



# UNION BUDGET 2018

Celebrating **50** Years  
*Lunawat & Co.*  
Chartered Accountants

## DIRECT TAX PROPOSAL

### CHANGES IN TAX RATES

- New Cess, Health and Education Cess to be levied @ 4% by substituting Education Cess and Secondary and Higher Education Cess of 3% on Income Tax.  
(With effect from AY 2019-20)
- For Domestic Companies, whose total turnover or gross receipts in the previous year 2016-17 does not exceed Rs. 250 Crores, tax rate shall be 25% plus applicable surcharge and cess.  
(With effect from AY 2019-20)
- Section 115R is to be amended to provide that where any income is distributed by a Mutual Fund being, an equity oriented fund, the mutual fund shall be liable to pay additional income tax at the rate of 10% on income so distributed.  
(With effect from AY 2019-20)
- Section 115O is being amended to provide that where any deemed dividend is there u/s 2(22)(e), the domestic company shall be liable to pay tax @ 30% on such income. Earlier the tax on deemed dividend was being paid by the shareholder in whose hand such income was taxable.  
(With effect from AY 2019-20)

### INCOME FROM SALARY

- A Standard Deduction of Rs. 40,000/- per annum or actual salary whichever is lower shall be allowed to all assessee having income from salaries.
- Exemption of Rs. 15000/- from perquisite of Reimbursement of Medical Expenditure to an employee to be withdrawn.
- Exemption in respect of Transport Allowance (except in case of differently abled persons) to be withdrawn.  
(With effect from AY 2019-20)

### INCOME FROM BUSINESS AND PROFESSION

- Earlier conversion of capital asset into inventory was taxable with special treatment under section 45(2). However, there was no vice-versa provision i.e., taxability of conversion of inventory into capital asset. The same is now proposed to be taxed at fair market value as on the date of conversion under section 28(via) read with section 2(24)(xiiia). Also the cost of acquisition in such case for the converted capital asset would be the fair market value as on the date of conversion and period of holding such capital asset would commence from date of conversion.  
(With effect from AY 2019-20)

- Sub-clause (e) to be inserted in clause (ii) to section 28 to tax any compensation due or received in connection with the termination or the modification of the terms and conditions of any contract relating to his business.

(With effect from AY 2019-20)

- A transaction in respect of trading of agricultural commodity derivatives, which is not chargeable to CTT (Commodity Transaction Tax), in a registered stock exchange or registered association, to be treated as non-speculative transaction u/s 43(5).

(With effect from AY 2019-20)

- Section 44AE of the Act is to be amended to provide higher deemed income for heavy goods vehicles:

Nature of vehicle	Deemed Income per Vehicle
Heavy Vehicle (more than 12MT gross vehicle weight)	1000/- per ton of the Gross Vehicle Weight or Unladen Weight, per month or part of a month, or actual Income, whichever is higher
Other than heavy Vehicle	7500/- per month or part of a month or actual income whichever is higher

Earlier presumptive income scheme u/s 44AE was applicable uniformly to all classes of goods carriages irrespective of their tonnage capacity@ Rs. 7500/- per month.

(With effect from AY 2019-20)

- Section 43CA is being amended to insert the proviso to provide that consideration received or accruing from the transfer of land, building or both shall be deemed to be the full value of consideration if stamp duty value is less than 105% of the consideration received or accruing from transfer of any asset.

(With effect from AY 2019-20)

- Section 43CA(4) to be amended to provide that stamp duty value of land, building or both being inventories to be treated as full value of consideration as on the date of agreement and not date of registration if consideration or part thereof is paid on or before date of agreement by account payee cheque or account payee draft or use of electronic clearing system through a bank account. Earlier the mode prescribed was 'other than cash'.

(With effect from AY 2019-20)

- Section 115BA to be amended to provide that tax @ 25% on specified domestic companies is restricted to the income from the business of manufacturing, production, research or distribution. Income arising from other than the specified business shall be taxed at applicable rate already provided in the act.

(With retrospective effect from AY 2017-18)

- Section 115JB (MAT) is to be amended to provide that the aggregate amount of unabsorbed depreciation and loss brought forward (excluding unabsorbed depreciation) shall be allowed to be reduced from the book profit, if a company's application for

corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 has been admitted by the Adjudicating Authority.

(With effect from AY 2019-20)

- Section 115JB (MAT) is proposed to be amended to provide that the provisions of said section of the Act shall not be applicable to an assessee, being a foreign company, if its total income comprises solely of profits and gains from business referred to in section 44B / 44BB / 44BBA / 44BBB.

(With retrospective effect from AY 2001-02)

- Section 115JC (AMT) is to be amended to provide that income derived by Non Corporate Assessee from the unit located in an International Financial Service Center (IFSC), shall be charged @ 9% as compared to the earlier @ 18.5% of Adjusted Total Income.

(With effect from AY 2019-20)

### INCOME COMPUTATION AND DISCLOSURE STANDARDS (ICDS)

Pursuant to recent judicial pronouncement on applicability of ICDS, several provisions are proposed to be amended to incorporate ICDS into the Act itself with retrospective effect from AY 2017-18. These are:-

- Section 145A is being amended to provide that for the purpose of determining the income chargeable under the head Profits and gains of business or profession:
  - Valuation of inventory shall be made at lower of actual cost or NRV computed in the manner as provided in relevant ICDS.
  - Valuation of purchase and sale of goods or services and of inventory shall be adjusted to include the amount of any tax, duty, cess or fee actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation.
  - Inventory being securities not listed, or listed but not quoted, on a recognised stock exchange, shall be valued at actual cost initially recognized in the manner as provided in relevant ICDS.
  - Inventory being listed securities, shall be valued at lower of actual cost or NRV in the manner as provided in relevant ICDS and for this purpose the comparison of actual cost and NRV shall be done category-wise.
- New section 145B is being inserted to provide that:
  - Interest received by an assessee on compensation or on enhanced compensation, shall be deemed to be the income of the year in which it is received.
  - Claim for escalation of price in a contract or export incentives shall be deemed to be the income of the previous year in which reasonable certainty of its realization is achieved.
  - Income referred to in section 2(24)(xviii) [subsidy, grants, etc] shall be deemed to be the income of the previous year in which it is received, if not charged to income tax for any earlier previous year.

- New clause (xvii) in Section 36 is being inserted to provide that deduction in respect of any marked to market loss or other expected loss shall be allowed, if computed in accordance with the ICDS. Consequently section 40A is also being amended to provide that all marked to market losses or other expected losses other than those which are allowed under section 36 (xvii) shall be disallowed.
- Section 43AA to be inserted to state that any gain or loss arising on accounts of changes in foreign exchange rates in respect of foreign currency transactions shall be computed in manner provided in ICDS as notified u/s 145(2) of the Act relating to:
  - Monetary items and non- monetary items
  - Translation of financial statements of foreign operations
  - Forward exchange contracts
  - Foreign currency translation reserves
- Section 43CB to be inserted, to provide that profits arising from a construction contract or a contract for providing services shall be determined on the basis of percentage of completion method in accordance with ICDS notified u/s 145(2) of the Act except for following service contracts profit shall be computed as per given method-
  - Service contracts of more than 90 days shall be as per project competition method
  - Service contracts involving determinate number of acts shall be as per straight line method

Retention money shall be the part of contract revenue and any incidental income like interest, dividend or capital gains shall not be reduced from contract costs.

## CAPITAL GAINS

- New clause (viia) is being inserted in section 47 to provide that transfer made by a non-resident on a recognized stock exchange located in any International Financial Services Centre (IFSC) shall not be regarded as transfer, if the consideration is paid or payable in foreign currency of following capital assets:
  - Bond or GDR of Indian company issued in accordance of scheme notified by CG in official gazette or of public sector company sold by government,
  - Rupee denominated bond of Indian Company or
  - Derivative

(With effect from AY 2019-20)

- Section 49 of the Act is being amended to provide that cost of acquisition for the purposes of computation of capital gains of inventory which is converted into or treated as capital asset, arising on transfer of such capital assets, the fair market value on the date of conversion.

(With effect from AY 2019-20)

- Section 50C is being amended to insert the proviso to provide that consideration received or accruing from the transfer of land, building or both shall be deemed to be the full value

of consideration if stamp duty value is less than 105% of the consideration received or accruing from transfer of any asset for the purpose of computing capital gains.

(With effect from AY 2019-20)

- Section 54EC is being amended to restrict the benefit of exemption under this section to a long-term capital asset being land or building or both only. Earlier it was available to any long term capital asset. Also w.e.f. 1st April 2018 investment in such bonds shall stay invested for 5 years instead of 3 years earlier.

(With effect from AY 2019-20)

### TAXABILITY OF LONG TERM CAPITAL GAIN ON TRANSFER OF SHARES OR UNITS

- Tax on long Term Capital Gain of listed shares which were sold by paying STT was exempt u/s 10(38). The said exemption shall be withdrawn w.e.f. AY 2019-20.
- New section 112A to be inserted to provide that, the long term capital gains arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust to be taxed @ 10% exceeding Rs. 1 Lakhs.
- This concessional rate of 10 % will be applicable to such long term capital gains in a case where long term capital asset in the nature being:
  - Equity share is subject to STT being paid at both the time of acquisition as well as transfer
  - Unit of an Equity Oriented Fund or a Unit of a Business Trust is subject to STT being paid at the time of transfer.
- Benefit of cost inflation index shall not be available
- Benefit of computation of capital gains in foreign currency in the case of a non-resident, will not be available
- Central Government would notify certain nature of acquisitions in respect of which the requirement of payment of STT shall not apply. Also STT payment would not be a condition in case if transfer is undertaken on recognized stock exchange located in any International Financial Services Centre (IFSC) and the consideration of such transfer is received or receivable in foreign currency.
- Cost of acquisitions in respect of the long term capital asset acquired by the assessee before the 1st day of February, 2018, shall be deemed to be the higher of –
  - Actual cost of acquisition of such asset; and
  - Lower of –
    - Fair market value of such asset as on 31st January 2018; and
    - Full value of consideration received or accruing as a result of the transfer of the capital asset.
- “Equity oriented fund” has been defined to mean a fund set up under a scheme of a mutual fund specified u/s 10 (23D) and :

- In a case where the fund invests in the units of another fund which is traded on a recognized stock exchange,-
  - A minimum of 90 % of the total proceeds of such funds is invested in the units of such other fund ; and
  - Such other fund also invests a minimum of 90 % of its total proceeds in the equity shares of domestic companies listed on recognized stock exchange; and
- In any other case, a minimum of 65 % of the total proceeds of such fund is invested in the equity shares of domestic companies listed on recognized stock exchange.
- No deduction under chapter VIA shall be allowed from such capital gains. Similarly, the rebate under section 87A shall not be allowed from the income tax on such capital gains.
- Section 115AD is also to amended, and long term capital gain will become taxable in the hands of FIs also. As in the case of domestic investors, the FIs will also be liable to tax on such long term capital gains only in respect of amount of such gains exceeding Rs. 1 Lakhs.

(With effect from AY 2019-20)

## INCOME FROM OTHER SOURCES

- Section 56 is being amended to provide that, if person receives immovable property for a consideration and instead of, the stamp duty value of such property as exceeds such consideration, if the amount of such excess is more than the higher of the following amounts:
  - Rs. 50000/-; and
  - Amount equal to 5% of the consideration.

Then the amount of such excess shall be taxable. Earlier amount was taxable if difference between Stamp duty value and consideration exceeded Rs. 50,000/-

(With effect from AY 2019-20)

- Section 56 of the Act is being amended so as to exclude the transfers which are in the nature of transaction of money or property between a wholly owned subsidiary company and its holding company. These would not be taxable if the transfer is without or inadequate consideration.

(With effect from AY 2019-20)

- Clause (xi) to be inserted in section 56 to tax any compensation received or receivable, whether in the nature of revenue or capital, in connection with the termination or the modification of the terms and conditions of any contract relating to its employment.

(With effect from AY 2019-20)

## CHARITABLE ENTITIES

- The following amounts shall not be treated as application of income from property held for charitable or religious purposes under section 11 and section 10(23C) :
  - 30% of the expenditure incurred on which TDS was to be made but not made – similar to section 40 (a) (ia).

- Payment of any expenditure in cash exceeding Rs. 10000/- per person per day - similar to section 40A (3) / (3A).

(With effect from AY 2019-20)

## EXEMPTIONS

- Section 10 (12A) is being amended to extend the exemption of withdrawal from NPS upto 40% of total amount payable on closure of an account of on opting out of the scheme to all subscribers of the scheme. Earlier this exemption was available only to an existing employee.

(With effect from AY 2019-20)

- Any income arising to a non-resident by way of royalty from, or fees for technical services rendered in or outside India to National Technical Research Organization would be exempt in new sub-section to be inserted (6D) in section 10.

(With effect from AY 2018-19)

- Benefit of Tax Exemption u/s 10 (48B) is being extended to income from sale of left over stock of crude oil even if the agreement or arrangement is terminated in accordance with the terms mentioned therein.

(With effect from AY 2019-20)

## DEDUCTIONS

- Section 80AC is being amended to provide that, the benefit of deduction under sections 80HH to 80RRB shall not be allowed unless the return of income is filed within the due date of filing IT Return u/s 139(1).

(With effect from AY 2018-19)

- Section 80D to be amended to increase the monetary limit of deduction in respect of payments towards annual premium on health insurance policy, or preventive health check-up, of a senior citizen, or medical expenditure in respect of very senior citizen from Rs. 30,000/- to Rs. 50,000/-

In case of single premium health insurance policies having cover of more than one year, it is proposed that the deduction shall be allowed on proportionate basis for the number of years for which health insurance cover is provided, subject to the specified monetary limit.

(With effect from AY 2019-20)

- Deduction for medical treatment of specified diseases in respect of Very Senior Citizen upto Rs. 80,000/- and in case of senior citizens up to Rs. 60,000/- subject to specified conditions under section 80DDB consolidated for senior and very senior citizen and increased to Rs. 1,00,000/- for both.

(With effect from AY 2019-20)

- Section 80-IAC for allowing deductions to eligible start-ups to be amended to make following changes:

- Benefit would be extended to start ups incorporated on or after the 1st day of April 2019 but before the 1st day of April, 2021 (Earlier available till 1st April 2019),
- The requirement of the turnover not exceeding Rs. 25 Crore would apply to 7 previous years commencing from the date of incorporation;
- The definition of eligible business to be expanded to provide that the benefit would be available if it is engaged in innovation, development or improvement of products or processes or services, or a scalable business model with a high potential of employment generation or wealth creation.

(With effect from AY 2018-19)

- Section 80JJAA to be amended to extend the relaxation of 150 days presently available to apparel industry, to footwear and leather industry also.

Further, it is also being provided that this deduction of 30% shall be available 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.

(With effect from AY 2019-20)

- New section 80PA to be inserted to provide benefits of 100% deduction to Producer Companies (as per section 581A of Companies Act 1956), having a total turnover upto Rs 100 Crore, whose gross total income includes any income from-
  - Marketing of agricultural produce grown by its members, or
  - Purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or
  - Processing of the agricultural produce of its members.

The benefit shall be available for the period of five years from the financial year 2018-19 to 2023-24

(With effect from AY 2019-20)

- New section 80TTB to be inserted to allow a deduction upto Rs. 50,000/- in respect of interest income from deposits held by senior citizens. However, no deduction under section 80TTA shall be allowed in these cases.

(With effect from AY 2019-20)

## TAX DEDUCTION AT SOURCE (TDS)

- Section 193(iv) is being amended to provide that the person responsible for paying to a resident any interest on 7.75% Savings (Taxable) Bonds, 2018 shall liable to deduct income-tax, if the interest payable on such bonds exceeds Rs. 10000/- during the financial year.

(With effect from AY 2018-19)

- Section 194A is being amended to increase the threshold limit from Rs. 10,000/- to Rs. 50,000/- for deduction of tax at source on interest income for senior citizens.

(With effect from AY 2018-19)

## PAN / RETURN / ASSESSMENT / APPEAL

- Section 139A is to be amended, to provide, that every person other than an individual, who enters into a financial transaction of an amount aggregating to Rs. 2.50 Lakhs or more in a financial year shall be required to have PAN.

In order to link the financial transactions with the natural persons, it is also proposed that the Managing Director, Director, Partner, Trustee, Author, Founder, Karta, CEO, Principal Officer or office bearer or any person competent to act on behalf of such entities shall also apply to the Assessing Officer for allotment of PAN.

(With effect from 1st April, 2018)

- Section 140 is being amended to provide that during the resolution process under Insolvency and Bankruptcy Code, 2016, the return of the company shall be verified by Insolvency Professional appointed by Adjudicating Authority. (With effect from A.Y. 2018-19)
- Section 143(1) is being amended to provide that no adjustment shall be made while processing of return in respect of income appearing in form 26AS/16A/16 which has not been included in computing the total income in the return, if return is furnished on or after Assessment year commencing 01st April, 2018.
- New scheme for scrutiny assessment
  - A new subsection (3A) of Section 143 is being inserted to enable CG to prescribe a new scheme for scrutiny assessments.
  - Under new sub-section (3B) in section 143, CG is being given power to notify any of the provisions of this Act relating to assessments whether they will not apply, or will apply with such exceptions, modifications and adaptations as may be notified. However, no such direction shall be issued after the 31st March 2020.

(With effect from 1st April, 2018)

- Section 253 is being amended to provide that an appeal can be made before ITAT against the penalty order passed by CIT (A) under section 271J.

(With effect from 01st April, 2018)

## PENALTIES

- Section 271FA is being amended to increase the penalty leviable from Rs. 100/- to Rs. 500/- in case where assessee fails to furnish the statement of financial transactions (SFT) in Form 61A under section 285BA(1) within the prescribed time.

Section 271FA is also being amended to increase the penalty leviable from Rs. 500/- to Rs. 1000/- in case where assessee fails to furnish the statement within the period as specified in notice under section 285BA(5).

(With effect from 01st April, 2018)

- Section 276CC is being amended to provide that benefit of immunity from prosecution for Non filing of return of Income is now not available to companies even if tax payable by the

company on its total income as determined and reduced by advance tax and TDS does not exceed three thousand Rupees.

(With effect from 01st April, 2018)

## ADVANCE RULING

- A proviso to sub-section (1) of Section 245-O is being inserted to provide that Authority for Advance Rulings shall cease to act as Authority for giving advance rulings under Chapter V of the Customs Act, 1962 on and from the date of appointment of custom authority for advance rulings under section 28EA of that Act. A consequent change in Section 245Q(1) is also being made.
- The Authority for advance ruling under section 245-O shall not admit any appeal against any ruling or order passed by it earlier in the capacity of authority for advance ruling after the date of appointment of custom authority for advance rulings under section 28EA of that Act.
- Section 245O is being amended to provide that where the authority is dealing with the application for seeking advance ruling in the matters of the Act, the revenue member in the authority shall be the member as referred to section 245O(3)(c)(i).

(With effect from 01st April, 2018)

## MISCELLANEOUS PROVISIONS

- Section 79 is being amended to provide relaxation by allowing carry forward of losses by closely held companies even if there is change sharing holding by 51% or more who is seeking insolvency resolution under Insolvency and Bankruptcy Code, 2016, whose resolution plan has been approved under the said code, after affording a reasonable opportunity of being heard to the jurisdictional Pr. Commissioner or Commissioner.  
(With effect from AY 2019-20)
- Scope of definition of "Accumulated Profits" in section 2(22) has been widened by providing that "Accumulated Profits" in the case of an Amalgamated Company, whether capitalised or not, or loss, as the case may be, shall be increased by the accumulated profits, whether capitalised or not, of the Amalgamating Company on the date of amalgamation".  
(With effect from AY 2018-19)
- Section 115BBE(2) is being amended to provide that no deduction in respect of any expenditure or allowance or set-off of any loss is allowed to the assessee where total income is computed by Assessing Officer under section 68, 69, 69A, 69B, 69C and 69D.  
(With retrospective effect from AY 2017-18)
- Section 9 is being amended to provide that "Business connection" shall also include any business activities carried through a person who, acting on behalf of the non-resident, habitually concludes contracts or habitually plays the principal role leading to conclusion of contracts by the non-resident. It is further proposed that the contracts should be-
  - In the name of the non-resident; or

- For the transfer of the ownership of, or for the granting of the right to use, property owned by that non-resident or that the Non-resident has the right to use; or
- For the provision of services by that non-resident.

(With effect from AY 2019-20)

- It is also proposed that "Business Connection" shall constitute "The Significant Economic Presence (SEP)" of a non-resident in India whether or not the non-resident has a residence or place of business in India or renders services in India. So much of income as is attributable to the transactions or activities related to SEP shall be deemed to accrue or arise in India. SEP for this purpose, shall mean:

- Transaction in respect of any goods, services or property carried out by a non-resident in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds the prescribed amount; or
- Systematic and continuous soliciting of business activities or engaging in interaction with such number of users as may be prescribed, in India through digital means

(With effect from AY 2019-20)

- Section 286 is being amended to improve the effectiveness and reduce the compliance burden of such International Group reporting:

- The time limit allowed for furnishing the Report by the parent entity or Alternative Reporting Entity (ARE), resident in India is extended to 12 months from the end of reporting accounting year.
- Constituent entity resident in India, having a non-resident parent, shall also furnish report in case its parent entity outside India has no obligation to file the report as referred to in section 286(2) in the latter's country or territory.
- The time allowed for furnishing the Report by the constituent entity resident in India, having a non-resident parent, shall be 12 months from the end of reporting accounting year.
- The due date for furnishing of Report by the ARE of an international group whose parent entity of which is outside India with the tax authority of the country or territory of which it is resident, will be the due date specified by that country or territory.
- Agreement would mean an agreement referred to in section 90(1) or section 90A(1), and also an agreement for exchange of the report referred to in sub-section (2) and sub-section (4) as may be notified by the Central Government.
- Reporting accounting year has been defined to mean the accounting year in respect of which the financial and operational results are required to be reflected in the report referred to in sub-section (2) and sub-section (4) of section 286.

(With retrospective effect from AY 2017-18)

## CUSTOM PROPOSALS

### LEVY OF SOCIAL WELFARE SURCHARGE, AS A DUTY OF CUSTOMS ON IMPORTED GOODS

A Social Welfare Surcharge @ 3% on Petrol and High speed oil, Silver and Gold and @ 10% of aggregate duties of custom on other items except goods specified in NN 11/2018 is levied and Education Cess and Secondary and Higher Education Cess on imported goods are abolished.

However, Social Welfare Surcharge will not be considered while calculating IGST

### LEVY OF ROAD AND INFRASTRUCTURE CESS, AS AN ADDITIONAL DUTY OF CUSTOMS ON IMPORTED GOODS

Particulars/Items	Rate of Duty
On imported motor spirit commonly known as petrol and high speed diesel oil	Rs. 8 per litre
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
Abolition of Additional Duty of Customs [Road Cess] on imported motor spirit commonly known as petrol and high speed diesel oil	Reduced from Rs. 6/- per ltr. to Nil
Additional duty of customs under sections 3(1) of the Customs Tariff Act, 1975 in lieu of basic excise duty	(i) Rs. 6.48/- To Rs.4.48/- Per Ltr
i. Motor spirit commonly known as petrol	(ii) Rs. 8.33/- To Rs.6.33/- Per Ltr
ii. High Speed Diesel Oil	

### PROPOSALS INVOLVING CHANGES IN RATES OF DUTY

#### APPLICABLE WITH EFFECT FROM 02.02.2018

- FOOD PROCESSING**

Particulars/Items	Rate of Basic Custom Duty
Fruit juices and vegetable juices including Cranberry juice	Increased from 30% to 50 %

- PERFUMES AND TOILETRY PREPARATIONS**

Particulars/Items	Rate of Basic Custom Duty
Perfumes and toilet waters	Increased from 10% to 20 %
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	Increased from 10% to 20 %

Preparations for use on the hair	Increased from 10% to 20 %
Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages	Increased from 10% to 20 %
Pre-shave, shaving or after-shave preparations, personal deodorants, 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	Increased from 10% to 20 %

- AUTOMOBILE AND AUTOMOBILE PARTS**

Particulars/Items	Rate of Basic Custom Duty
Specified parts/accessories of motor vehicles, motor cars, motor cycles	Increased from 7.5% /10% to 15%
CKD imports of motor vehicle, motor cars, motor cycles	Increased from 10% to 15 %
CBU imports of motor vehicles	Increased from 20% to 25 %
Truck and bus radial tyres	Increased from 10% to 15 %

- FOOTWEAR**

Particulars/Items	Rate of Basic Custom Duty
Footwear	Increased from 10 to 20%
Parts of footwear	Increased from 10% to 15%

- JEWELLERY**

Particulars/Items	Rate of Basic Custom Duty
Imitation Jewellery	Increased from 15% to 20%

- ELECTRONICS/HARDWARE**

Particulars/Items	Rate of Basic Custom Duty
Cellular mobile phones	Increased from 15% to 20%
Specified parts and accessories including lithiumion battery of cellular mobile phones	Increased from 7.5/10% to 15%
Smart watches/wearable devices	Increased from 10% to 20%

LCD/LED/OLED panels and other parts of LCD/LED/OLED TVs	Increased from 7.5/10% to 15%
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- FURNITURE**

Particulars/Items	Rate of Basic Custom Duty
Seats and parts of seats [except aircraft seats and parts thereof]	Increased from 10% to 20%
Other furniture and parts	Increased from 10% to 20%
Mattresses supports; articles of bedding and similar furnishing	Increased from 10% to 20%
Lamps and lighting fitting, illuminated signs, illuminated name	Increased from 10% to 20%
plates and the like [except solar lanterns or solar lamps]	Increased from 10% to 20%

- WATCHES AND CLOCKS**

Particulars/Items	Rate of Basic Custom Duty
Wrist watches, pocket watches and other watches, including stop watches	Increased from 10% to 20%
Clocks with watch movements	Increased from 10% to 20%
Other clocks, including alarm clocks	Increased from 10% to 20%

- TOYS AND GAMES**

Particulars/Items	Rate of Basic Custom Duty
Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; puzzles of all kinds	Increased from 10% to 20%
Video game consoles and machines, articles for funfair, table or parlor games and automatic bowling alley equipment	Increased from 10% to 20%
Festive, carnival or other entertainment articles	Increased from 10% to 20%
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]	Increased from 10% to 20%
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	Increased from 10% to 20%

Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses, traveling menageries and travelling theatres	Increased from 10% to 20%
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- MISCELLANEOUS ITEMS**

Particulars/Items	Rate of Basic Custom Duty
Candles, tapers and the like	Increased from 10% to 25%
Kites	Increased from 10% to 20%
Sunglasses	Increased from 10% to 20%
Date, sealing or numbering stamps, and the like	Increased from 10% to 20%
Cigarette lighters and other lighters, whether or not mechanical or electrical, and parts thereof other than flints and wicks	Increased from 10% to 20%
Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetic or toilet preparations	Increased from 10% to 20%

### APPLICABLE WHEN NOTIFIES

- FOOD PROCESSING**

Particulars/Items	Rate of Basic Custom Duty
Orange fruit juice	Increased from 30% to 35 %
Miscellaneous Food preparations (other than soya protein)	Increased from 30% to 50 %

- FOOD PROCESSING-RAW MATERIAL**

Particulars/Items	Rate of Basic Custom Duty
Cashew nuts in shell [Raw cashew]	Reduced from 5% to 2.5%

- CAPITAL GOODS AND ELECTRONIC**

Particulars/Items	Rate of Basic Custom Duty
Ball screws, linear motion guides, CNC systems for manufacture of all types of CNC machine tools falling under headings 8456 to 8463	Reduced from 7.5% to 2.5%

Solar tempered glass or solar tempered [anti-reflective coated] glass for manufacture of solar cells /panels/modules	Reduced from 5% to Nil
PCBA of charger/adapter and moulded plastics of charger/adapter of cellular mobile phones	Increased from Nil to 10%
Inputs or parts for manufacture of: a) PCBA, or b) Moulded plastics of charger/adapter of cellular mobile phones	From applicable Rate to Nil
Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	Increased from Nil to 5%
12 specified parts for manufacture of LCD/LED TV panels	Increased from Nil to 10%

- AUTOMOBILE AND AUTOMOBILE PARTS**

Particulars/Items	Rate of Basic Custom Duty
CKD imports of motor vehicle, motor cars, motor cycles	Increased from 10% to 15 %
CBU imports of motor vehicles	Increased from 20% to 25 %

- DIAMONDS, PRECIOUS STONE**

Particulars/Items	Rate of Basic Custom Duty
Cut and polished coloured gemstones	Increased from 2.5% to 5%
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	Increased from 2.5% to 5%

- MEDICAL DEVICES**

Particulars/Items	Rate of Basic Custom Duty
Raw materials, parts or accessories for the manufacture of Cochlear Implants	Reduced from 2.5% to Nil

- TEXTILES**

Particulars/Items	Rate of Basic Custom Duty
Silk Fabrics	Increased from 10% to 20%

- EDIBLE OILS OF VEGETABLE ORIGIN**

Particulars/Items	Rate of Basic Custom Duty
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.	Increased from 12.5% to 30%
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	Increased from 20% to 35%

- REFRACTORY ITEMS**

Particulars/Items	Rate of Basic Custom Duty
Other articles of stone containing magnesite, dolomite or chromite	Increased from 10% to 7.5%
Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals or of similar siliceous earths	Increased from 10% to 7.5%
Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths	Increased from 5% to 7.5%
Other refractory ceramic goods	Increased from 5% to 7.5%

### AMENDMENTS TO THE CUSTOMS TARIFF ACT, 1975 WITH NO CHANGES IN EFFECTIVE RATES OF DUTIES

Particulars/Items	Tariff Rate of Basic Custom Duty
Lithium-ion batteries [The effective rate of import duty on Lithium-ion batteries [except those for cellular mobile phones will, however, remain unchanged at 10%.]	Increased From 10% To 20%
Tariff rate of BCD on medical devices [The effective rates of BCD on such medical devices will, however, remain unchanged.	Increased From 7.5% To 10%
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 II.	Nil
Electrodes of a kind used for furnaces	
The effective rate of Export duty on such electrodes will, however, remain Nil]	20%

## AMENDMENTS IN THE CUSTOMS ACT, 1962

- In the entire Customs Act, 1962, the words “import manifest” and “export manifest”, will include “arrival manifest or import manifest” and “departure manifest or export manifest”.
- Section 1 is being amended so as to expand the scope of the Customs Act to any offence or contravention committed thereunder outside India by any person.
- Section 2 is being amended to:-
  - Enhance the scope of “assessment” in sub-section (2).
  - Extend the limit of Indian Customs Water into the sea from the existing ‘Contiguous zone of India’ to the ‘Exclusive Economic Zone (EEZ)’ of India in subsection (28).
- Section 11 is being amended so as to insert sub-section (3) providing that prohibition or restriction or obligation relating to import or export of any goods or class of goods or clearance thereof provided in any other law for the time being in force, or any rule or regulation made or any order or notification thereunder shall be executed only if such prohibition or restriction or obligation is notified under the provisions of Customs Act subject to such exceptions, modifications or adaptations as the Central Government may deem fit.
- Section 17 is being amended so as to:
  - Expand the scope of verification beyond self-assessment to all the entries made under section 46 (Entry of Goods on Importation) or section 50 (Entry of Goods for Exportation) by amending sub-section (2) along with consequential changes in sub-section (3);
  - Insert a new sub-section (2A) to provide legal backing for the risk-based selection of self-assessed Bill of Entry or Shipping Bill through appropriate selection criteria;
  - Extend the scope of re-assessment by omitting specific reference to valuation, classification and exemption or concessions of duty availed consequent to any notification issued therefor under this Act from sub-section (5);
  - Omit sub-section (6), in view of the new dedicated Chapter for Audit;
- Section 18 is being amended so as to:
  - Cover export consignments under provisional assessment of duty by amending subsection(1);
  - Insert a new sub-section (1A) to empower the Board to issue regulation for providing time-limit for the importer or exporter to submit the documents and information, if required, for finalization of provisional assessments and for the proper officer to finalize the provisional assessment.
  - Substitute the reference to section 28AB [Interest on delayed payment of duty in special cases] with the reference to section 28AA (Interest on delayed payment of duty ) retrospectively
- A new section 25A is being inserted, so as to empower the Central Government to exempt goods imported for repair, further processing or manufacture [‘Inward Processing of Goods’] from payment of whole or any part of duty of customs, leviable thereon subject to certain conditions.

- A new section 25B is being inserted so as to empower Central Government to exempt goods re-imported after export for repair, further processing or manufacture ['Outward Processing of Goods'] from payment of whole or any part of duty of customs, leviable thereon subject to certain conditions.
- Section 28 (Recovery of duties not levied or not paid or short-levied or short- paid or erroneously refunded) is amended:-
  - Insert a proviso in clause (a) of sub-section (1), to provide pre-notice consultation in cases not involving collusion, willful mis-statement, suppression before issue of demand notice. The manner of pre-notice consultation shall be provided in the regulations;
  - Insert a new sub-section (7A) to provide for issuance of supplementary show cause notice in circumstances the period during which there was any stay by an order of a court or tribunal in respect of payment of such duty or interest.
  - Amend the existing sub-section (9)
    - a) to provide a definite time frame of six months and one year for adjudication of demand notices depending upon whether charges of collusion, willful misstatement, suppression have been invoked. These time periods shall be extendable by the officer senior to adjudicating authority for a further period of six months and one year respectively.
    - b) provide further that if the demand notice is not adjudicated even within the extended period, it would be deemed as if no demand had been issued.
  - Insert a new sub-section (9A) to provide certain grounds on account of which the time limit of six months or one year shall remain suspended and that the proper officer shall inform the person concerned the reasons for non-determination of duty or interest under sub-section (8) and in such cases the time specified in sub-section (9) shall apply not from the date of notice, but from the date when such reasons cease to exist
  - A new sub-section (10A) is inserted to provide that where an order for refund is modified in appeal and the amount of refund so determined is less than the amount refunded, the excess amount so refunded shall be recovered along with interest thereon at the applicable rate, from the date of refund up to the date of recovery, as a sum due to the Government
  - Insert a new sub-section (10B) to provide a safeguard whereby if a demand notice issued under sub-section (4) is held not sustainable in any proceeding, including at any stage of appeal for the reason that the charges of collusion, willful mis-statement etc. have not been established against the person to whom the demand notice has been issued, then the said notice shall be deemed to have been issued under subsection
  - Insert an explanation that a notice issued for non-levy, non-payment, short-levy or short payment of duty or erroneous refund after 14th May, 2015 but before the date on which the Finance Bill, 2018 receives the assent of the President, shall continue to be governed by the provisions of section 28 as it stood immediately before the date on which such assent is received.;

- Section 28E to be amended to:
  - Omit clause (a) “activity” means import or export as it is no longer relevant;
  - Substitute definition of advance ruling so as to cover subjects beyond mere determination of duty
  - Substitute the definition of ‘applicant’ in order to make it broad based;
  - Clause (e) “Authority” means the Customs Authority for Advance Rulings appointed under section 28EA;’
  - Substitute “Appellate Authority” in place of “authority” in clause (f) and (g).
- Section 28H is being amended so as:
  - Include the word “tax” in addition to “duty” in clause (d) of sub-section (2).
  - Insert clause (f) in sub-section (2) to enable Central Government to notify any other matter on which advance ruling can be sought by an applicant;
  - Insert sub-section (5) to provide that an applicant may be represented by a duly authorized person who is a resident in India;
  - Definition of resident shall be same as provided in clause (42) of section 2 of Income Tax Act, 1961.
- Sub-section (6) of section 28-I is being amended to reduce the time from six months to three months within which the authority shall pronounce its advance ruling.
- Section 28K (1) is being amended so as:
  - Words “(after excluding the period beginning with the date of such advance ruling and ending with the date of order under this sub-section)” is being omitted
  - Inserted a proviso, insert a proviso to sub-section (1) so as to add a corresponding proviso to sub-section (7) of section 28 stating that the period beginning with the date of such advance ruling and ending with the date of order under this sub-section shall be excluded from the time period of two years and five years respectively specified in section 28.
- Section 28KA relating to (Appeal provisions in respect of Advance Ruling) is inserted so as to-
  - Provide for appeal by an officer duly authorized by Board by notification, or by an applicant against the ruling or an order passed by Customs Authority for Advance Rulings to the Appellate Authority constituted under Section 245-O of the Income Tax Act;
  - Provide that the sections 28I and 28J shall apply mutatis mutandis to appeal proceedings.
- Section 28M is being amended so as :
  - Procedure to be followed by the Authority shall be as prescribed
  - Appellate Authority has power to regulate its own procedure in all matters arising out of the exercise of its powers under this act.

- Section 30 is being amended so as to:
  - Include export goods in addition to imported goods as part of the information provided in the manifest;
  - Prescribing the manner of delivery through regulations.
- Section 41 is being amended so as to:
  - Include imported goods in addition to export goods as part of the information provided in the manifest;
  - Penalty provisions for late filing of manifest not exceeding fifty thousand rupees";
  - Prescribing the manner of delivery through regulations.
- Section 45 is being amended to provide for clearance of goods by other ways as may be prescribed in addition to existing system of clearance by the proper officer.
- Section 46 is being amended so as to:
  - Amend sub-section (1) by inserting "on the customs automated system" and the manner of presentation of bill of entry;
  - Clarify the time limit for the prior presentation of bill of entry 'at any time not exceeding thirty days prior to' in first proviso to sub-section (3);
  - Importer while presenting a bill of entry shall provide such other documents, as may be prescribed in addition to invoice by necessary insertion to that effect in sub-section (4);
  - Insert a new sub-section (4A) for observance of the accuracy, authenticity, validity of the declarations made by the importer under this section and compliance to the prohibitions or restrictions under this act or any other law for the time being in force.
- Section 50 is being amended so as to:
  - Amend sub-section (1) to insert a reference to Customs Automated System and the manner of presentation of shipping bill or bill of export;
  - Insert a new sub-section (2A) so as to provide for observance of the accuracy, authenticity, validity of the declarations made by the exporter and compliance to the prohibitions or restrictions.
- To insert Chapter VIIA on payments through electronic cash ledger with governing provisions in Section 51A to have a provision for advance deposit which would enable payment of duties, taxes, fee, interest, and penalty through electronic cash ledger. It is also proposed to issue regulations in this regard.
- Section 54 is being amended so as to empower the Board to make regulations providing manner of presenting a bill of transshipment and declaration for transshipment.
- Section 47, 51, 60,68 and 69 is being amended so as to have a provision for clearance of goods by Customs Automated System in addition to existing clearance by the proper officer
- Section-74(1)(iii) and Section-75(1) is being amended so as to substitute the reference to section 82 with the reference to clause (a) of section 84 as Section-82 is omitted.

- In the entire Custom Act, 1962 Post will also include Courier and Postal Authorities will include authorised courier.
- A new Chapter XIIA and section 99A thereunder, is being inserted relating to Audit. The manner of conducting audit shall be provided in regulations.
- A new section 109A relating to 'Controlled Delivery' is being inserted, which seeks to authorize the proper officer or any other officer authorized by him to undertake Controlled Delivery of any consignment of goods to any destination in India or a foreign country.
- Section 110 (Seizure of Goods, Documents and things) is amended to
  - Provide that the Principal Commissioner of Customs or Commissioner of Customs may, for reasons to be recorded in writing, extend the six months period (Where any goods are seized and no notice in respect thereof is given within six months of the seizure of the goods, the goods shall be returned to the person from whose possession they were seized) by a period not exceeding six months and inform the person from whom such goods have been seized before the expiry of the time mentioned in the said sub-section.
  - Insert second proviso to sub-section (2) providing that where any order for provisional release of the seized goods has been passed under Section 110A, the aforesaid period of six months, mentioned in sub-section (2), shall not apply.
- Section 122 is being amended so as to empower the Board to fix monetary limits for adjudication of cases by officers below the rank of Joint Commissioner by way of notification
- Section 124 is being amended so as to insert a second proviso to provide for issuance of supplementary show cause notice under such circumstances and in such manner as may be prescribed through regulations
- Section 125 of the Customs Act is being amended so as to
  - Insert a proviso to sub-section (1) to provide that where the demand proceedings against a noticee / co-noticees have been closed on grounds of having paid the dues mentioned in section 28, then the provisions of this section shall not be applicable if the goods are not prohibited or restricted;
  - Insert sub-section (3) to provide that where redemption fine has not been paid within a period of one hundred and twenty days from the date of option given under subsection (1), then such option shall become void, except in cases where any appeal against such order is pending.;
  - Insert an explanation that for an order passed under sub-section (1) before the date on which the Finance Bill, 2018 receives the assent of the President, and no appeal against such order is pending, such option may be exercised within one hundred and and twenty days from the date on which such assent is received.

#### **AMENDMENT IN THE CUSTOMS TARIFF ACT, 1975**

- Section 3 is being amended to insert a new sub-section (8A) and 10(A) to provide for value of goods when they are sold within the warehousing period for calculation of integrated tax and goods and services tax compensation cess.

## OTHER ACTS AMENDMENTS

### SERVICE TAX

- Services provided or agreed to be provided by the Naval Group Insurance Fund by way of life insurance to personnel of Coast Guard, under the Group Insurance Schemes of the Central Government, are proposed to be exempted from service tax for the period commencing from the 10th September, 2004 and ending with the 30th June, 2017.
- Services provided or agreed to be provided by the Goods and Services Tax Network (GSTN) to the Central Government or State Governments or Union territories administration, are proposed to be exempted from service tax for the period commencing from 28th March, 2013 and ending with the 30th June, 2017.
- Consideration paid to the Government in the form of Government's share of profit petroleum in respect of services provided or agreed to be provided by the Government by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, is proposed to be exempted from service tax for the period commencing from 1st April, 2016 and ending with the 30th June, 2017.

### EMPLOYEES PROVIDENT FUND & MISCELLANEOUS PROVISIONS ACT, 1952

- Women employee contribution to be reduced to 8% for first three years of their employment against existing rate of 12% or 10% with no change in employer contribution.
- 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.

### CENTRAL GOODS & SERVICES TAX, 2017

- "Central Board of excise & Customs" to be renamed as "Central Board of Indirect tax & Customs".

### FINANCE ACT, 2013

- Commodities Transaction Tax (CTT) introduced on option on commodity derivatives with effect from the 1st day of April, 2018
- there shall be charged a commodities transaction tax in respect of taxable commodities transaction

S. No.	Taxable Commodities Transaction	Rate	Payable by	Value of Taxable Commodities Transaction
1.	Sale of a commodity derivative	0.01%	Seller	Price at which the commodity derivative is traded
2.	Sale of an option on commodity derivative	0.05%	Seller	Option premium
3.	Sale of an option on commodity derivative, where option is exercised	0.0001%	Purchaser	Settlement price

**DEPOSITORIES ACT, 1996**

- Section 19-IC is being inserted to provide “where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay, if he had not died, in the like manner and to the same extent as deceased.

**CENTRAL BOARD OF REVENUE ACT, 1963**

- “Central Board of Excise & Customs” to be renamed as “The Central Board of Indirect Taxes & Customs”.
- “Excise & Customs” to be substituted with “Indirect Taxes & Customs”.

**RESERVE BANK OF INDIA ACT, 1934**

- Section 17 (1A) is being inserted to provide that the bank may transact in business of accepting the money as deposits, repayable with interest, from banks or any other person under the standing deposit facility scheme, as approved by the Central Board, from time to time, for the purpose of liquidity management.

**SECURITIES CONTRACTS (REGULATION) ACT, 1956**

- Section 23A (a) is being amended to expand the scope of Penalty in cases where false, incorrect, incomplete information, documents, books, return or report furnishes.
- Section 23E is being amended to expand the scope of Penalty for failure to comply with provision of listing conditions or delisting conditions or grounds to real estate investment trust or infrastructure investment fund or alternative investment fund.
- Section 23G is being amended to expand the scope penalty in cases of furnishes false, incorrect or incorrect periodical returns
- Section 23JC is being inserted to provide “where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay, if he had not died, in the like manner and to the same extent as deceased.

**SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992**

- Section 28B inserted is being inserted to provide where a person dies, his legal representative shall be liable to pay any sum which the deceased would have been liable to pay, if he had not died, in the like manner and to the same extent as deceased.
- Section 15A(i)(a) is being amended to expand the scope penalty in case of furnishes or files false incomplete or incorrect information, return, report, books or other documents
- Section 15(i)(a) is being amended to expand the scope penalty in case of furnishes or files false incorrect or incomplete information, return, report, books or other documents.
- Section 15F(b) is being amended to expand the scope penalty for stock broker in case of continuous failure shall be substituted.

## OTHER GENERAL PROPOSALS

### OVERVIEW OF INDIAN ECONOMY

- Indian economy is now 2.5 trillion dollar economy in FY 2017-18.
- IMF has forecasted that India will grow at 7.4% next year.
- Exports are expected to grow at 15% in 2017-18.
- India is expected to become the fifth largest economy very soon.
- Government will focus on strengthening agriculture and rural economy, provision of good health care taking care of senior citizens, infrastructure creation improving the quality of education.
- Improvement of India's ranking in the World Bank's 'Ease of Doing Business' by 42 places in last three years.

### INFRASTRUCTURE AND INDUSTRIAL DEVELOPMENT

- Total allocation for infrastructure stands at a record of Rs. 5.97 lakh crore.
- Rolled out two interlinked programs – Smart Cities Mission aims at building 100 Smart Cities with state-of-the-art amenities and the AMRUT to focus on providing water supply to all households in 500 cities. National Highways exceeding 9000 kilometers length will be completed during 2017-18.
- Bharatmala Pariyojana has been approved for providing connectivity of interior, backward areas and borders to develop about 35000 kms in Phase-I at an estimated cost of `5,35,000 crore.
- Railways' Capex for the year 2018-19 has been pegged at `1,48,528 crore.
- Adequate number of rolling stock – 12000 wagons, 5160 coaches and approximately 700 locomotives are being procured during 2018-19.
- Under the 'Safety First' policy of Railway focus on safety, 4267 unmanned level crossings in the broad gauge network will be eliminated in the next two years.
- Redevelopment of 600 major railway stations is being taken up by Indian Railway Station Development Co. Ltd.
- Proposed to develop ten prominent tourist sites into Iconic Tourism destinations.
- Airline companies placed orders for more than 900 aircrafts.
- UDAAN will connect 56 unserved airports in India.
- All trains to be progressively provided with wifi and CCTV.

### AGRICULTURE & FARMERS

- Government is committed to double the income of farmers by 2022.
- Minimum Support price is to be declared to make sure that farmers realize at least one & half time of their cost of production on most of rabi crops.

- An Agri Market infrastructure fund with a corpus of 2000 crores will be set up for developing & upgrading agriculture marketing infrastructure.
- A sum of 200 crore is allocated to support organized cultivation & associated industry.
- State of the art testing facilities is to be set up in all 42 mega food parks to boost agri exports potential from current 30 million USD to 100 million USD.
- Institution credit in agriculture sector is expanded to 11 lakh crores in 2018-19 from 10 lakh crore in FY 2017-18.
- Increase allocation of national rural livelihood Mission to 5750 crore in 2018-19.
- In the year 2018-19, for creation of livelihood & infrastructure in rural areas, total amount to be spent by the ministries will be 14.34 lakh crores.
- Allocation under Prime Minister Fasal Bima Yojana will be increased from 30% in 2016-17 to 40% in 2017-18 and 50% in 2018-19 by making a provision of 13014.15 crore.
- Interest subsidy for crop loans upto Rs. 3 lakh per annum to about 8.5 crore farmers at 7% annual interest and at 4% on timely repayment of crop loans.
- Integration of 200 wholesale markets with e-market platform to achieve at least 1% of the total turnover of the mandis connected to the National Agriculture Markets.
- For 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.
- Will develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GRAMs) to make small and marginal farmers in a position to directly transact at APMCs and other wholesale markets.
- Organic farming by Farmer Producer Organizations (FPOs) and Village Producers' Organizations (VPOs) in large clusters, preferably of 1000 hectares each, will be encouraged.
- Allocation of Ministry of Food Processing is being doubled from Rs. 715 crore in RE 2017-18 to Rs. 1400 crore in BE 2018-19.
- 30 lakh tons capacity rural godowns and 400 other storage infrastructure projects will be expended to reduce the gap in storage capacity by 8.72 %.
- Planting of 50 trees lakh trees in farmer's fields under National Project on Agro forestry to Enhance green cover & improved capacity of farmers.
- Increase the farm power availability from 1.84 kw/ha to 2.2 kw/ha by 2020 under Sub Mission on Agricultural Mechanization.
- Propose to set up state-of-the-art testing facilities in all the forty two Mega Food Parks to liberalize export of agri-commodities.
- 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.
- Propose to extend the facility of Kisan Credit Cards to fisheries and animal husbandry farmers to help them meet their working capital needs.
- 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.

## FINANCIAL SECTOR

- Outward Direct Investment (ODI) from India has grown to US\$15 billion per annum.
- Target of amount sanctioned under Pradhan Mantri Mudra Yojana is to be set at Rs. 3 lakh crore.
- Initiated the process of strategic disinvestment in 24 CPSEs.
- Will establish a unified authority for regulating all financial services in IFSCs in India.
- Department of Commerce will be developing a National Logistics Portal as a single window online market place to link all stakeholders.
- Bank recapitalization program has been launched with bonds of `80,000 crore being issued this year.
- Introduced Exchange Traded Fund Bharat-22 to raise `14,500 crore, which was over-subscribed in all segments.
- 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 does not consider crypto-currencies as 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.

## DIGITAL ECONOMY

- Doubled the allocation on Digital India programme to Rs. 3073 crore in 2018-19.
- Department of Science & Technology will launch a Mission on Cyber Physical Systems to support establishment of centers of excellence.
- Task of connecting one lakh gram panchayat through high speed optical fiber network has been completed under phase I of the Bharat net project.
- 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.
- A Scheme will evolve to assign every individual enterprise in India a unique ID.

## RURAL DEVELOPMENT

- It is proposed to complete 1 crore houses by 2019 for the houseless and those living in kutcha houses.
- 5 Lakh wifi hotspots to be set up in rural area to provide easy internet access.

## YOUTH

- Setting up a model aspirational skill centre in every district of the country under Pradhan Mantri Kaushal Kendra Programme.
- It is proposed that every block with more than 50% ST population and at least 20,000 tribal persons, will have an Ekalavya Model Residential School, by the year 2022.
- Propose to launch a major initiative named ‘‘Revitalising Infrastructure and Systems in Education (RISE) by 2022’’ with a total investment of Rs.1,00,000 crore , to step up investments in research and related infrastructure in premier educational institutions, including health institutions.
- Launch the ‘‘Prime Minister’s Research Fellows (PMRF)’’ Scheme this year, which 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.

## POOR AND UNPRIVILEGED

- Galvanizing Organic Bio-Agro Resources Dhan (GOBAR-DHAN) scheme will be launched to manage and converts cattle dung and solid waste in farms to compost, fertilizer, bio-gas and bio-CNG for making villages open defecation free.
- 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 account.
- Opening of 1000 additional Jan Aushadhi stores in the country under Jan Aushudhi Scheme.

## FISCAL DISCIPLINE

- Fiscal deficit for FY 2018-19 is estimated at 3.3% of GDP.
- Direct tax revenue is expected to increase by 14.4% in FY 2018-19.
- Indirect tax revenue is expected to increase by 17.3% in FY 2018-19.
- Total expenditure projected at Rs. 24.42 lakh crores for FY 2018-19, increase in expenditure is 10.1% from FY 2017-18.
- Interest payment is estimated to increase by Rs. 44,952 crore, i.e. 8.1% more than previous year.
- Pension payment is estimated to increase by Rs. 21,079 crore, i.e. 14.3% more than previous year.
- Subsidies expenditure is estimated to increase by 15.1%.
- Defence Services expenditure is estimated to increase by 15,627 crore, i.e. 5.9% more than previous year.
- Capital Expenditure is expected to be 1.6% of GDP in the FY 2018-19.
- Net borrowing requirement for 2018-19 is estimated Rs. 3.90 lakh crores.
- Capital expenditure in railways is estimated at Rs. 1,46,500 crore as compare to Rs. 1,20,000 crore in Previous Year.

## HEALTH, EDUCATION, AND SOCIAL PROTECTION

- Allocation on National Social Assistance Programme in 2018-19 is kept at Rs. 9975 crores.
- Right to Education Act is amended to enable more than 13 untrained teachers to get trained.
- "Revitalising Infrastructure and system in education (RISE) by 2022" is to be set up for investment in premier educational institutions with total investment of Rs. 1,00,000 crores in next four years.
- A Flagship National Health Protection Scheme is to be launched to cover Rs. 10 crore poor & vulnerable families providing coverage upto Rs. 5 lakh per family per year for secondary & tertiary care hospitalization.
- To support all TB patients 600 crore is to be provided at the rate of Rs. 500 per month for the duration of their treatment.
- It will be ensured that there is at least 1 medical college for every 3 parliamentary constituencies and at least 1 medical college in each state of the country.
- For economic and social advancement of hard working people of SC and ST govt. proposes Rs. 56,619 crore & Rs. 39,135 crore respectively in FY 2018-19.
- Expenditure on health, education & social protection is budgeted Rs. 1.38 lakh crore for FY 2018-19 against Rs. 1.22 lakh crore in FY 2017-18.

## **WE MAY BE CONTACTED AT**

### **DARYAGANJ, NEW DELHI**

54, Daryaganj, New Delhi – 110 002  
Tel: +91 11 23270624 • + 91 11 23279414  
Email: dgoffice@lunawat.com

### **PASCHIM VIHAR, NEW DELHI**

A-2/132, Prateek Apartments, Paschim Vihar,  
New Delhi – 110 063  
Tel: + 91 11 25278405 • + 91 11 25278406 • + 91 11 45581264  
+ 91 11 45733511 • + 91 11 45733512  
Email: pvoffice@lunawat.com

### **KARAMPURA, NEW DELHI**

109, Magnum House-1, Karampura Complex, New Delhi-110 015  
Tel: + 91 11 25920301 • + 91 11 25920303  
Email: karampura@lunawat.com

### **KESHOPUR, NEW DELHI**

WZ-339, 2nd Floor, Street No. 19, Santgarh, Keshopur, Outer Ring Road,  
New Delhi - 110 018  
Tel: +91 11 28333914 • Fax: + 91 11 28331602  
Email: keshopur@lunawat.com

### **MUMBAI**

Office No. 9, First Floor, Star Trade Centre, Chamunda Circle, Near Station,  
Borivali (W), Mumbai - 400 092  
Tel: + 91 22 28954451  
Email: mumbai@lunawat.com

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