

Summary of Union Budget 2018-19

The most concise and
comprehensive
summary of Union
Budget 2018-19

Compiled by www.ixamBee.com



IMPORTANT INSTRUCTIONS:

1. All relevant information from the Union Budget (2018-19) has been provided in the single document.
2. Combined with the summary of Economic Survey (already released) and compilation of Govt. schemes (to be released), these will give you an overall understanding of Indian Economy.
3. In the document, concepts have been explained in **blue boxes**, schemes in **grey boxes** and additional information is given in **brown boxes**.
4. Since a separate compilation for schemes will be released, only important schemes (especially announced in budget are in brown letter) have been elaborated.
5. This will be useful for **all government exams, banking exams** including **RBI Grade-B, NABARD Grade-B** and even **UPSC** (only preliminary not mains).

STATUS OF IMPORTANT DOCUMENTS TO BE RELEASED:

1. Summary of Economic Survey- Released

(<https://www.ixambee.com/summary-of-economics-survey-of-india>)


2. Summary of Union Budget- You are looking at it.
3. Compilation of Government schemes- coming soon
4. MCQs on above three documents- coming soon
5. Monthly and Weekly compilations- available on our website

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WHAT IS BUDGET?

The Constitution of India, through **article 112** mandates to present an **Annual Financial Statement** showing receipt and expenditure. This is popularly known as budget document.

It contains budget information of 3 financial years:

- a. **Estimated** receipt and expenditure for **FY 2018-19** (for the coming year)
- b. **Revised estimates** of receipt and expenditure for **FY 2017-18** (since the FY has not ended yet)
- c. **Actual receipt and expenditure** of **FY 2016-17**

But budget document contains **many other documents**: Demand of Grants (DG), Finance Bill, Statements mandated under FRMB Act 2003, Expenditure budget, Receipt budget, Outcome budget

Who prepares the document?

Department of Economic Affairs under Ministry of Finance.

Note that Finance Ministry has 5 departments under it- Dept of Economic Affairs, Dept of Revenue, Dept. of Expenditure, Dept. of Financial Services, Dept. of Investment and Public Asset Management (DIPAM)

It was introduced on 1st February 2018.

The union Govt has **3 funds**:

- a. **Consolidated Fund of India** (article 266):
 - all revenue received + loans raised by Govt + receipts from various loans
 - no amount can be withdrawn without the authorization of Parliament
- b. **Contingency Fund of India** (article 267):
 - Urgent and unforeseen expenditure by Govt of India
 - Parliamentary approval after the expenditure is made (Ex-post-facto)
 - With a corpus of 500 crore
 - Placed at the disposal of President
- c. **Public Account of India** (article 266):

Money held by govt in trust is kept here. Ex- provident fund, small saving collection

They are not Govt money and need to be paid back to the persons.

1. GOVERNANCE, ECONOMY & DEVELOPMENT

- India is now a **2.5 trillion dollar economy**, **7th largest** in the World.
- On Purchasing Power Parity (**PPP**) basis, India is the **third largest** economy.
- India grew at an average of 7.5% in the three years after 2014.
- India hopes to grow at 7.2% to 7.5% in the second half.
- In **FY 2017-18**, India grew at **6.6%** as per revised estimate by CSO.
- **Economic Survey** had predicted a growth rate of **7% to 7.5%** in **FY 2018-19**.
- **IMF** in its latest update has projected the growth rate for FY 2018-19 to be **7.4%**.
- For the first time India has made it to the top 100 of **Ease of Doing Business ranking** released by World Bank. In its latest ranking in 2018, India is at **100th position**.

Deficit Statistics:

		(₹ करोड़) (In ₹ crore)			
		2016-2017 वास्तविक Actuals	2017-2018 बजट अनुमान Budget Estimates	2017-2018 संशोधित अनुमान Revised Estimates	2018-2019 बजट अनुमान Budget Estimates
1. राजकोषीय घाटा	1. Fiscal Deficit	535618 (3.5)	546531 (3.2)	594849 (3.5)	624276 (3.3)
2. राजस्व घाटा	2. Revenue Deficit	316381 (2.1)	321163 (1.9)	438877 (2.6)	416034 (2.2)
3. प्रभावी राजस्व घाटा	3. Effective Revenue Deficit	150648 (1.0)	125813 (0.7)	249632 (1.5)	220689 (1.2)
4. प्राथमिक घाटा	4. Primary Deficit	54904 (0.4)	23453 (0.1)	64006 (0.4)	48481 (0.3)

Source- Budget document (2018-19)

Fiscal Deficit- When government's total expenditure exceeds the revenue it collects (excluding borrowing), it is called fiscal deficit. In other words,

Total expenditure – total non-borrowed receipt = fiscal deficit

Revenue Deficit (RD)- The difference between revenue expenditure and revenue receipt is known as revenue deficit. It shows government's shortfall over current receipt and current expenditure.

Effective Revenue Deficit- When money given in grants for creation of capital asset is reduced from revenue deficit, it is called Effective Revenue Deficit (ERD).

Primary Deficit (PD) - It is fiscal deficit minus interest payment by Government. It tells us how much Government's borrowing is going towards meeting expenses other than interest payment. (interest payment is the single largest revenue expenditure of central Govt)

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2. AGRICULTURE

In 2018-19, a total of **14.34 lakh crore** will be spent for rural livelihood and infrastructure creation.

- Government has target of doubling farmers' income by 2022 (75th year of India's independence).
- In 2016-17 India achieved record **food grain production** of around **275 MT**. **Fruit and vegetable** production reached **300 MT**.
- All the **585 APMC mandis** will be connected with **e-NAM** by March 2018.

What is APMC mandis?

Agricultural Produce Market Committee (APMC) mandis established by state government under APMC acts where farmers can sell their products. Its objective was to protect farmers from the middlemen and directly sell their product to consumers.

What is e-NAM?

Electronic- National Agricultural Market is a pan-India electronic trading portal of agricultural products. It aims to link all APMC mandis or better price realization or farmers.

- The **Minimum Support Price (MSP)** for all kharif crops to be at least **one and half times** that of the cost involved.

What is MSP?

It is the minimum price at which Government purchases crops from farmers. It is announced by Govt of India at the beginning of sowing season on the recommendation of Commission for Agricultural Costs and Prices (CACP). At present MSP is announced for around 25 different crops.

- Existing **22,000 rural haats** will be upgraded into **Gramin Agricultural Markets (GrAMs)**.

This will help **small and marginal farmers** who constitute **86% of total farmers**.

Marginal farmer has land less than 1 hectare and Small farmers have land 1 to 2 hectare.

- An **Agri-Market Infrastructure Fund** with a corpus of 2000 crore will be set up for developing infrastructure in the **22,000 GrAMs** and **585 APMCs**.
- For organized cultivation of medicinal and aromatic plants and supporting industries of perfumes, essential oil etc 200 crore has been allocated.
- Food processing- **Pradhan Mantri Krishi Sampada Yojna** is the flagship programme. Since the industry is growing at 8% per annum, its allocation has been more than doubled to **1400 crore** for 2018-19.
- **'Operation Green'** has been launched in line with 'Operation Flood' to increase the production and supply of potato, tomato and onion. (500 crore allocated)
- State-of-the-art testing facilities will be set up at all the 42 Mega Food Parks to promote agri-export.

It will help us realize our gri-export potential of \$ 100 bn as against **current agricultural export of \$ 30 bn**.

- A **restructured National Bamboo Mission** at a cost of **1290 crore**. Bamboo is considered **'green gold'**.
- Two new funds- **Fisheries and Aquaculture Infrastructure Development Fund (FAIDF)**, **Animal Husbandry Infrastructure Development Fund (AHIDF)**- **10,000 crore** has been allotted for the two.

Last year, **Micro Irrigation Fund (MIF)** and **Diary Processing Infrastructure Development Fund (DPIDF)** were created.

- Institutional **credit to agriculture** was **10 lakh crore in 2017-18**. Now it has been raised to **11 lakh crore in 2018-19**.

Kishan Credit Card (KCC) facility has been extended to fisheries and animal husbandries.

3. RURAL ECONOMY

- **Pradhan Mantri Gram Sadak Yojna (PMGSY)** is aimed at connecting all habitations with all weather road.

The **target** to achieve this has been **brought forward to March 2019** from March 2022.

In the phase 3 of PMGSY, GrAMs, hospitals and higher secondary schools will be connected through roads.
- **Prime Minister's Ujjwala Scheme**- it had a target of providing **LPG connection** to 5 crore rural poor women. Its target has been raised to **8 crore women** now.
- **Prime Minister Saubhagya Yojna** aims at providing electricity to all households. Around 4 crore people are being given electricity connection free of charge at a cost of 16,000 crore.
 - ⊕ Government has the target of providing **24*7 electricity to every household by 2019**.
 - ⊕ **Kerala** is the first state to provide electricity to every household in 2017.
- **Swachh Bharat Mission**- Govt has already constructed more than **6 crore toilets** and planning to construct **2 crore more**.
 - ⊕ So far **8 states and 2 UTs** have been declared Open Defecation Free (ODF) completely.
 - ⊕ Number of people defecating in open was 55 crore in 2014 which reduced to 25 crore by Jan 2018. (survey by Ministry of Drinking Water & Sanitation)
- **Prime Minister Awas Yojna**- under the ambitious target of '**Housing for all by 2022**'. **51 lakh** houses in 2017-18 and **51 lakh** more houses in **2018-19** will be constructed in rural area. In urban area, 37 lakh such houses will be constructed.
- A dedicated affordable housing fund will be established under National Housing Bank (NHB). It will be funded from Priority Sector Lending (PSL) shortfall.

- Allocation under **National Rural Livelihood Mission (NRLM)** has been increased to 5,750 crore. Loans to women Self Help Groups (SHGs) is increasing at 37% and will be **75,000 crore by March 2019**.

What is NRLM?

A poverty alleviation scheme aimed at organizing rural poor into Self Help Groups (SHGs) to generate self-employment by providing credit facility and other assistance.

It is now known as Deen Dayal Antodaya Yojna.

- **Prime Minister Krishi Sichai Yojna** – Har Khet Ko Pani, 2600 crore has been allocated. It will be used in 96 irrigation deficit districts, where less than 30% of land holding has assured irrigation.
At present, only 45% of land under agriculture has irrigation facility.

4. HEALTH, EDUCATION & SOCIAL PROTECTION

- Expenditure on health, education and social protection for FY 2018-19 is **1.38 lakh crore**.

Education:

- “**DIKSHA**” portal will be used to upgrade the skill of teachers.
- Our classrooms will move gradually from “black board” to “digital board”.
- For best quality education for tribal children, **by 2022**, one **Eklavya Model Residential School** will be opened in every block with more than 50% of tribal population and at least 20,000 tribal people.

Higher education:

- **Revitalizing Infrastructure and Systems in Education (RISE)-**
 - ⊕ To increase investment in research and related infrastructure in premier educational institutions.
 - ⊕ 1,00,000 crore will be invested in next 4 years.
 - ⊕ Higher Education financing Agency (HEFA) will be used to fund this.
 - ⊕ HEFA is a Special Purpose Vehicle (SPV) which will raise a capital up to 20,000 crore to fund infrastructure and lab development in IITs/IIMs/NITs and other such institutions.
- ⊕
- 20 Institute of Eminence will be established.

What is Institute of Eminence?

Selected 10 public and 10 private Institutions will be nurtured to emerge as world class teaching institutions or Institute of Eminence. They will improve the ranking of Indian universities in world ranking. These institutions will have greater autonomy to admit foreign students (up to 30%), foreign faculties (up to 25%), offer online courses (up to 20% of its programs), to enter into academic collaboration with top 500 universities without UGC permission etc.

Recently Government has formed a committee under former Chief Election Commissioner (CEC) N Gopalaswami to select these institutes and monitor their progress.

- A specialized **railway university at Vadodara** (Gujarat).

Prime Minister Research Fellow Scheme:

- Approved at a total cost of Rs 1650 crore for 7 years beginning 2018-19.
- Students who have completed their B. Tech, Integrated M. Tech (dual degree) in IITs/ NITs/IIITs/IISERs with at least 8.0 CGPA will get direct PhD admission in IITs/IISc after a selection process.
- A fellowship of Rs 70,000 will be given along with Rs. 2 lakh research grant for the period of 5 years.
- The Minimum Support Price (MSP) for all kharif crops to be at least one and half times that of the cost involved.

Health:

- Two major initiatives launched under **Ayushman Bharat** in health sector: One is under National Health Policy 2017, **1.5 lakh health and wellness centres** will be strengthened to improve primary healthcare. (allocation- 1200 crore)
- Second is National Health Promotion Scheme (NHPS) or popularly called 'Modicare'.

National Health Protection Scheme (NHPS)

- About 10 crore poor and vulnerable families (approximately 50 crore beneficiaries) will be provided health coverage of 5 lakh per family per year for secondary and tertiary care hospitalization.
- It is world's largest government funded health care programme.

- **GOBAR-DHAN scheme:**
Galvanizing Organic Bio-Organic Resources Dhan (GOBAR-DHAN) for management and conversion of cattle dung and solid waste in farms to compost, fertilizer, bio-gas and bio-CNG.
- **600 crore** to provide nutritional support to all **TB patients** at the rate of 500 per month for the duration of their treatment.
- **24 new government medical colleges** and hospitals will be established by upgrading existing district hospitals.

It would be ensured that there is at least 1 medical college for every 3 parliamentary constituencies and at least 1 government medical college in each state.

Social Protection:

- **National Social Assistance Program**- 9975 crore
It is a Centrally Sponsored Scheme (CSS) that provides financial assistance to elderly, widows and persons with disabilities etc.

Under Central Sector (CS) Schemes, 100% funding comes from central government. But under Centrally Sponsored Schemes (CSS), some percentage of funding is borne by states.

Central sector schemes are generally on subjects on union list and totally implemented by centre. But CSS are generally on subjects of state list and implemented by states.

- **Sukanya Samridhhi Account** Scheme under 'Beti Bachao Beti Padhao'
More than **1.26 crore accounts** have been opened with an amount of **19,183 crore**.

Sukanya Samridhhi Account?

A small deposit scheme for parents of girl child for her education. Account can be opened before the girl becomes 10 and a high interest rate is given on the deposit made by parents with tax benefits. To prevent early marriage, no money can be withdrawn from the account till the girl becomes 18.

- **Pradhan Mantri Jan Dhan Yojna**- More than 60 crore accounts
Pradhan Mantri Jeevan Jyoti Beema Yojna (PMJJBY)- life insurance cover of 2 lakh on payment of premium of Rs 330 per annum. 5.22 crore families benefited.
Pradhan Mantri Suraksha Bima Yojna- 13 crore 25 lakh persons have been insured with personal accident cover of just Rs 12 per annum.
- All **4465 Ganga Grams** – villages on the bank of Ganga- have been declared Open Defecation Free (ODF).
- For inclusive growth, **115 aspirational districts** have been identified to improve quality of life in these districts.

- ⊕ These districts include 35 affected by Left Wing Extremism (LWE) violence, 55 just affected by LWE, 15 districts of Jammu & Kashmir and North East affected by terrorism
 - ⊕ Investment will be made in education, healthcare, irrigation, nutrition, skill development etc. to nurture them as model of development.
 - ⊕ NITI Aayog will rank them by April 2018 based on 10 socio-economic parameters.
- In 2018-19, total allocation for **SCs** is **56,619 crore** in **279** programmes.
In 2018-19, total allocation for **STs** is **39,135 crore** in **305** programmes.

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5. MSME & EMPLOYMENT

- 3794 for MSME (Micro, Small and Medium Enterprise) sector
Following classification is given in MSME Development Act 2006.

Classification of MSMEs (manufacturing)	Maximum investment
Micro	25 lakh
Small	25 lakh to 5 crores
Medium	5 crores to 10 crores
For Service	Limits change to 10 lakh, 2 crore, 5 crores

- MUDRA Yojna**- 4.6 lakh crore credit from 10.38 crore MUDRA loans
 - ⊕ **76%** loan accounts are of women
 - ⊕ More than **50%** belong to STs, SCs and OBCs
 - ⊕ Target of **3 lakh crore** loan under MUDRA for 2018-19

What is MUDRA Yojna?

Pradhan Mantri Mudra Yojna seeks to provide loans up to Rs 10 lakh to non-farm, non-corporate small and micro enterprises.

To implement this, an institution called MUDRA (Micro Units Development & Refinance Agency) has been created.

Three kinds of loans are provided: Shishu (up to 50,000/-), Kishor (50,000- 1 lakh), Tarun (1-10 lakh)

- National Apprenticeship Scheme** to train 50 lakh youths by 2020.
Government shares the cost of basic training with company and provides stipend
- Increasing paid maternity leave** from 12 weeks to 26 weeks along with provision of creches.
- A model aspirational skill centre in every district under **Pradhan Mantri Kaushal Kendra** Programme.
306 such Kaushal kendras have been established.
- Government had approved a comprehensive **textile sector package of 6,000 crore** in 2016. 7,148 crore have been provided for this sector in 2018-19.

6. INFRASTRUCTURE & FINANCIAL SECTOR

- India needs more than **50 lakh crore** investment in infrastructure sector.
- Expenditure on infrastructure is **5.97 lakh crore** in 2018-19.
- Using online monitoring system **PRAGATI**, projects worth 9.46 lakh crore have been fast tracked.
PRAGATI- Pro Active Governance And Timely Implementation
It is a digital platform to monitor various programmes and project implementation and redressing grievances of people.
- **Border infrastructure-**
 - ⊕ **Rohtang tunnel**, which has been completed, will provide all weather connectivity to Ladakh region.
 - ⊕ Work on **Zozila pass** is progressing. It will provide all weather connectivity to Leh region of Jammu & Kashmir. Once constructed, it would be the longest bidirectional tunnel of Asia.
 - ⊕ New proposal to construct **Sela pass** in Arunachal Pradesh.
- **Urban infrastructure-** Under Smart City Mission (SCM), 99 cities have been selected with an outlay of **2.04 lakh crore**.
- **Tourist infrastructure-** Proposal to develop 10 prominent tourist sites into Iconic Tourist Destination. Tourist amenities at 100 Adarsh monuments of Archaeological Survey of India will be upgraded.
- **Road infrastructure-**
 - ⊕ National Highways exceeding 9,000 km will be constructed during 2017-18
 - ⊕ Bharatmala Pariyojna will provide connectivity to interior, backward and border areas of the country. In phase-1, 35,000 km road will be constructed with an estimated cost of 5,35,000 crore.
- **Railway Infrastructure-**
 - ⊕ Railway capex for the year 2018-19 has been pegged at 1,48,528 crore.
 - ⊕ 4,000 km railway line will be electrified during 2017-18.
 - ⊕ Eastern and Western Dedicated Corridor are under progress.
 - ⊕ Mumbai's suburban network is being expanded to add 90 km double line tracks at a cost of over 11,000 crore.
- **Airport infrastructure:**
 - ⊕ Domestic air traffic grew at 18% per annum in last 3 years.
 - ⊕ Expand our airport facility five times to handle a billion trips a year under a new initiative called **NABH Nirman**.

- 60 crore for setting up a Coalition on Disaster Resilient Infrastructure
- Finance for infrastructure-
Infrastructure Investment Fund (InvIT) and Real Estate Investment Trust (ReIT)
New guidelines by RBI and SEBI for corporate bond market so that they can meet one-fourth of their financing needs from bond market.

InvIT and ReIT:

- Infrastructure Investment Trust or InvIT is a financial entity that pools in the investment by many persons (like a mutual fund) and invests it in infrastructure project to earn return.
- When a similar entity earns income by investing in real estate, it would be called Real estate Investment Trust.
- The trusts are listed in stock exchanges.

- **Digital infrastructure-**
 - ⊕ Allocation doubled to 3073 crore in 2018-19
 - ⊕ NITI Aayog will create a national programme for artificial intelligence.
 - ⊕ 1 lakh Gram Panchayats have been connected through high speed optical fiber network under phase 1 of Bharat Net project.
 - ⊕ It will provide broadband access to over 20 crore rural Indians in two lakh fifty thousand villages.
 - ⊕ Proposal to set up five lakh wi-fi hotspots to provide broadband access to five crore rural people.
 - ⊕ 10,000 crore for creation and augmentation of telecom infrastructure
 - ⊕ An indigenous 5G test bed at IIT Chennai to develop and adopt this new technology.
- **Digital currency-** these are not considered legal tender by Government and its use in financing illegal activities will be eliminated.

Building institutions and improving public service delivery:

- **Two defense industrial corridors** will be developed- one in Tamil Nadu and another in Bundelkhand region (part of MP and UP).
- **Defense Production Policy 2018** will be brought out to promote domestic production by public sector, private sector and MSMEs.
- Department of Commerce will develop a National Logistics Portal as a single window online market place to link all stakeholders.

- **Disinvestment-**

Disinvestment target for 2018-19 will be 80,000 crore.

For 2017-18 the target was 72,500 crore but 1,00,000 crore was received.

14 Central Public Sector Undertaking (CPSU) including two insurance companies will be listed in stock exchanges.

Strategic disinvestment in 24 CPSEs has been initiated.

It includes strategic privatization of Air India.

Disinvestment literally means selling of asset. In case of PSUs, disinvestment means government selling its stake (share) in which it has majority holding.

Where in strategic disinvestment, the management control of the PSU is transferred to a strategic partner. The private player may or may not have majority share in the PSU, but management control is must.

- **Acquisition & merger-**

Hindustan Petroleum Corporation Limited (**HPCL**) was acquired by **ONGC** (Oil and Natural Gas Corporation Limited).

Three public sector general **insurance companies**- National Insurance Company Limited, United India Assurance Company Limited and Oriental India Insurance Company Limited will be merged into a single entity.

- The **Exchange Traded Fund Bharat-22** to raise 14,500 crore was oversubscribed. DIPAM will come up with more such ETF offers.

What is Exchange Traded Fund Bara-22?

In normal mutual fund, investors' money is invested in various different stocks/share and professionally managed by an entity. When this mutual fund is listed and traded in stock market, called Exchange Traded Fund (ETF). ETF Bharat-22 comprises of 22 stocks including those of PSUs, Public Sector Banks (PSBs) and private companies.

It was announced in budget speech last year to achieve the disinvestment target.

- **Bank recapitalization:**

Bonds worth 80,000 crore will be issued this year.

It will enable PSBs to lend additional credit of 5 lakh crore.

This program has been integrated with a reform plan called Enhanced Access and Service Excellence (EASE) programme.

Bank Recapitalization means injection of more capital into PSBs mainly through equity investment to financially strengthen them.

3 reasons for bank recapitalization-

1. Rising NPA (Non-Performing Assets) in PSBs
2. Compliance with Basel-3 capital norms
3. Expanding credit needs of the economy

In October, 2017 Government announced a Rs 2.1 trillion major recapitalization plan for PSBs.

This amount will be mobilized through three modes:

- a. Budgetary allocation- Govt will purchase Rs 18,000 crore worth of PSB shares.
- b. Market borrowing (around 58,000 crore)
- c. Recapitalization bonds- Govt will issue recapitalization bonds worth 1,35,000 crore.

- **Proposed legislative amendments:**

National Housing Bank Act is being amended to transfer its equity from RBI (has 100% ownership of NHB) to Government.

RBI Act will be amended to provide it with an additional liquidity management tool called Standing Deposit Facility (SDF). It will provide uncollateralized deposit facility.

- **Outward Direct Investment (ODI)** has grown to \$ 15 bn.

Govt will come up with an integrated Outward Direct Investment policy.

When a domestic company expands its operation by investing in foreign country, it is called Outward Direct Investment (ODI).

- Emoluments of President, Vice President and Governor were revised to 5 lakh, 4 lakh and 3.5 lakh per month respectively.
- 2019 is 150th birth anniversary of Mahatma Gandhi, the father of our nation. A national committee, chaired by Prime Minister including Chief Minister of all states, many political thinkers, activists etc will commemorate the occasion. 150 crore has been earmarked for this purpose.

7. IMPORTANT TAX PROPOSALS

- Growth of direct taxes by 15th Jan 2018 for the current FY is 18.7%.
- **Average buoyancy** in personal income tax for FY 2017-18 and 2018-19 was 1.95 and 2.11 respectively. It was much higher than the earlier average of 1.1. In simple word, tax buoyancy 1.1 means, if nominal GDP (not real GDP) growth rate of the country is 10%, the growth rate of personal income tax is 11%.
- 85.51 lakh new tax payers filed return taking total number of tax filed to 8.27 crore by the end of 2016-17.
- For companies up to 250 crore of turn over, reduced corporate tax of 25% will be applied. It will cover about 99% of companies filing returns. Rest will pay a corporation tax of 30%. Revenue forgone for this measure will be 7,000 crore.
- Tax relief to senior citizens-
 - ⊕ Exemption of interest income on deposits in banks and post offices to be increased from 10,000/- to 50,000/-.
 - ⊕ Raising the limit of deduction for health insurance premium and medical expenditure.
 - ⊕ Extension of Pradhan Mantri Vaya Vandana Yojna up to March 2020 under which assured return of 8% is given.

MAT vs AMT

Companies pay corporation tax on their profit. But many companies use several tax concessions and exemption to pay negligible or no tax despite having good profit. On such companies, a Minimum Alternative Tax (MAT) is charged under Income Tax Act, 1961.

When a similar tax is applied on an individual instead of a company to counter negligible tax payment despite having high income, it is called Alternative Minimum Tax (AMT).

- Tax incentive for International Financial Service Centre (**IFSC**) near Ahmadabad (Gujarat) also called **GIFT city**.
Exemption in Capital Gain Tax in transfer of derivatives and certain securities by non-residents
An Alternative Minimum Tax (AMT) at 9% will be charged on non-corporate tax players.
- **Trust and institutions-**

Payment exceeding Rs 10,000 in case will be disallowed and taxed. At present all the income of trust and institutions are exempt from income tax under Income Tax Act.

- Rationalization of **Long Term Capital Gain Tax-**

A tax of **10%** on all Long Term Capital Gain **exceeding 1 lakh**.

Currently all long term capital gain arising from transfer of listed equity shares, unit of business trust etc are exempt from tax which amount to 3,67,000 crores. It creates a bias against manufacturing.

The Short Term Capital Gain Tax will continue to be taxed at 15%.

A 10% tax on distributed income of equity oriented mutual funds

Any profit or gain obtained by selling a capital asset is called a capital gain. The tax on this gain is called **Capital Gain Tax (CGT)**.

Capital asset includes land, machinery, vehicle and also shares.

If a capital is held for less than 36 months before sale, it is called Short Term Capital gain and the tax on it is called Short Term Capital Gain Tax. If held for more than 36 months, Long Term Capital Gain Tax is applied.

For shares, this time limit is 12 months.

Note that Capital Gain Tax (CGT) is a direct tax.

- **Cess-**

Existing education cess of 3% (2% of primary and 1% for secondary and higher education) will be replaced by a 4% health and education cess.

It will lead to additional collection of 11,000 crore.

Cess vs Surcharge

Cess simply means a 'tax on tax'. It is imposed for a special purpose. For example, education cess of 3% means 3% is charged not on income but the tax amount you pay.

Cess collected goes to a special fund and spent only for the specified purpose for which it was levied.

Moreover, cess is not shared with states, under 14th Finance Commission transfer to states.

Surcharge is an addition charge on tax mainly imposed on rich individuals beyond a certain income.

- Income tax act will be amended to roll out e-assessment all across country. Tax assessment will be done in electronic mode which will almost eliminate person to person contact.
- Education cess and secondary and higher education cess on imported goods abolished and a new Social welfare surcharge of 10% will be imposed on import.

8. E-Governance initiatives by Central ministries and departments

- **E-Vidhan**- to digitize and make functioning of all state legislatures paperless
- **A Non Tax Receipt Portal (NTRP)** to provide one-stop services for depositing fees, fines and other non-tax dues.
- The third version of **Government e-Marketplace (GeM 3.0)** was launched on 26th January, 2018.
It facilitates government procurement at right price of right quantity with assured quality in a transparent and efficient manner.
- **E-courts**- universal computerization of all district and session courts, use of cloud computing, e-filing, e-payment etc.

TargetBee- RBI Grade B Online Course

TargetBee-RBI Grade B Exam 2018 is a comprehensive Online Learning Course for preparation of RBI Grade B 2018 Exam (Phase I and Phase 2 exam). This Online Course is designed by Mr. Chandraprakash Joshi (ex-RBI GR B, MBA-Finance, PhD) and Ms. Arunima Sinha (Coach for Banking exams for 6 years, Ex-Manager SIDBI, Ex-Bank PO). The Course consists of Video Lessons covering the entire Syllabus of Phase I and Phase 2, practice tests in the form of Mock Tests, Quizzes and Assignments and Live Online Classes for doubt clarification from the subject experts.

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- Concept Building,
- Advanced Learning
- Reinforcement of Learning

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Concept Quizzes: Chapter Wise	Monthly Tests/Quizzes	Live Online Revision Classes
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