potential of 15 lakh Hectare	2300		2300
Other Schemes of Both MoWR,RD&GR			1461		1461
Sub-total MoWR,RD&GR			3761	15000	18761
Department of Agriculture, Cooperation & Farmers Welfare					
Pradhan Mantri Fasal Bima Yojna	Livelihood	98 million ha Gross Crop Area	13000		13000
Interest Subsidy for short term credit to Farmers	Livelihood		15000		15000
Pradhan Mantri Krishi Sinchayee Yojana	Infrastructure	Irrigation projects covering 17.2 lakh ha 15 lakh beneficiaries	4000		4000
National Food Security Mission	Livelihood	1.81 lakh beneficiaries	1500		1500
Sub Mission on Agricultural Mechanization	Infrastructure	62466 centres for Agriculture Machinery and equipment, Farm Machinery Banks, Hi- Tech Productive Equipment	1100		1100
	Livelihood	17.81 lakh beneficiaries			
Rashtriya Krishi Vikas Yojana (RKVY)	Infrastructure	10,45,878 Cold Storage, Godowns, Glass Houses, Custom Hiring Centers, Soil/ Seed Testing Labs, etc.	3100		3100
	Livelihood	116.99 lakh beneficiaries			
Mission for Integrated Development of Horticulture Other Schemes of D/o AC&FW	Infrastructure	3,30,436 centres	1599		1599
	Both		2912		2912
Sub-total of D/o AC&FW			42211		42211
Ministry of Food Processing					
Scheme for Mega Food Parks	Infrastructure	12 Mega Food Parks	390	1170	1560
	Livelihood	Direct & indirect employment to 95000 persons in			

(Contd ...)

Annexure I (Continued)

		2017-18 & 2018-19			
Scheme for Cold Chain and Value Addition Infrastructure	Infrastructure Livelihood	101 projects Direct: 12000 & indirect: 63000 employment in 2017-18 & 2018-19	220	880	1100
Other Schemes of M/o Food Processing	Both		210	640	850
Sub-total of M/o Food Processing			820	2690	3510
Department of Agriculture, Research and Education					
DARE	Livelihood	Production of 21960 tons seeds, 255 lakh nos. planting material, 132.5 lakh nos. Animal resources 1.60 lakh Frontline demonstration 450 Farm level trainings 20 lakh Human Resources development Infrastructure/ Basic amenities development in 98 SAUs, 681 existing KVKs & 59 new KVKs	7800		7800
Sub-total of DARE			7800		7800
Ministry of Drinking Water & Sanitation					
Swachh Bharat Mission (Gramin)	Infrastructure Livelihood	(a) 1.88 crore Household toilets (b) Employment: 16.92 crore Persondays	15343	15000	30343
National Rural Drinking Water Programme (NRDWP)	Infrastructure Livelihood	Infrastructure creation through Piped Water Supply Schemes and Community Water Purification Plants -84000 habitats Livelihood generation - 84000	7000		7000
Sub-total of M/o DWS			22343	15000	37343
Ministry of Rural Development/ Department of Rural Development					
Pradhan Mantri Awaas Yojana - Gramin (PMAY-G)	Both	49 lakh houses, 46.55 crore Mandays	21000	12000	33000
Pradhan Mantri Gram Sadak Yojana (PMGSY)	Both	57,000 km roads & 28.35 crore Mandays	19000		19000

(Contd)

Annexure I (Continued)

Mahatma Gandhi Infrastructure		8552 AWC, 2.60 lakh	55000		55000
National Rural Employment Guarantee Programme (MGNREGA)		Kms. of Rural Roads, 1.83 lakh Vermi/NADEP Compost, 675 Food Storage Godowns, 8340 GP Bhawan/Bharat Nirman Seva Kendra			
	Livelihood	I. Cattle Shed/Poultry Shelter/Piggery shed -99648			
		II. Land Development -1.65 lakh			
National Livelihood Mission-Aajeevika -NRLM	Livelihood under NRLM including Skill Development	230 cr Persondays 9 lakh nos. of new SHGs to be formed Number of Mahila Kisan to be supported- 5 lakh Value Chain Development Project -15 Number of SVEP enterprises-25000 Number of Trainees to be Skilled - 4 lakh	5750		5750
Sub-total of D/o Rural Development			100750	12000	112750
Ministry of Rural Development/ Department of Land Resources					
1. Watershed Development Component of Pradhan Mantri Krishi Sinchayee (WDC-PMKSY)	Infrastructure	1.30 lakh nos. Water Harvesting Structures to be created/rejuvenated	2146		2146
	Livelihood	1.81 lakhs ha area to be brought under protective irrigation 3. No. of farmers benefitted -5.01 lakh			
Other Schemes of D/o Land Resources			250		250
Sub-total of D/o Land Development			2396		2396
Ministry of Power					
Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	Infrastructure	(i) Intensive electrification of villages - 1 lakh nos. (ii) Feeder segregation including new 11 KV Lines-1 lakh Circuit Km (iii) Commissioning of Substations (New & Augmentation) - 600 nos.	3800	15000	18800
Pradhan Mantri Sahaj BijliHar Ghar Yojana (Saubhagya)		Electricity connections to Households - 175 lakh nos.	2750		2750
Sub-total of M/o Power			6550	15000	21550

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Annexure I (Continued)

Ministry of Micro, Small & Medium Enterprises				
Prime Minister's Livelihood Employment Generation Programme (PMEGP)		49000 projects 294000 Employment	1260	1260
Other Schemes of MSME	Both	1648		1648
Sub-total of MSME			2908	2908
Ministry of Panchayati Raj				
Fourteenth Finance Commission (FFC) Grant to Gram Panchayats for the period 2015-2020	Both	Works at Gram Panchayat level in focus areas of Health & Sanitation, Drinking Water, Rural Electrification, Maintenance of Community Assets, etc	45069	45069
Other Schemes of M/o Panchayati Raj	Both		348	348
Sub-total of M/o Panchayati Raj			45417	45417
Ministry of Skill Development & Entrepreneurship				
PMKVY 2.0	Livelihood	18 lakh beneficiaries	1171	1171
Sub-total of M/o Skill Development			1171	1171
Department of Financial Services				
Agriculture Credit Micro Irrigation Fund Rural Infrastructure Development Fund (RIDF) NABARD Infrastructure Development Assistance (NIDA) Dairy Infra Development Fund (DIDF) Fisheries & Aquaculture Infra Development (FIDF) Agri-market Infrastructure	Livelihood		1100000	1100000
			2000	2000
	Infrastructure		28000	28000
			3500	3500
			2000	2000
			1000	1000
			2000	2000
Sub-total D/o Financial Services			1138500	1138500
Total			236127	1434317

Note: The above allocations are specific for infrastructure and livelihood development in agri and Rural sector

Annexure II
Schematic outlays under Education,
Health and Social Protection Sectors
(Schematic Outlays)

Ministry/Department/Scheme Name	2017-18	2018-19
Health & Family Welfare	47,353	52,800
CSS+CS in Health	34,657	39,199
<i>of which</i>		
PMSSY	3,975	3,825
National AIDS and STD Control programme	2,000	2,100
National Rural Health Mission	21,189	24,280
National Urban Health Mission	752	875
Human Resources for Health & Medical Education	4,025	4,225
Tertiary care programme	725	750
RSBY	1,000	2,000
AYUSH	1,429	1,626
CSS+CS	509	576
<i>of which</i>		
NAM	441	504
Health Research	1,500	1,800
School Education	46,356	50,000
CSS+CS	38,981	42,391
<i>of which</i>		
SSA	23,500	26,129
RMSA	3,830	4,022
Mid day meal	10,000	10,500
Higher Education	33,330	35,010
CSS	21,844	24,454
<i>of which</i>		
Anganwadi Services	15,245	16,335
Schemes for Adolescent girls	460	500
Pradhan Mantri Matru Vandana Yojana	2,700	2,400
Nirbhaya Fund Schemes	500	500
Child Protection Scheme	648	725
National Nutrition Mission	1,500	3,000
Mission for protection and empowerment of women (Umbrella)	1,089	1,366
Minority Affairs	4,195	4,700
CS+CSS	3,969	4,460
<i>of which</i>		
Education Empowerment	2,054	2,453
Skill Development & Livelihood	635	602
MSDP	1,200	1,320
TOTAL of Schemes (CS+CSS)	1,22,381	1,37,981
Demand/Ministry-wise Total featured above, except for MoRD	1,64,020	1,79,457

Annexure III
Capital Outlay on Infrastructure Sector

(In ₹ crore)

Ministry/Deptt.	Scheme/CPSEs	RE 2017-18		BE 2018-19	
		GBS	IEBR	GBS	IEBR
1. Ministry of Coal (10)	i) Coal India Limited	0	8500	0	9500
	ii) NLC India Limited	0	4578	0	4299
	iii) Singareni Collieries Co. Ltd.	0	1400	0	2000
	Total	0	14478	0	15799
2. Ministry of Development of North Eastern Region (23)	i) Central Pool of Resources for North East and Sikkim	175	0	310	0
	ii) Construction/Improvement of Roads of Economic Importance	5	0	40	0
	iii) North East Road Sector Develop. Scheme - Programme Component	150	0	250	0
	Total	330	0	600	0
3. Ministry of New and Renewable Energy (67)	i) Indian Renewable Energy Development Agency	0	9287	0	10099
	ii) Solar Energy Corporation of India	50	179	0	217
Total	50	9466	0	10317	
4. Ministry of Petroleum and Natural Gas (72)	i) Payment to Indian Strategic Petroleum Reserve Ltd. (ISPRL) for Crude Oil Reserve	1121	0	701	0
	ii) Phulpur Dhamra Haldia Pipeline Project	400	0	1674	0
	iii) National Seismic Programme	10	0	1300	0
	iv) Bharat Petroleum Corporation Ltd.	0	7800	0	7400
	v) Chennai Petroleum Corp. Ltd.	0	865	0	1010
	vi) Engineers India Ltd.	0	0	0	1356
	vii) Gas Authority of India Ltd.	0	3309	0	4722
	viii) Hindustan Petroleum Corp. Ltd.	0	7110	0	8425
	ix) Indian Oil Corp. Ltd.	0	18849	0	22862
	x) Mangalore Refineries and Petrochemicals Ltd.	0	1138	0	744
	xi) Numaligarh Refinery Ltd.	0	375	0	428
	xii) Oil and Natural Gas Corp. Ltd.	0	37218	0	32077
	xiii) Oil India Ltd.	0	4263	0	4300
	xiv) Oil Natural Gas Corp. Videsh Ltd.	0	6393	0	5886

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Annexure III (Continued)

Total		1531	87319	3675	89210
5. Ministry of Power (74)	i) 220 KV Transmission line from Srinagar to Leh via Kargil	500	0	500	0
	ii) Damodar Valley Corp. Ltd.	0	1057	0	1606
	iii) National Hydro Electric Power Corp. Ltd.	350	3173	482	2258
	iv) National Thermal Power Corp. Ltd.	0	28000	0	22300
	v) North Eastern Electric Power Corp. Ltd.	1212	267	122	
	vi) Power Finance Corp. Ltd	0	4000	0	0
	vii) Power Grid Corp. of India Ltd.	0	25000	0	25000
	viii) Satluj Jal Vidyut Nigam Ltd.	0	609	0	935
	ix) Tehri Hydro Development Corp. Ltd.	32	1267	52	1248
Total		883	64318	1301	53469
Ministry of Civil Aviation (9)	Airport Authority of India	150	2543	0	4086
Total		150	2543	0	4086
Department of Telecommunication (14)	Defence Spectrum - Optical Fibre Cable based network for Defence Services	3755	0	4500	0
	Investment in CPE (Bharat Broadband Network Ltd.)	0	9786	0	16986
Total		3755	9786	4500	16986
Ministry of Defence (Misc) (19)	Works executed by Border Roads Development Board	2708	0	2785	0
	Coast Guard Organisation	2200		2700	
Total		4908	0	5485	0
Ministry of Railways (80)	Capital Outlay on Indian Railways	40000	34900	53060	38500
	Indian Railway Finance Corporation		45100		54940
Total		40000	80000	53060	93440
Department of Atomic Energy (4)	Nuclear Power Corporation of India Ltd.	1435	7785	1665	5656
Total		1435	7785	1665	5656
Ministry of Housing And Urban Affairs (56)	MRTS and Metro Projects	17810	1477	14924	1897
	Housing And Urban Development Corporation	0	13716	0	13040
	PMAY (Urban)	6043	0	6500	25000
Total		23853	15193	21424	39937
Ministry of Road Transport and Highways (81)	Investment in NHAI	23892	59279	29663	62000
	Roads And Bridges	26967	0	29762	0
Total		50858	59279	59425	62000

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Annexure III (Continued)

Ministry of Shipping (87)	Sagarmala	125	0	250	0
	VoChidambaranar Port Trust		163		342
	Jawaharlal Nehru Port Trust		1569		2065
	Mumbai Port Trust		410		432
	Deen Dayal Port Trust Kandla		347		458
	Kamarajar Port Trust		325		250
	Cochin Shipyard Limited		351		495
	Total		125	3165	250
Ministry of Steel (93)	Ferro Scrap Nigam limited	0	28	0	23
	KIOCL	0	2024	0	1782
	Manganese Ore India Limited	0	272	0	279
	MECON Limited	0	5	0	5
	MSTC Limited	0	33	0	49
	NMDC Limited	0	3324	0	3778
	Rashtriya Ispatnigam Limited	0	1570	0	1400
	Steel Authority Of India Limited	0	4200	0	4000
Total		0	11428	0	11294
Department of Higher Education (58)	HEFA	250	0	2750	28000
Total		250	0	2750	28000
Ministry of Electronics & Information Technology	Digital India	1426		3073	5700
Total		1426		3073	5700
Grand Total		129554	364759	157208	439935
			494313		597143

Annexure IV
E-office and E-governance initiatives in
central Ministries and Departments

- i. A web-based Government Integrated Financial Management Information System (GIFMIS), administered by Controller General of Accounts, for budgeting, accounting, expenditure and cash management for more effective fiscal management of Government.
- ii. A Non Tax Receipt Portal (NTRP) to provide one stop services for depositing fees, fines and other non-tax dues into Government account;
- iii. Project 'e-Vidhan' to digitize and make the functioning of all State Legislatures paperless.
- iv. A Central Public Procurement Portal to provide a single point access for all information on procurement. Around 3.5 lakh contractors and vendors are registered on this platform. In November, 2017 alone, electronic bids for over one lakh tenders valued at around two lakh forty thousand crore were invited through this Portal.
- v. The Government E-Marketplace (GeM) to facilitate procurement at the right price, in right quality and quantity in a transparent and efficient manner. Third version of the GeM platform (GeM 3.0) will be launched on 26th January, 2018. The platform has seventy eight thousand buyers, fifty six thousand sellers, three lakh seventy five thousand products and twelve services. Besides facilitating transaction of the value of ₹ 3,000 crore in about two lakh transactions, it could achieve savings of more than 25% over the base price.
- vi. E-Courts, to bring about universal computerization of all Districts and Subordinate Courts, use of cloud computing and availability of e-services like e-filing and e-payments as well.
- vii. A National Judicial Data Grid to provide an online platform for information relating to judicial proceedings and decisions from over sixteen thousand computerized Courts and Subordinate Courts in the country. An e-Courts Services App has also been launched to provide litigant centric services.
- viii. e-Panchayats platform to provide a suite of core common applications to address various aspects of panchayats functioning from internal core functions of planning, budgeting, implementation, accounting, monitoring and social audit to delivery of services like issue of certificates, licenses etc.

Annexure V
to Part B of Budget Speech Other changes in Direct Taxes

- i. It is proposed that the provision of section 79 of the Income-tax Act (the Act) regarding restriction on shareholding for the purpose of carry forward loss shall not apply in case of change of shareholding pursuant to an approved resolution plan under IBC, 2016 where an opportunity of being heard has been given to the Principal Commissioner or Commissioner.
- ii. In respect of companies where an application under Insolvency and Bankruptcy Code (IBC), 2016 has been admitted, it is proposed to provide that for the purpose of computation of Minimum Alternative Tax (MAT) the aggregate amount of unabsorbed depreciation and brought forward loss shall be allowed to be reduced from the book profit.
- iii. It is proposed to provide that the insolvency resolution professional shall verify the return of income in case of a company where an application under IBC, 2016 has been admitted.
- iv. It is proposed to provide that provisions of MAT shall not apply in respect of foreign companies having income solely from businesses referred to in sections

- 44B, 44BB, 44BBA and 44BBB of the Act provided such income has been offered to tax at the rates specified in these sections.
- v. It is proposed to extend the benefit of exemption for withdrawal up to 40% from National Pension System Trust (NPS) to all subscribers and not only to employees.
 - vi. It is proposed to provide that in a case where premium for health insurance for multiple years has been paid in one year, the deduction shall be allowed proportionately over the years for which the benefit of health insurance is available.
 - vii. In order to encourage start-ups, the definition of 'eligible business' for a start-up is proposed to be aligned with the modified definition notified by DIPP. It is further proposed to extend the incorporation date for a start-up for availing benefit under section 80-IAC of the Act to 31st March, 2021 from 31st March, 2019 and rationalise the condition of turnover for availing the benefit.
 - viii. It is proposed to rationalise the provisions of section 56(2)(x) of the Act to provide that the receipt of any property by a wholly-owned Indian subsidiary from its holding company and by an Indian holding company from its subsidiary shall be exempt from tax.
 - ix. It is proposed to provide that trading in agricultural commodity derivatives on a recognized stock exchange shall not be treated as a speculative transaction even if no Commodities Transaction Tax (CTT) has been paid in respect of those derivative transactions.
 - x. Considering the strategic nature of the transactions, it is proposed to provide that income arising to a non-resident from royalty or fees for technical services received from National Technical Research Organisation shall be exempt from tax.
 - xi. It is proposed to provide that the exemption of sale of leftover stock of crude oil shall also apply in respect of termination of the contract or arrangement in respect of a foreign company participating in a strategic oil reserve.
 - xii. It is proposed to provide that in addition to notifying any authority, Board, Trust or Commission under section 10(46) of the Act, the Government can also notify any class of such persons.
 - xiii. It is proposed to provide similar tax regime as available to equity oriented funds to Fund of Funds investing only in exchange traded funds which only invest in listed equity shares of domestic companies.
 - xiv. It is proposed to provide that no adjustments shall be made under section 143(1)(vi) of the Act while processing the return filed for the assessment year 2018-2019 and subsequent assessment years.
 - xv. It is proposed to provide that no expenditure or allowance or set off of any loss shall be allowed in respect of undisclosed income determined by the Assessing Officer under section 115BBE of the Act.
 - xvi. It is proposed to provide that every entity, not being an individual, which enters into any financial transaction of an amount aggregating to Rs.2.50 Lakh or more in a financial year shall be required to apply for a permanent account number (PAN). It is also proposed that directors, partners, principal officers, office bearer or any person competent to act on behalf of such entities shall also apply for PAN.
 - xvii. In view of the proposed amendment in the Customs Act creating a new custom Authority for Advance Ruling, it is proposed to provide that the Authority for Advance Ruling constituted under the Income-tax Act shall act as an Appellate Authority in respect of the rulings given by the customs Authority for Advance Ruling. It is also proposed to provide that when the authority is dealing with an application relating to Income-tax Act, the revenue member shall be from income-tax.
 - xviii. It is proposed to make the order passed by the Commissioner of Income-tax (Appeals) under section 271J of the Act appealable before Appellate Tribunal.
 - xix. It is proposed to enhance the penalty from ₹ 100 to ₹ 500 and from ₹ 500 to ₹ 1,000 under section 271FA of the Act.
 - xx. It is proposed to provide that prosecution shall lie against companies for non-filing of return irrespective of the fact that whether any tax is payable or not.

- xxi. It is proposed to mandate that in order to avail benefit of any deduction under Chapter VIA-C, the persons have to file return within due date specified under section 139(1) of the Act.
- xxii. It is proposed to provide that if stock-in-trade is converted into capital asset, the fair market value of the same on the date of conversion shall be taken into account for computing business income.
- xxiii. It is proposed to rationalise the existing provision relating to investment in capital gain bonds by providing that the exemption shall be available only in respect of long-term capital gains arising out of sale of immovable property and investment in the bond shall be for a minimum period of 5 year from the existing 3 years.
- xxiv. It is proposed to amend section 9 of the Act to align the scope of "business connection" with the modified dependent agent permanent establishment rule as per Multilateral Instrument signed by the Government.
- xxv. It is proposed to amend section 9 of the Act to provide that significant economic presence of a non-resident shall constitute "business connection" with India. It is also proposed to define the phrase "significant economic presence".
- xxvi. It is proposed to provide that compensation received in connection with termination or modification of business contract and employment contract shall be taxable.
- xxvii. It is proposed to provide that in respect of heavy goods vehicles (more than 12 tonnes), the presumptive income under section 44AE of the Act shall be computed at the rate of ₹ 1,000 per tonne per month.
- xxviii. In order to provide statutory backing and certainty to Income Computation and Disclosure Standards (ICDS), it is proposed to amend the provisions of Chapter IV-D of the Act relating to computation of business income and Chapter XIV of the Act.
- xxix. It is proposed to provide that TDS at the applicable rate shall be made in respect of interest exceeding ₹ 10,000 from newly introduced 7.75% GOI Savings (Taxable) Bonds, 2018.
- xxx. It is proposed to provide that in the case of an amalgamated company, accumulated profits for the purpose of determining dividend shall also include the accumulated profits of the amalgamating company on the date of amalgamation.
- xxxi. It is proposed to provide that deemed dividend under section 2(22)(e) of the Act shall be subject to dividend distribution tax at the rate of 30% without grossing up.
- xxxii. It is proposed to provide that the concessional tax rate of 25% for new domestic companies engaged in manufacturing shall be subject to the special rates in respect of specified income provided under Chapter XII of the Act.
- xxxiii. It is proposed to rationalise the provisions relating to filing of Country-by-Country Report by providing the time-limits and the definition of "agreement".
- xxxiv. It is proposed to amend Finance Act, 2013 to rationalise levy of Commodities Transaction Tax (CTT) on options in commodity futures.
- xxxv. It is proposed to amend the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 to rationalise the designations of authorities competent to grant approval for penalty and prosecution.

Annexure VI
Part B of Budget Speech
Indirect Taxes

1. Proposals Involving Change In Customs Duty Rates

Chapter/ heading/ sub-heading / Tariff item		Commodity	Rate of Duty From To	
I. Incentivizing domestic value addition, 'Make in India'				
A. Reduction in Customs duty on inputs and raw materials to reduce costs				
Food processing				
1	0801 31 00	Cashew nuts in shell [Raw cashew]	5%	2.5%
Capital goods and Electronics				
2	8483 40 00, 8466 93 90, 8537 10 00	Ball screws, linear motion guides, CNC systems for manufacture of all types of CNC machine tools falling under headings 8456 to 8463	7.5%	2.5%
3	70	Solar tempered glass or solar tem pered [anti-reflective coated] glass for manufacture of solar cells / panels/modules	5%	Nil
B. Changes in Customs duty to address the problem of duty inversions in certain sectors				
Medical Devices				
4	Any Chapter	Raw materials, parts or accessories for the manufacture of Cochlear Implants	2.5%	Nil
C. Changes in Customs duty to provide adequate protection to domestic industry				
Food Processing				
5	2009 11 00 2009 12 00 2009 19 00	Orange fruit juice	30%	35%
6	2009 21 00 to 2009 90 00	Other fruit juices and vegetable juices	30%	50%
7	2009 81 00, 2009 90 00	Cranberry juice	10%	50%
8	2106 90	Miscellaneous Food preparations (other than soya protein)	30%	50%
Perfumes and toiletry preparations				
9	3303	Perfumes and toilet waters	10%	20%
10	3304	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations	10%	20%
11	3305	Preparations for use on the hair	10%	20%
12	3306	Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual re tail packages	10%	20%
13	3307	Pre-shave, shaving or after-shave preparations, personal deodorants,	10%	20%

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Annexure VI (Continued)

		bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties		
Automobile and automobile parts				
14	8407, 8408, 8409, 8483 10 91, 8483 10 92, 8511, 8708, 8714 10	Specified parts/accessories of motor vehicles, motor cars, motor cycles	7.5% / 10%	15%
15	8702, 8703, 8704, 8711	CKD imports of motor vehicle, motor cars, motor cycles	10%	15%
16	8702, 8704	CBU imports of motor vehicles	20%	25%
17	4011 20 10	Truck and Bus radial tyres	10%	15%
Textiles				
18	5007	Silk Fabrics	10%	20%
Footwear				
19	6401, 6402, 6403, 6404, 6405	Footwear	10%	20%
20	6406	Parts of footwear	10%	15%
Diamonds, precious stones and jewellery				
21	71	Cut and polished colored gemstones	2.5%	5%
22	71	Diamonds including lab grown diamonds-semi processed, half-cut or broken; non-industrial diamonds including lab-grown diamonds (other than rough diamonds), including cut and polished diamonds	2.5%	5%
23	7117	Imitation Jewellery	15%	20%
Electronics / Hardware				
24	8517 12	Cellular mobile phones	15%	20%
25	3919 90 90, 3920 99 99, 3926 90 91, 3926 90 99, 4016 99 90, 7318 15 00, 7326 90 99, 8504, 8506, 8507, 8517 70 90, 8518, 8538 90 00, 8544 19, 8544 42, 8544 49	Specified parts and accessories	7.5% / 10%	15%

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Annexure VI (Continued)

26	8504 90 90/ 3926 90 99	PCBA of charger/adapter and moulded plastics of charger/ adapter of cellular mobile phones	Nil	10%
27	Any Chapter	Inputs or parts for manufacture of a) PCBA, or b) moulded plastics of charger/ adapter of cellular mobile phones	Applicable rate	Nil
28	8517 62 90	Smart watches/wearable devices	10%	20%
29	8529 10 99	LCD/LED/OLED panels and other parts of LCD/LED/ OLED TVs	7.5%/ 10%	15%
30	8529/4016	12 specified parts for manufacture of LCD/LED TV panels	Nil	10%
31	70	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	Nil	5%
Furniture				
32	9401	Seats and parts of seats [except aircraft seats and parts thereof]	10%	20%
33	9403	Other furniture and parts	10%	20%
34	9404	Mattresses supports; articles of bedding and similar furnishing	10%	20%
35	9405	Lamps and lighting fitting, illuminated signs, illuminated name plates and the like [except solar lanterns or solar lamps]	10%	20%
Watches and Clocks				
36	9101, 9102	Wrist watches, pocket watches and other watches, including stop watches	10%	20%
37	9103	Clocks with watch movements	10%	20%
38	9105	Other clocks, including alarm clocks	10%	20%
Toys and Games				
39	9503	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; puzzles of all kinds	10%	20%
40	9504	Video game consoles and machines, articles for funfair, table or parlor games and automatic bowling alley equipment	10%	20%
41	9505	Festive, carnival or other entertainment articles	10%	20%
42	9506 [except 9506 91]	Articles and equipment for sports or outdoor games, swimming pools and paddling pools [other than articles and equipment for general physical exercise, gymnastics or athletics]	10%	20%
43	9507	Fishing rods, fishing-hooks and other line fishing tackle; fish landing nets, butter fly nets and similar nets; decoy birds and similar hunting or shooting requisites	10%	20%
44	9508	Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses, traveling menageries and travelling theatres	10%	20%

(Contd)

Annexure VI (Continued)

Miscellaneous items				
45	3406	Candles, tapers and the like	10%	25%
46	4823 90 90	Kites	10%	20%
47	9004 10	Sunglasses	10%	20%
48	9611	Date, sealing or numbering stamps, and the like	10%	20%
49	9613	Cigarette lighters and other lighters, whether or not mechanical or electrical, and parts thereof other than flints and wicks	10%	20%
50	9616	Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetic or toilet preparations	10%	20%
II Rationalization measures				
Edible oils of vegetable origin				
1	1508, 1509, 1510, 1512, 1513, 1515	Crude edible vegetable oils like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babassu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils.	12.5%	30%
2	1508, 1509, 1510, 1512, 1513, 1515, 1516 20, 1517 10 21, 1517 90 10, 1518 00 11, 1518 00 21, 1518 00 31	Refined edible vegetable oils, like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babassu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils, edible margarine of vegetable origin, Sal fat; specified goods of heading 1518	20%	35%
Refractory Items				
3	6815 91 00	Other articles of stone containing magnesite, dolomite or chromite	10%	7.5%
4	6901	Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals or of similar siliceous earths	10%	7.5%
5	6902	Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths	5%	7.5%
6	6903	Other refractory ceramic goods	5%	7.5%
III Social Welfare Surcharge				
1	Any chapter	Levy of Social Welfare Surcharge on imported goods [other than those mentioned at S. No. 3 to 6 below] to finance education, housing and social security	—	10% of the aggregate duties of customs
2	Any chapter	Abolition of Education Cess and Secondary and Higher Education Cess on imported goods	3% of the aggregate duties of Customs [2% + 1%]	Nil

(Contd)

Annexure VI (Continued)

3	2710	Exemption from Social Welfare Surcharge on motor spirit commonly known as petrol and high speed diesel oil	–	3% of the aggregate duties of Customs
4	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured form, or in powder form	–	3% of the aggregate duties of Customs
5	7108	Gold (including gold plated with platinum), unwrought or in semi-manufactured form, or in powder form	–	3% of the aggregate duties of Customs
6	Any Chapter	Specified goods hitherto exempt from Education Cess and Secondary and Higher Education Cess on imported goods	–	Nil
IV Road and Infrastructure Cess				
1	2710	Levy of Road and Infrastructure Cess on imported motor spirit commonly known as petrol and high speed diesel oil	–	Rs. 8 per litre
2	2710	Exemption from additional duty of customs leviable under section 3(1) of the Customs Tariff Act, 1975 in lieu of the proposed Road and Infrastructure cess on domestically produced motor spirit commonly known as petrol and high speed diesel oil	–	Nil
3	2710	Abolition of Additional Duty of Customs [Road Cess] on imported motor spirit commonly known as petrol and high speed diesel oil	Rs. 6 per litre	Nil
4		Additional duty of customs under sections 3(1) of the Customs Tariff Act, 1975 in lieu of basic excise duty		
	2710	(i) Motor spirit commonly known as petrol	Rs. 6.48 per litre	Rs. 4.48 per litre
	2710	(ii) High speed diesel oil	Rs. 8.33 per litre	Rs. 6.33 per litre

2. Amendments To The Customs Tariff Act, 1975 With No Changes In Effective Rates Of Duties**S. No. Amendment****A Amendment in the Customs Tariff Act, 1975**

- Amendment to the section 3 so as to insert subsections 8A and 10A to provide for valuation of warehoused goods, which are sold to another person before clearance for home consumption or export, for the purposes of Integrated Tax and Goods and Services Tax Compensation Cess

B Import duty - First Schedule to the Customs Tariff Act, 1975

- The tariff rate of customs duty for the specified medical devices is being increased from 7.5% to 10%. The effective rate of import duty on such medical devices will, however, remain unchanged.
- The tariff rate of customs duty for Lithium-ion batteries is being increased from 10% to 20%. The effective rate of import duty on Lithium-ion batteries [other than Lithium-ion batteries for cellular mobile phones] will, however, remain unchanged at 10%.

(Contd)

Annexure VI (Continued)

C Export duty – Second Schedule to the Customs Tariff Act, 1975			
1	To insert a new Note to specify Nil rate of duty in respect of all other goods which are not covered under column (2) of the Schedule.		
2	Introduction of 20% Tariff rate of Export Duty on Electrodes of a kind used for furnaces. The effective rate of Export duty on such electrodes will, however, remain Nil.		
3. Major Amendments In The Customs Act, 1962			
S. No Amendment			
A. For facilitating trade			
1	Defining scope of Assessment and introducing “risk based selection” for verifying Self-Assessment [Section 2(2), 17 of Customs Act]		
2	Establishing single point of reference for importers, exporters and Officers with regard to Regulatory Controls imposed by various Ministries, Departments and Agencies [Section 11 of Customs Act]		
3	Facilitating imports and exports meant for Repair, Manufacture and further Processing with full or partial duty exemptions [Section 25A and Section 25B of Customs Act]		
4	Appointing a new Customs Advance Ruling Authority with Appellate mechanism [Sections 28E to 28M of Customs Act]		
5	Providing legal basis for clearance by Customs Automated System [Sections 45, 47, 51, 60, 68 and 69 of Customs Act]		
6	Introducing an electronic Cash ledger on the lines similar to provisions in CGST Act [Section 51A of Customs Act]		
7	Introducing a new chapter for conduct of Audit [Section 99A of Customs Act]		
8	Inserting a new section to provide for simplified and different procedures as part of Trade Facilitation [Section 143AA of Customs Act]		
9	Introducing a new section for exchange of information with competent authorities of other countries [Section 151B of Customs Act]		
B. For reducing litigation			
10	Providing for pre-notice consultation, issue of supplementary show cause notices on receipt of additional information but within present limitation period, time bound Adjudication and deemed closure of cases [Section 28 of Customs Act]		
11	Providing for closure of cases without imposition of redemption fine in cases of voluntary payment of all dues [Section 125 of Customs Act]		
C. For improving compliance			
12	Expanding the scope of the Customs Act to any offence or contravention committed under the said Act outside India [Section 1 of Customs Act]		
13	Introducing provisions for controlled delivery for certain goods to be notified [Section 109A of Customs Act]		
4. Proposals Involving Change In Excise Duty Rates			
	Commodity	Rate of Duty	
		From	To
I	Motor spirit commonly known as petrol and high speed diesel oil		
	1. Levy of Road and Infrastructure Cess on motor spirit commonly known as petrol and high speed diesel oil	–	Rs. 8 per litre
	2. Abolition of Additional Duty of Excise [Road Cess] on motor spirit commonly known as petrol and high speed diesel oil	Rs. 6 per litre	Nil
	3. Basic excise duty on:		
	(i) Unbranded Petrol	Rs. 6.48 per litre	Rs. 4.48 per litre
	(ii) Branded petrol	Rs. 7.66 per litre	Rs. 5.66 per litre
	(iii) Unbranded diesel	Rs. 8.33 per litre	Rs. 6.33 per litre

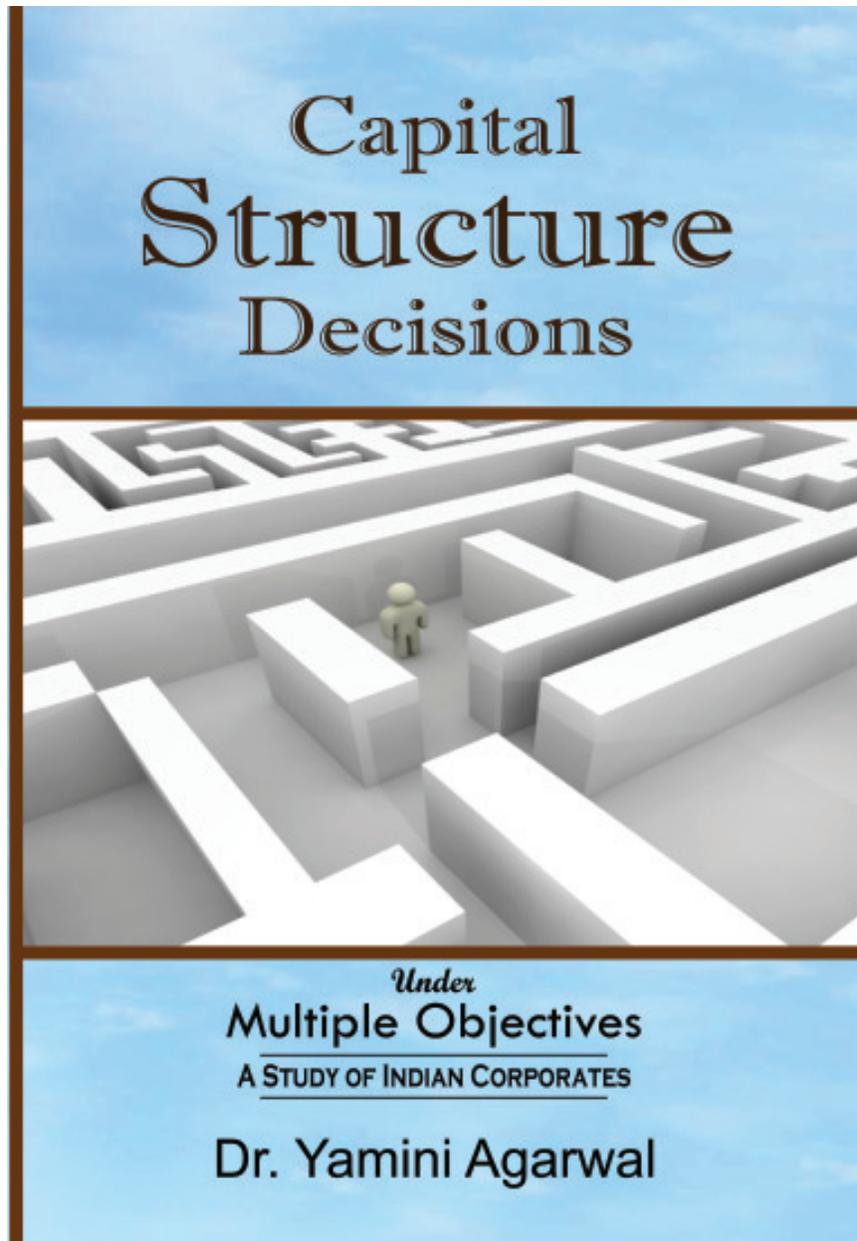
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Annexure VI (Continued)

(iv) Branded diesel	Rs. 10.69 per litre	Rs. 8.69 per litre
4. Infrastructure Cess on (i) 5% ethanol blended petrol, (ii) 10% ethanol blended petrol and (iii) bio-diesel, up to 20% by volume, subject to the condition that appropriate excise duties have been paid on petrol or diesel and appro priate GST has been paid on ethanol or bio-diesel used for making such blends	—	Nil
5. Infrastructure Cess on petrol and diesel manufactured in and cleared from 4 specified refineries located in the North-East	—	Rs. 4 per litre
Note: "Basic Excise Duty" means the excise duty set forth in the First Schedule to the Central Excise Tariff Act, 1985.		

5. Miscellaneous**S. No. Amendment**

A.	Renaming of Central Board of Excise and Customs as the Central Board of Indirect Taxes and Customs Name of Central Board of Excise and Customs is being changed to Central Board of Indirect Taxes and Customs with consequential amendments in the following Acts:- i. The Central Boards of Revenue Act, 1963 (54 of 1963) ii. The Customs Act, 1962 (52 of 1962) iii. The Central Goods and Services Tax Act, 2017 (12 of 2017)
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