



Shri Vishnu Engineering College for Women (Autonomous): Bhimavaram

Department of Management Studies

UNION BUDGET 2018 ANALYSIS SESSION @ 01-02-18

The students of MBA had witnessed the live presentation of the Union Budget 2018 by the Central Finance Minister in the Parliament. This session was conducted in the Seminar Hall and was attended by all the faculty of the department.

Once the budget session is completed, HOD of MBA Dept Dr. G. Subbaraju analyzed the impact of the budget on various sectors and explained to the students the major variations that may occur because of the same over a period of time. The student's clarifications were resolved and the students were asked to submit a one page report on the budget.

Highlights of the Union Budget 2018:

- Govt levies 10% capital gains tax for Rs 1 lakh gains
- Short-term capital gains tax continues to be 15%
- Capital gains made on shares until Jan 31, 2018 grandfathered
- Customs duties hiked on mobiles to 20 percent from 15 per cent; on TVs to 15 percent to boost domestic manufacturing.
- 6 crore toilets have been built so far under the Swachh Bharat campaign. The target for the next financial year is to build another 2 crore toilets.
- No change in personal income tax structure, says Arun Jaitley
- Standard deduction of Rs 40,000 for salaried taxpayers, says Arun Jaitley
- Status quo for salaried class, says Arun Jaitley
- 25% Corp tax rate extended to companies with turnover up to Rs 250 cr
- FM says Rs 90,000 cr extra collected as personal Income Tax in last 1 year. will continue with tax policies that reward honest tax payers.
- FM Arun Jaitley says propose to allow 100% tax deduction to companies registered as farmer-producer companies with a turnover of Rs 100 crore.
- India produced over 275 million tonnes of foodgrain and 300 million tonnes of fruits and vegetables in 2016-17.
- Crop production at record high; govt is committed to giving 50% more than cost of crop production to farmers.
- Govt to set MSP at one-and-half times the cost of production for Kharif crops.
- Govt will ensure farmers get MSP if prices fall; Niti Aayog will discuss with state govts for mechanism to ensure farmers get better prices.
- Rs 2,000 crore fund to be set up for upgrading rural agri markets.
- Govt has promoted organic farmers in a big way; women self-help groups to be encouraged to take up organic farming.
- Food processing sector growing at 8 pc; allocation for food processing ministry being doubled to Rs 1400 cr.
- India's agri export potential is \$100 bn as against current \$30 bn exports, says FM.

- Mass formalisation of MSME sector is happening after demonetisation and GST.
- Target for loan disbursement under Mudra scheme set at Rs 3 lakh crore for next fiscal.
- Govt to soon announce scheme to address the issue of Non-Performing Assets.
- Rs 4.6 lakh cr sanctioned under MUDRA Scheme.
- Govt's budget for health, education and social security increased to Rs 1.38 lakh crore for 2018-19 from Rs 1.22 lakh crore in current fiscal.
- Govt identifies 115 "aspirational districts" to make them model districts of development.
- PM Jeevn Jyoti Bima Yojana to reach all poor households: Arun Jaitley
- 24 new govt medical colleges and hospitals to be set up by upgrading existing district hospitals
- Health insurance scheme to cover 500 million beneficiaries of 100 million families. FM Jaitley announces a cover of up to Rs 5 lakh per year
- For education sector, the government proposes revitalising infrastructure, opening schools for the ST populations as well as promoting programmes for teachers, in order to improve quality education for students: Arun Jaitley.
- Air Pollution in Delhi NCR is a cause for concern, special scheme will be implemented to support Govts of Haryana, Punjab, UP and Delhi NCT to address it and subsidize machinery for management of crop residue.
- Scheme for revitalizing school infrastructure, with an allocation of 1 lakh crore rupees over four years. Called RISE - Revitalising Infrastructure in School Education.
- Finance Minister says will set up PM Research Fellow Scheme; 1000 B-Tech students to be selected.
- Finance Minister says two new planning & architecture schools to be set up in IITs.
- Finance Minister says total investment of Rs 1 lakh cr for 'RISE'.
- The government will launch a flagship National Health Protection Scheme, which will have 50 crore beneficiaries. The Centre will give up to Rs 5 lakh per family per year. This will include secondary and tertiary healthcare.
- Govt to focus on health, education & social protection. To use technology to improve education from 'blackboard to digital board'.
- Allocating natural resources in a more transparent manner, there is a premium on honesty now.
- Rs 14 lakh cr for enhancing rural livelihood.
- Hope to grow at 7.2 per cent-7.5 per cent in the second half of 2017-18.
- Finance Minister says propose to treat education holistically without segmentation.
- 80 million poor families to be given free gas connection under Ujjwala scheme.
- Finance Minister says allocate Rs 2,600 underground water irrigation plan in 96 districts.
- 500 mn beneficiaries of govt health care scheme.
- Rural infra and education get a massive push.
- Finance Minister Arun Jaitley says Rs 16,000 cr allocation for electricity connection to poor families.
- Eklavya schools to be started for Scheduled Tribe population.
- Rs 11 lakh cr for instant farm credit mooted next FY.
- Economy to grow by 7.2-7.5 per cent in second half of current fiscal, says FM.
- When our govt took over India was considered one of the fragile five economies of the world; we have reversed it; India is today fastest growing economy.
- Introduction of GST has made indirect tax system simpler.

- India is today a \$2.5 trillion economy and will become fifth largest economy in the world from the present seventh largest.
- Budget will focus on strengthening agricultural and rural economy: FM Jaitley.
- PM has articulated the vision of minimum government, maximum governance: Jaitley.
- We are firmly on path to achieve 8% growth.
- Govt focusing on ease of living now.
- Cooking gas being given free to poor under PMUY, 4 cr unconnected being provided electricity connection, stent prices slashed: FM.
- Direct Benefit Transfer is a global success story.
- Emphasis on generating higher income for farmers; want to help farmers produce more and realise higher prices.

Here are the sectoral highlights of Budget 2018-19:

Fiscal situation and targets

- GST revenue will be collected for 11 months and that would impact balance sheets. Rs 21.57 lakh crore transferred in the form of net GST against the predicted Rs 21.47 lakh.
- Government aims for 2018-19's fiscal deficit target of 3.3 per cent of GDP. Revised fiscal deficit for 2017-18 was Rs 5.95 lakh crore or 3.5 per cent of GDP.

Agriculture

- Emphasis on generating higher income for farmers, increase production from same land parcels.
- Minimum support price (MSP) for all upcoming Kharif crops to 1.5 times the cost of production.
- If market prices are lower than MSP, government would procure produce or ensure farmers get right prices.
- Agricultural market and infra fund of with corpus of Rs 2,000 will be created for 22,000 gramian agricultural markets and 585 APMCs.
- Cluster development model of agricultural commodities, emphasis to encourage for organic farming.
- Allocation for Food Processing Ministry doubled.
- Operation green to produce farmer producer organisation, logistics, warehousing etc allocation of Rs 500 crore.
- Export of agri commodity liberalised to meet India's agricultural exports potential of \$100 billion.
- Kisan credit cards to fisheries and animal husbandry farmers, restructured national bamboo mission with corpus of Rs 1,290 crore.
- Govt to encourage states to ensure surface solar power is purchased by utilities firms.
- Rs 10,000 crore to set up two funds to promote fisheries and animal husbandry.
- Favorable taxation treatment for farmer producers organisations.
- Agricultural products to be in futures markets.

- Rs 11 lakh crore for credit for farm sector.
- Special scheme to manage crop residue.
- Free gas connections to 8 crore poor women.
- Rs 16,000 crore for PM Saubhagya Yojana that is connecting 4 crore households with free electricity.
- Aim to create at least 2 crore toilets under Swachh Bharat Mission.
- Housing for All by 2022 and PM Awas Yojana (rural)–51 lakh houses for 2018-19, dedicated affordable housing fund.
- Loans to self help group for women to increase to Rs 75,000 crore.
- Allocation to National Livelihood Mission of Rs 5,750 crore.
- Rs 14.34 lakh crore from extra and non-budgetary resources for housing and infrastructure in rural area.

Health Education and Social Protection

- Comprehensive social security program National social assistance program over Rs 9,000 crore.
- Education in country to be treated without segmentation from KG till class 12.
- Aim to move from black board to digital board with push for digital technology and e-education.
- By 2022, every block with over 20,000 tribals and over 50 per cent STs will have a special Eklavya school.
- 10 crore people to get Rs 5 lakh health coverage for hospitalisation every year.
- Government to move towards universal health coverage.
- Rs 600 crore for tuberculosis patients who are undergoing treatment.
- Government to establish two new Schools of Planning and Infrastructure.
- To address brain drain issue in country, a new scheme to identify bright students studying B Tech in top engineering schools and allow them opportunity to study and do research in IITs and Indian Institute of Science.
- Selected students to get special fellowships and will be expected to teach in institutes of higher education, particularly in rural areas.
- Mudra Yojana lending target of Rs 3 lakh crore.
- Aim to bring 60 crore bank accounts under Jan Dhan Yojana.
- Integrated BEd programme for teachers proposed to train quality of teachers and education.
- Fund for social security and protection of widows and orphaned children.

Industry

- Mass formalization of MSME industry after GST and demonetization.

Railways

- Total capital expenditure for Indian Railways set at Rs 1,48,528 crore
- Special Railway University to be set up in Vadodara, Gujarat.

Fiscal targets

- Government aims for 2018-19's fiscal deficit target of 3.3 per cent of GDP. Revised fiscal deficit for 2017-18 was Rs 5.95 lakh crore or 3.5 per cent of GDP.

Taxation

- The government proposes no change in personal income tax rates for salaried class.
- There's been a 12.6% growth in direct taxes in 2017-18; 18.7% growth in indirect taxes in 2017-18
- 85.51 lakh new taxpayers filed returns in 2017-18, as against 66.26 lakhs in 2016-17. The number has increased from 6.47 crore in 2016-17 to 8.27 crore by end of 2017.
- Liberalised presumptive income schemes for small businesses with income below Rs 2 crore, similar schemes for professionals with income below Rs 50 lakh.
- Rs 90,000 crore additional income tax collection in 2016-17 and 2017-18.
- Corporate tax reduced to 25 per cent for companies with turnover up to Rs 250 crore, move to boost MSME sector.
- Jaitley proposes revision in monthly emoluments of President of India at Rs 5 lakh,, Rs 4 lakh for vice president and Rs 3.5 lakh for governors.
- Standard deduction of Rs 40,000 for salaried taxpayers.
- Long-term capital gains tax of 10 per cent on investments over Rs 1 lakh.
- Exemption of interest income on bank deposits raised to Rs 50,000 for senior citizens.
- Jaitley proposes 10 per cent tax on distributed income by equity-oriented mutual funds.