



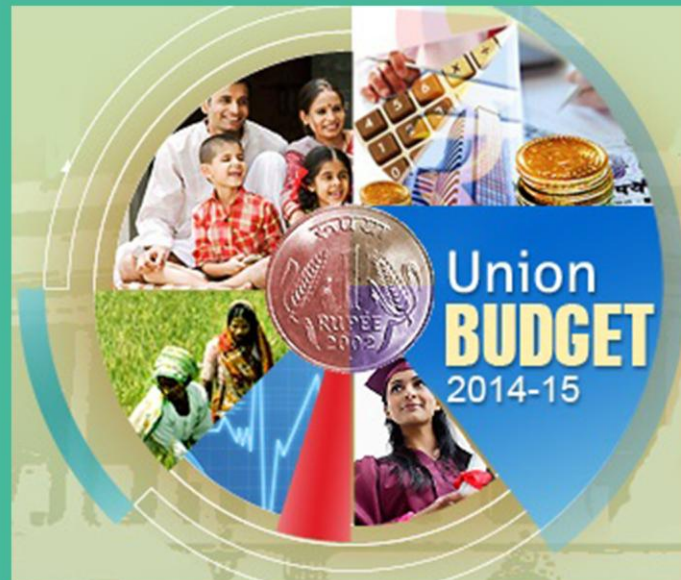
IAS PARLIAMENT

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A Shankar IAS Academy Initiative

GIST OF YOJANA

UNION BUDGET 2018-19



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YOJANA MARCH 2018

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YOJANA – MARCH 2018

1. PROMOTING VALUE ADDED PRODUCTS

What are the areas which need attention both financially and scientifically?

- **Price Volatility** - Our farmers suffer from a high degree of price volatility leading to income instability.
- In particular, prices of vegetable commodities like potato, tomato and onion.
- Considerable areas of land are available both within cities and nearby areas and they can be used to promote a peri urban horticulture movement involving the cultivation on rooftops and vacant lands with crops like tomato, onion and other essential food plants.
- This will confer a double advantage - price stability on one hand and sustainable nutrition security on the other.
- **Seawater Farming** - India has a shoreline of nearly 8000 kms and there is great opportunity for seawater farming as is done on the kuttanad region of Kerala.
- India should become the leader in demonstrating how seawater can be used for the cultivation of variety of crops.
- This will increase the income of the coastal agriculture and also make them better prepared for the natural and unexpected calamities like tsunami.
- **National year of millet** - The GOI has declared 2018 as the National Year of Millets.
- It will be useful to organise a Millet Bio Valley for the conservation of Millets.
- The programme should be accompanied by the variety of small food industries based on the production of a wide variety of processed millets like breakfast cereals.
- **Animal Husbandry and Fisheries** - Kisan credit cards should be given to not only those who cultivating crops but also promoting the cultivation of poultry and marine and inland fisheries.
- Animal Husbandry can help the fisher families to derive some income during the season when catching fish is prohibited in order to promote regeneration.
- **Rice Bio Park** - A Rice bio park should be organised which will show the farmers how to increase the income through biomass utilisation.



- Thus, value added products will be prepared from rice straw, husk, brawn and grain.
- This will help farmers to derive income and employment from every part of biomass.
- **Adaption to climate** - It is important to set up climate risk management R &D centres at least one in every block level.
- Climate change could be a mega catastrophic and there is need for immediate steps both in areas of mitigation and adaptation.
- Establishment of farm schools : Farmer to farmer learning through Farm schools established in outstanding farmers fields should be initiated.
- Such a land to land programme can hasten the spread of skilled work in farming.
- **Peri-urban Horticulture Revolution**
 - One way of stabilising the prices of vegetables and fruits in urban areas is to promote peri urban agriculture by providing the necessary technical and marketing support.
- Urban and peri urban horticulture can pave way for more stable prices for the consumer.
- We can ensure the supply coupled with high quality safe food, while contributing to price stability.

- **Orphan crops** - Orphan crops are those that aren't traded internationally, and therefore tend to get less attention in terms of research of agricultural training and extension.
- Research and development must be undertaken to promote these kind of orphan crops as they can provide both food security and nutritional security.

2. RELIEF FOR THE ELDERLY

What are the key takeaways for senior citizens in this budget 2018 - 19?

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



- National Health Protection Scheme - The second flagship programme under Ayushman Bharat is National Health Protection Scheme, which will 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.

What is the scheme Pradhan Mantri Vaya Vandana Yojana all about ?

- PMVVY is a Pension Scheme announced by the Government of India exclusively for the senior citizens aged 60 years and above.
- The Scheme can be purchased offline as well as online through Life Insurance Corporation (LIC) of India which has been given the sole privilege to operate this Scheme.
- **Major Benefits** - Scheme provides an assured return of 8% p.a. payable monthly (equivalent to 8.30% p.a. effective) for 10 years.
- Pension is payable at the end of each period, during the policy term of 10 years, as per the frequency of monthly/ quarterly/ half-yearly/ yearly as chosen by the pensioner at the time of purchase.
- The scheme is exempted from Service Tax/ GST.
- On survival of the pensioner to the end of the policy term of 10 years,

Purchase price along with final pension instalment shall be payable.

- Loan up to 75% of Purchase Price shall be allowed after 3 policy years (to meet the liquidity needs). Loan interest shall be recovered from the pension instalments and loan to be recovered from claim proceeds.
- The scheme also allows for premature exit for the treatment of any critical/ terminal illness of self or spouse. On such premature exit, 98% of the Purchase Price shall be refunded.
- On death of the pensioner during the policy term of 10 years, the Purchase Price shall be paid to the beneficiary.

What are the constraints and limitations?

- Inadequate Funding - The allocation for RSBY rose to Rs.2000 crores in the financial year 2019 from Rs. 470 crores. Based on the experience of RSBY, it is estimate that new scheme with the huge coverage is expected to cost about Rs. 30,000 crores.
- It is doubtful that whether the states with their limited resources will be able to provide the expected 40 percent share.
- There is not enough clarity regarding the implementation mechanism but it appears that states will be given an option to implement it through insurance agencies or by funding the autonomous bodies.



- Insurance companies are not likely to find attractive enough at the envisaged funding level.
- According to NSSO Sample survey data because of the RSBY scheme only 1.2 percent of the rural and 6.2 percent of urban families are benefitted and the scheme did not reduce the out of pocket expenditure incurred by the families.
- The new scheme provides only hospitalisation expenses but more than two thirds of the treatment expenses are incurred by families are other than hospital expenses.
- As for the elderly, BKPAI survey shows that only 10 percent of the elderly were hospitalised during one year preceding the survey.
- The new scheme provides only hospitalisation expenses but majority of the elderly suffer from age related diseases like Arthritis and diseases like hypertension, diabetes and various types of fevers where proper diagnosis and monitoring is required.
- Shortage of medical man power in the rural remote and tribal areas is a big constrain for the effective functioning of this program.
- On the loans to Self Help Groups of women, the allocation increased to about Rupees 42,500 crore in 2016-17, growing 37% over previous year and expressed confidence that loans to SHGs will increase to Rs.75,000 crore by March, 2019.
- Budget substantially increased allocation of National Rural Livelihood Mission to Rs 5750 crore in 2018-19.
- Under Ujjwala Scheme distribution of free LPG connections will be given to 8 crore poor women instead of the previous target of 5 crore women.
- The budget's pro women focus is seen in the announcement of a special mission to provide the LPG connection in the name of women members of the households.
- The government aims to resolve two critical issues through this initiative. First it addresses the health concern for women, especially those in rural areas who use traditional biomass fuel such as wood, dung or agricultural residues and second it reduces the level of pollution.
- This measure will empower women and protect their health. It will reduce drudgery and the time spent on the cooking. It will also provide employment for rural youth in supplying gas to the households.
- Various studies by government and advocacy groups have revealed that household air pollution is actually

3. WOMEN EMPOWERMENT AND THE BUDGET 2018 - 19

What are the fund allocations and new initiatives announced for women in the budget 2018 - 19?



responsible for around five lakh deaths in India every year.

- This will ensure universal coverage of cooking gas in a country where traditionally, where gas cylinders are considered as the middle class luxury.
- So far this was being done with Corporate Social Responsibility funds of state fuel retailers. While providing connection to BPL families priority would be given to states where the coverage is poor.
- Under Saubahagya Yojana, 4 crore poor households are being provided with electricity connection with an outlay of Rs.16,000 crore.
- 19.75 crores have been sanctioned for the women's safety i.e Nirbhaya Fund.
- For Organic farming women self help groups will be given loan and encouragement for their ventures.
- A new gold policy is in the anvil whereby women can deposit their gold in the bank and earn interest in the rate of 2.25 percent to 2.5 percent.
- Budget proposed 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.

- Six months maternity leave with full salary will be given to women employees. Such a leave should include pre natal and post natal period.
- Rupees 24 crores have been sanctioned for National Women's commission.
- 20 million new toilets will be constructed under the aegis of the Swacchh Bharat Mission. This will have an positive impact on Women's dignity, safety and overall health of the family.
- 3Rupees 280 crores have been allocated to the " Beti Bachao Beti Padho " scheme, which is an another social campaign of GOI that aims to generate awareness and improve the efficiency of welfare services.

4. DECIPHERING THE EASE OF DOING BUSINESS INITIATIVES

What are the key EoDB initiatives for the corporate sector?

- The GOI has allocated rupees 3 lakh crores to the MSME sector to provide for credit support, capital and interest subsidy to address the problems faced by the MSMEs.
- Accordingly, the Budget has proposed innovative methods to quicken the process for MSMEs to access bank credit such as generating a financial information database of MSME business to address the issue of lack of credit history of these firms and use



of Fintech to ensure easier accessibility of working capital of MSME sector.

Simplifying sanctioning of loans to MSMEs

- The GOI has proposed revamping the Trade Receivable Discounting System (TReDS) of sanctioning loans to SMEs by linking it with the GSTN Network.
- Since the banks have access to information of cash flows of MSMEs they will proactively provide loans as there will be no risk of fake bills.
- **Taxation Relief** - Reduction in corporate tax to 25 percent for companies with annual turnover up to 250 crores is a landmark initiative, expected to benefit 99 percent of the companies in the country.
- This will leave the MSMEs with investable surplus eventually contributing to the growth and employment.
- **Relief in NPAs** - In line with his initiative, RBI has issued a notification allowing MSME borrowers to delay their loan payments up to 180 days, which is twice the period, without being categorized as NPA.
- This measure will address the cash flow issues of MSMEs and meeting repayment obligations with banks and NBFCs.
- **Unique IDs** - The government has proposed a scheme for unique

identification for enterprises in line with 3Aadhaar for citizens.

- This would replace the need for maintaining multiple registrations with different government authorities and just requires one time registrations for all approvals and permits.
- **National Logistics Portal** - The logistics department under the Department of commerce is developing an online National logistics portal.
- This will address the long pending issue of gaps among the stakeholders such as logistics service providers, buyers, customs, DGFT, railways, ports etc.,
- This portal if implemented successfully, will bring the relevant stakeholders on a single online platform and could reduce the logistics cost by 10 percent.
- **Fixed term employment for all sectors** - This initiative besides encouraging additional employment, will provide a major boost to EoDB by enabling companies to hire freely even for shorter terms.
- This provision will specially benefit the sectors including leather and footwear accessories, where demand for labor usually varies throughout the year.



- The Budget also provides for employers directly hiring the fixed term workers without necessarily having to go through mediation, which will result in cost savings for the 3 companies.
- **Uniformity in stamp duty** - The central government will coordinate with all the state governments to take reform measures on stamp duty.
- The uniformity in stamp rate at pan India level would help in reducing distortion in land / property prices.
- **Technology based governance** - To expedite the dispute resolution in the country, the government is aiming for universal computerization of all District and Subordinate courts.
- This will facilitate the effective implementation of National Judicial Data grid, which provides an online platform for information related to judicial proceedings as well as 3 decisions from computerized courts and subordinate courts across India.
- **Electronic toll payment** - The government is taking measures to replace the system of physical cash payment of toll with electronic payment system and Fastags.
- Implementation of " Pay as you use " initiative in this direction, currently begin to run on a pilot basis, will provide significant relief to the transporters of commercial goods in savings of money and time costs.
- **Boost to defense production** - With the introduction of private investment in defense production, the government is taking serious measures to develop two defense industrial production corridors in the country.
- The Defense production policy 2018 is also proposed to promote domestic production by public and private sectors, including MSMEs.
- **Revised Outward Direct Investment Policy** - The budget announced revival of existing guidelines and processes to introduce a more coherent and integrated Outward Direct Investment Policy.
- The government is also working on a list of hybrid instruments which the Indian companies, especially the startups and venture capital firms, will be able to use for raising FDI.
- **Industry Feedback** - To deepen the impact of business reforms introduced as a part of Business Reforms Action Plan by the Department of industrial Policy and Promotion, the government has introduced an exercise of incorporating industry feedback in evaluating rankings of states in implementation of reforms.

5. TRANSPARENT TAX ADMINISTRATION

Why the eradication of Black Money is Important?

- Black money not only creates a fiscal dent in the coffers of the exchequer



but it also corrupts the moral fabric of the society.

- Black money breeds corruption which is no less than a cancer to the society.
- Together they erode citizen's faith in democracy, diminishes the instinct for creativity and innovation, thereby wasting the talent of the entire nation.

What are the initiatives taken by GOI to wipe out Black money?

- The Government of India launched a concerted drive against black money with Demonetisation being an important step in that direction.
- Among the main objectives of Demonetisation was the flushing out of black money and also conversion of the non-formal economy into a formal economy to expand the tax base.
- Launching of 'Operation Clean Money' for collection, collation and analysis of information on cash transactions, extensive use of information technology and data analytics tools for identification of high risk cases, expeditious e-verification of suspect cases and enforcement actions in appropriate cases, which include searches, surveys, enquiries, assessment of income, levy of taxes, penalties, etc. and filing of prosecution complaints in criminal courts, wherever applicable.
- Enactment of the Benami Transactions (Prohibition) Amendment Act, 2016 to amend the Benami

Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of Benami property and prosecution of benamidar and the beneficial owner.

- Proactively engaging with foreign governments with a view to facilitate and enhance the exchange of information under Double Taxation Avoidance Agreements (DTAAs)/Tax Information Exchange Agreements (TIEAs)/Multilateral Conventions
- Proactively furthering global efforts to combat tax evasion/black money, inter alia, by joining the Multilateral Competent Authority Agreement in respect of Automatic Exchange of Information (AEOI) and having information sharing arrangement with USA under its Foreign Account Tax Compliance Act (FATCA).
- Renegotiation of DTAAs with other countries to bring the Article on Exchange of Information to International Standards and expanding India's treaty network by signing new DTAAs and TIEAs with many jurisdictions to facilitate the exchange of information and to bring transparency.
- Enabling attachment and confiscation of property equivalent in value held within the country where the property/proceeds of crime is taken or held outside the country by amending the Prevention of Money-laundering



Act, 2002 through the Finance Act, 2015.

- Initiation of the information technology based 'Project Insight' for strengthening the non-intrusive, information driven approach for improving tax compliance.
- Enactment of a comprehensive law – 'The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015' to specifically deal with black money stashed away abroad.
- Constitution of Multi-Agency Group (MAG) consisting of officers of Central Board of Direct Taxes (CBDT), Reserve Bank of India (RBI), Enforcement Directorate (ED) and Financial Intelligence Unit (FIU) for investigation of recent revelations in Panama paper leaks.
- With the experience gained so far, GOI rolled 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.
- To improve the transparency in the funding pattern of the political parties and to curb the black money, electoral bonds and a cash donation cap of Rs. 2000 is introduced.
