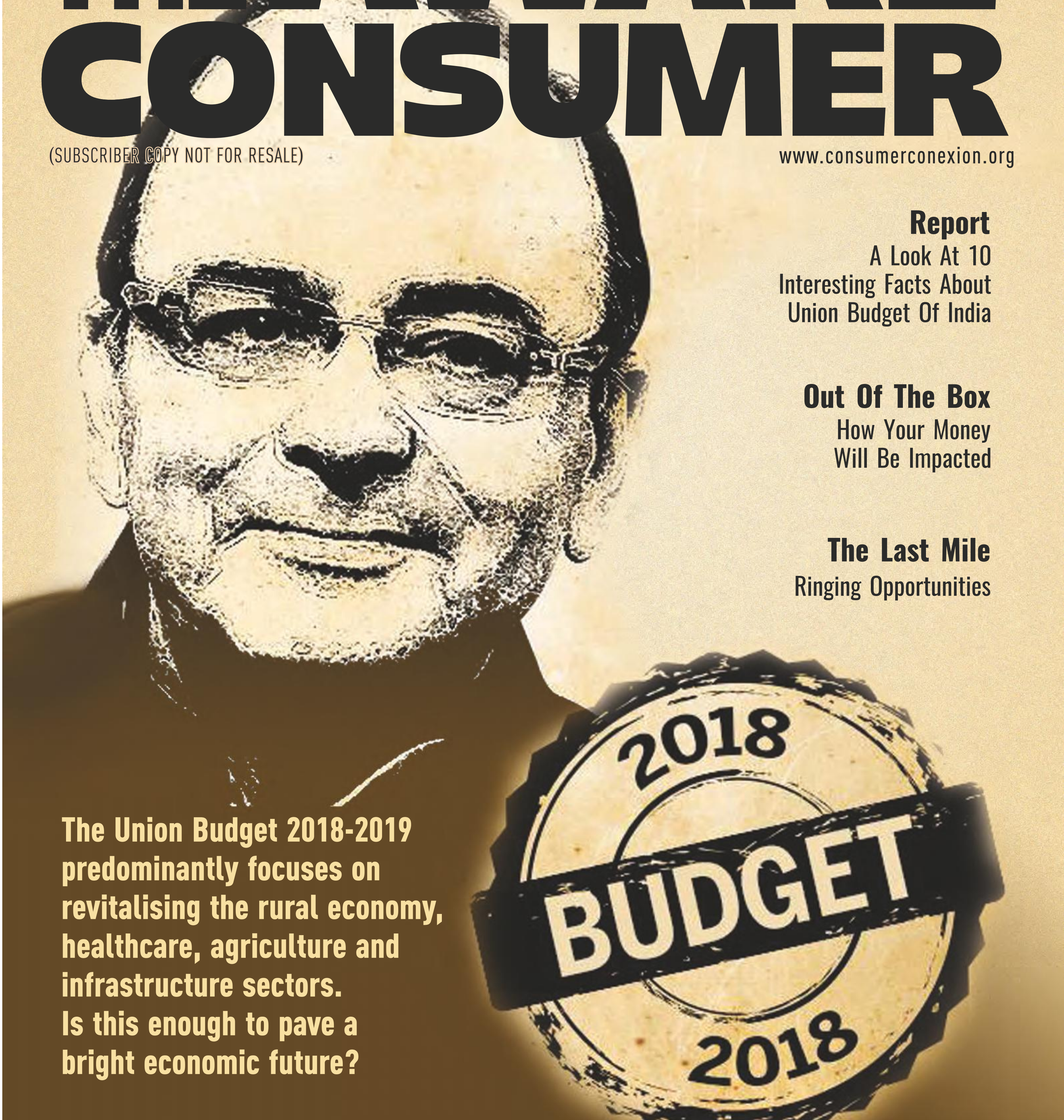
APRIL 2018 • Vol. 4 • Issue 1
MONTHLY • Pages 60
₹ 200

RNI No.: DELENG/2015/67140; Published on: Every month; Posted at Lodi Road HPO, New Delhi on 9-10th of every month

THE AWARE CONSUMER

(SUBSCRIBER COPY NOT FOR RESALE)

www.consumerconexion.org



Report
A Look At 10 Interesting Facts About Union Budget Of India

Out Of The Box
How Your Money Will Be Impacted

The Last Mile
Ringing Opportunities

The Union Budget 2018-2019 predominantly focuses on revitalising the rural economy, healthcare, agriculture and infrastructure sectors. Is this enough to pave a bright economic future?

PLUS ROUND UP • HORIZONS • THE PRESCRIPTION

SUPPORT THE CAMPAIGN

LOOK OUT FOR THE RED LINE

BE RESPONSIBLE

Medicines such as Antibiotics have a Red Vertical Line on their pack to indicate that these should be consumed only on doctor's prescription. Always complete the full course as prescribed by the doctor.

Campaign Partners

OPPI
MSAI
IAPG
Consortium of Association of community Pharmacist of India & Kautilya Society for Pharmacoeconomics and Outcome Research
Patient Safety and Access Initiative of India Foundation
a Partnership for Safe Medicines India Initiative

SIGN THE PLEDGE.

HTTP://WWW.CAUSES.COM/CAMPAIGNS/106670-RAISE-AWARENESS-FOR-SALE-USE-OF-ANTIBIOTICS-TO-COMBAT-AMR

VIEW  POINT

BEJON KUMAR MISRA | bejonmisra@consumerconexion.org

Logistically Planned For A Holistic Development

THIS YEAR'S BUDGET clearly illustrates the government's intent to look at development holistically. The thrust on fueling the rural economy through measures around agriculture and creating an enabling ecosystem through investments in infrastructure is commendable. These, in addition to incentives planned for MSMEs, will help create additional jobs. The healthcare sector was in dire need of attention and it is good to see the government address some of its concerns with bold and aspirational initiatives. The efforts towards strengthening India's position as a digital economy through investments around new-age technologies like AI and fintech is a timely and welcome move. The proposal to extend the lower 25% corporate tax rate to entities having a turnover of up to 250 crore INR is welcome and should reduce the cost of doing business. Besides, it should motivate more taxpayers to fully comply with the law, and is timely taking into account the roll-out of GST.

> The proposal to extend the lower 25% corporate tax rate to entities having a turn-over of up to 250 crore INR is welcome and should reduce the cost of doing business.

After the economic survey, it was expected that the Union Budget 2018 will target rural economy, health, employment and education and this emphasis is clearly visible in the current Budget. Unlike last few years, there have been no big-bang announcements for the creation of transport and logistics infrastructure, which is logical since each of the sectors like railway, roads, ports and airports had been targeted in previous Budgets with long-term capital expenditure plans.

Interestingly, it is the logistics sector, already witnessing transformation post implementation of GST, which could witness new opportunities for servicing the needs of horticulture clusters proposed in the Budget, through setting up of agri-warehousing, cold chains and related supply chain infrastructure. There are, of course, issues around process, technology and infrastructure for receiving and dispatch of airborne cargoes especially perishables, but the fact that different Ministries like Food Processing and Commerce are likely to get involved, should help ease out many of the operational issues. However, it would be imperative to bring customs under the Ministry of Finance also on board to enable effective realisation of planned outcomes. In the context of logistics, the proposed initiative of the Ministry of Commerce for creation of a national logistics portal that brings various stakeholders on board is a badly needed enabler to create transparent and efficient logistics marketplace.

In conclusion, if this Budget is seen against the light of the last few Budgets, then it is evident that a theme emerges where the initial focus was on planning and creating infrastructure, followed by finding innovative ways of financing, and now the emphasis is on improving efficiency of logistics, which in turn will enable critical economic sectors like industries and agriculture to benefit from lower logistics costs and better market access.

DESKTALK

Message from the Editor-in-Chief

POOJA KHAITAN

pooja@jagograhakjago.com

ALL EARS AND eyes were glued to the television on 1st February 2018 as the current NDA government presented their fifth and arguably the toughest budget yet. Through his budget Jaitley seeks to address agriculture distress, create jobs and boost growth while at the same time, stick to fiscal prudence.

Union Budget 2018-19 was to be India's first budget post GST and was being keenly watched to see what Jaitley does to boost growth in Asia's third-largest economy. It is the last full Budget of the BJP-led NDA government before the 2019 general elections.

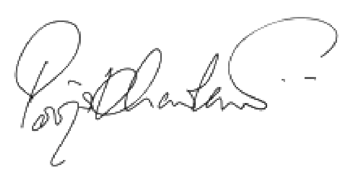
Prime Minister Narender Modi has not only bet on the farmers, but bet the farm on his rural voters. Articulating his vision for the general election of 2019 quite clearly, he has recognised the existence of rural distress, amplified by a string of farmer protests and suicides last year provoked by falling commodity prices and increasing debt.

It is pro-India budget. It is very comprehensive. It has addressed very key areas. The big takeaways were the huge commitment to universal healthcare and focus on science and research. Modicare, will provide state-funded healthcare to a population bigger than that of South America. Prime Minister Modi, known for his big ideas, called the scheme 'a path-breaking initiative to provide quality and affordable healthcare' and said it would usher in a 'paradigm shift in our health sector'. This is very laudable. Rarely have health and education become issues for political debate, which could, in a way, explain the rotten state of health and education over the last few decades. Politicians have been happy to seek votes on divisive, emotive issues like caste and religion. Yet, as is the case with all other large state-sponsored schemes, there are serious issues with the proposed implementation of this gigantic scheme.

The budget has nothing for the middle class and large corporates, who in many ways are the bulwark of the economy. The big question is, whether all this will be enough-especially given that the GDP growth rate is expected to fall to 6.75 per cent for the current fiscal, compared to 7.1 the previous year.

An unexpected, albeit a significant announcement, was regarding the establishment of a national programme to direct efforts in the area of Artificial Intelligence. Now, that's a welcome initiative!Running high on the momentum of 'Digital India', the government also doubled allocation to this programme to $480 million in 2018-19, deciding to invest heavily in research, training and skill development in technologies such as AI, digital manufacturing, robotics, Quantum communication and Big Data intelligence, 3D printing, Blockchain, Machine Learning and Internet of Things.

Overall, the budget is a socially inclusive one that has laid major emphasis on agriculture, social infrastructure, healthcare, social protection and digital transformation.



INSIDE

THE AWARE CONSUMER | APRIL 2018

OUT OF THE BOX

While this year Union Budget was a mix bag of both expectations and a few surprises, we list out a few broad points which will have an impact on how you save, invest, borrow, and insure.

MY MARKET

While market regulator Securities and Exchange Board of India (Sebi) may mandate corporate houses to use bond market for one-fourth of their funding needs, Reserve Bank of India has issued guidelines to nudge Corporates access bond market.

THE LAST MILE

The telecom sector is expected to create 4 lakh new jobs over a period of 5 years and contribute significantly to GDP, as the Budget for 2018-19 seeks to enhance telecom infrastructure in the country

OPINION

India, which has often portrayed itself as a leader in the battle against climate change, is in fact doing the exact opposite.

THE PRESCRIPTION

The Union Budget 2018 has taken a huge step in making healthcare affordable and accessible by launching the world's largest healthcare scheme.

THE AWARE CONSUMER

UNLOCKING CONSUMER POTENTIAL
www.consumerconexion.org

APRIL 2018 • Vol. 4 • Issue 1

Bejon Kumar Misra
PUBLISHER
Address: F - 9, Second Floor, Kailash Colony, New Delhi - 110048
E-mail: bejonmisra@consumerconexion.org

EDITOR-IN-CHIEF
Pooja Khaitan

EDITORIAL CONSULTANTS
Suman Misra
Akanksha
Maanav Khaitan
Debaratti Dey
Pyush Misra

DESIGNER: Galaxy
DESIGN CONSULTANT: Maanav Khaitan

WEB DESIGNER:
Manish Mohan
Ebrahim Bhanpurawala

The AWARE CONSUMER is printed and published by Bejon Kumar Misra at F - 9, Second Floor, Kailash Colony, New Delhi - 110048 and printed at M/s. Spectrum Printing Press (P) Ltd., Shed No. 23, Computer Complex, DSIDC Scheme I, Okhla Phase II, New Delhi - 110020

Place of Publication: E - 45, Ground Floor, Greater Kailash Enclave - I, New Delhi-110048

For any queries, please contact us at
pooja@jagograhakjago.com
Phone: 011-26271421/22/23

Total number of pages - 60, Including Covers

SHRI ARUN JAITLEY
FINANCE MINISTER AND MINISTER OF CORPORATE AFFAIRS

The Demonetisation and the Goods and Services Tax (GST) will benefit the economy in the medium and long term and the country will again become the fastest growing large economy of the world next fiscal.

ROUNDUP

Hit And Miss;
Winners And Losers

While the Union Budget 2018-2019 predominantly focussed on revitalising the rural economy, healthcare, agriculture and infrastructure sectors, experts in the real estate industry had a few gains and quite a few unmet expectations. Throughout 2017, the focus was on affordable housing, which was also evident in the Credit Linked Subsidy Scheme (CLSS) and the last Goods & Services Tax (GST) Council meet where the effective rate was lowered by four points. However, there has been a silence in the budget on stimulating mainstream real estate demand.

DATA BRIEFING

The Finance Minister proposed to extend a 25% corporate tax rate to companies with revenue up to Rs 250 crore.

WE TAKE A look at the positives and negatives of the Budget 2018:

HIT: Push to asset classes

Since the market is recovering at a rather slow pace, experts suggest investors look at putting their money in alternative areas such as student housing, senior living and hospitality, rather than invest abroad.

While it's a known fact that Indians prefer buying homes in the UK (London) and UAE (Dubai), where affordability levels are currently better than India, With the new announcement, investing in Indian asset classes will offer better returns. They currently offer returns in the range of 12-15% in an otherwise low-yielding core real estate market. More so, the incentive so offered could go a long way in bridging the demand-supply gap that current exists within alternative realty spaces.

MISS: Infrastructure status

Post the many reforms the industry had to face last year — demonetisation, RERA and GST — experts were looking forward to this long-awaited announcement the most. While the logistics and affordable housing sectors received the 'infrastructure' tag recently, the realty sector is yet to receive it. But why is it so important? Given the Government's ambitious vision of 'Housing for all by 2022', it has a very direct stake in helping the industry get back on track. With rising demand and improving profitability, the tag will encourage private players. There would be increased real estate activity not only in the metros and larger cities but also in Tier II/Tier III cities.

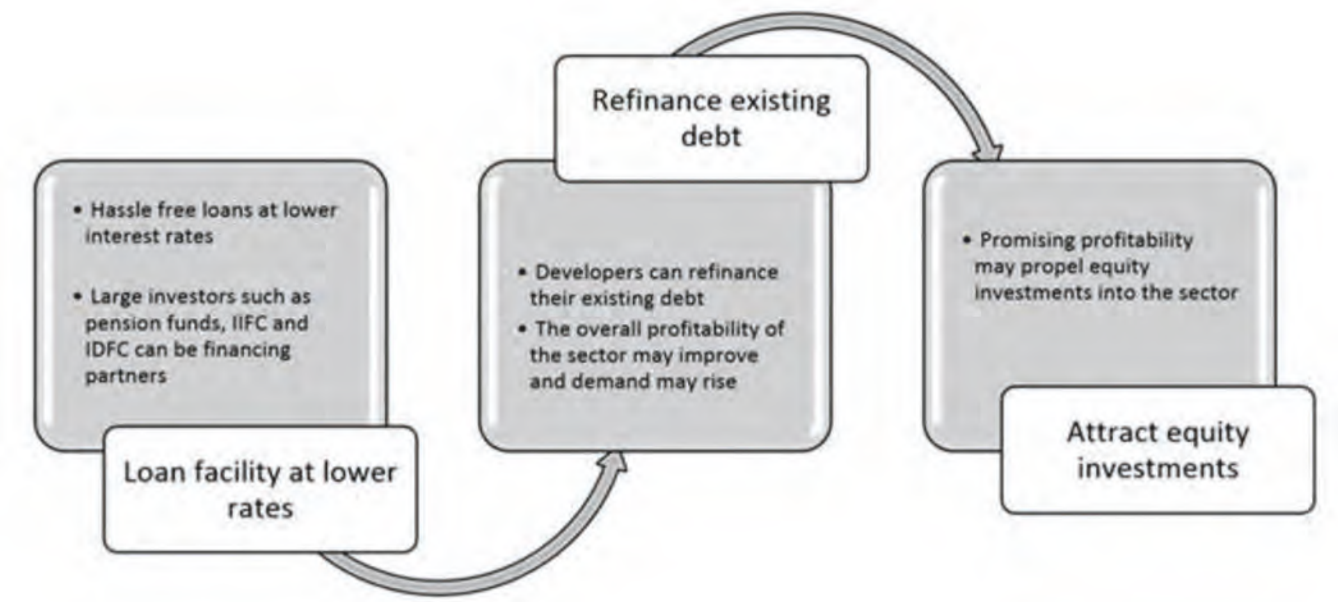
Having said that, instead of providing the infrastructure tag, the Budget gave a minor boost to the Housing for All scheme. While this is commendable, it is an exceedingly slow and cautious approach. An infrastructure status would have been a major structural reform that could have boosted the GDP, increased employment opportunities, lowered the cost of home development and purchase.

HIT: Empowering urban bodies

In a first, municipalities will now take charge of their finances thanks to the government taking steps towards creating smart cities, ensuring infrastructure facilities and initiatives such as Swachh Bharat Abhiyan.

The municipal bond market is growing and the recent Budget announcement that 142 cities have been rated as

What would have happened if infrastructure status had been granted to the real estate sector? The infographic below highlights the positive implications:



Quick Roundup

- No change in tax slabs for income tax on salaried class. However, a standard deduction of Rs 40,000 under transport and medical reimbursement has been allowed to them, keeping in mind that they have been paying more tax than individual business owners. (The facility has been extended to pensioners).
- The Finance Minister proposed to raise the deduction under health insurance premiums to Rs 50,000. In case of senior citizens with critical illnesses, the deduction will be Rs 1 lakh.
- For senior citizens, Fixed Deposits (FD) and post office interest will also be exempt till Rs 50,000. 80D benefit has been enhanced to Rs 50,000 and 80DDB benefit has been enhanced from Rs. 60,000 to Rs. 1,00,000.
- The Finance Minister proposed to extend a 25% corporate tax rate to companies with revenue up to Rs 250 crore.
- 100% tax deduction will be given to farm cooperatives. Furthermore, 100% tax deduction for the first five years will be allowed to companies registered as farmer producer companies with a turnover of Rs 100 Crore and above.
- Long-term capital gains (LTCG) exceeding Rs 1 lakh will be taxed at 10% without indexation benefit with certain caveats. (Indexation benefits helps investors in long-term debt funds to save taxes).
- Equity Oriented Mutual Funds will now face a dividend distribution tax of 10% to bring it at parity with the new LTCG of 10%. (Short-term capital gains remains at 15%)
- 2,000-crore fund for development of agri markets.
- For critical illnesses, the deduction has been increased to 1,00,000.
- Free power connections to 4 crore homes under Saubhagya Yojana.
- Eight crore free gas connections for poor women through Ujjwala Yojana.
- Govt. to implement minimum support price for all crops; It is hiked to 1.5 times of production costs.
- Govt. to contribute 12% of wages of new employees for all sectors.
- New flagship National Health Protection Scheme, providing a health insurance cover of 5 lakh per family per year announced.
- Railway capex for 2018-19 set at 1.48 lakh crore.
- Disinvestment target for this year set at 80,000 crore.
- Automatic revision of emoluments parliamentarians every five years, pegged to inflation.

'investment grade', will strengthen the financial stability of cities. Given that smart cities and ease of living infrastructure programmes of the government would seek involvement from private companies, the relaxation in the investment grade to BBB rated bonds will help more companies borrow cheaper.

The government should now offer grants to municipal authorities to incentivise the formation of an attractive and conducive municipal bond market. For the initial few years until certain level of market depth, investors could be given tax rebates or other incentives. Current challenges include: a conservative approach of insurance and pension firms to invest in municipal bonds, limited credit enhancements, lack of incentives for municipal bodies, preponderance of institutional finance and absence of any particular requisites to issue bonds.

MISS: Exemption for REIT

A much-talked about reform for the sector, the Real Estate Investment Trust (REIT), did not gain this time. Levying stamp duty at the time of an asset transfer continues to be one of the key issues. As per current regulations, a real estate entity has to transfer the asset, which is part of the offering to REIT, before the issue opens for public subscription.

Therefore, the entities will have to pay stamp duty and realise capital gains during transfer of ownership which will impact its financial feasibility for retail investors.

Despite government and regulators clearing the decks, the first REIT hasn't launched yet. Removal of stamp duty while transferring the land would have made REITs a much more practical investment instrument and encourage developers.

HIT: Focus on affordable Housing

Most experts are of the opinion that only the incentives granted to the affordable housing segment have the potential to revive the overall sector in the country. Last year was a great year for the segment and the recently-announced Affordable Housing Fund further strengthens it.

The realty sector received a major reduction in GST — from 12% per cent to 8% — and the government's recent announcement to construct 51 lakh homes in rural areas and 37 lakh urban houses in 2018-19 is an additional boost. The dedicated Fund will be set up under the National Housing Bank (NHB) and the government assuming ownership of NHB from the RBI is a welcome move. Other possible avenues for the sector include: setting up industrial corridors dedicated to defence manufacturing, incentives for creating agro-processing and agri-export promotion zones, etc.

MISS: Single window clearance

One of the biggest issues to be affecting developers, the lack of a single window clearance system, remains unaddressed in the recent Budget. Projects — residential and commercial — suffer delays and increase in costs due to the slew of approvals required from municipality and other authorities including environmental, fire and water departments.

With the implementation of RERA, a technology-enabled single-window system is needed more than ever. Despite the many realty-centric policy introductions by the government, a functional single-window approval mechanism is still a long-standing demand. Experts say this move will not only reduce costs, but will result in the faster delivery of homes and improve the credibility of builders.

WINNERS

Farmers

Farmers have been protesting across the country. This budget promises to raise the minimum price offered to farmers for crops, while investing heavily in agricultural markets across India. It also delivers more money for rural areas, including irrigation projects and aquaculture projects, and directs state governments to purchase extra solar power generated by farmers using solar-powered pumps. Agriculture-focused companies such as Shakti Pumps India Ltd., Jain Irrigation Systems Ltd., KSB Pumps Ltd., Kirloskar Brothers Ltd., Avanti Feeds Ltd., Waterbase Ltd., JK Agri Genetics Ltd., PI Industries Ltd. could benefit.

Health Care Providers

The government's new flagship National Health Protection Scheme, which aims to insure as many as 500 million people for up to Rs 500,000 a year of care, could benefit companies such as Apollo Hospitals Enterprise Ltd., India's largest hospital company, as well as Fortis Healthcare Ltd.

Finance Minister Arun Jaitley said money flowing into insurance, mutual funds and initial public offerings (IPOs) had surged over the past year due to demonetisation, hailing it as a measure that put digitalisation at the centre of economic planning.

LOSERS

Apple, Samsung

In order to boost domestic manufacturing, Jaitley's budget lifts customs duty on mobile phones to 20% from 15%. That might lower returns for Apple Inc. and Samsung Electronics as they seek profits in one of the world's fastest-growing mobile phone markets — or force them to pay out to set up local factories.

Bond Investors

Bond investors drew some relief from a lower than expected borrowing programme. Nevertheless, the relief could prove short-lived. India missed its fiscal deficit targetof 3.2%, saying its targeting a 3.5% target for fiscal 2019. Big bond investors such as India's state-owned banks could be hit as yields go even higher than the the 96 basis points they climbed in the past six months, the most in Asia. Shares of HDFC Bank Ltd., ICICI Bank Ltd., Axis Bank Ltd., State Bank of India, Bank of Baroda and Punjab National Bank might be affected.

Financial Sector

The government's decision to impose long-term capital gains tax on equity investments may dent investor sentiment for financial services companies, life insurers and providers of mutual fund products including IDFC Ltd., Reliance Capital Ltd., Aditya Birla Capital Ltd., ICICI Prudential Life Insurance Co Ltd., HDFC Standard Life Insurance Co Ltd., General Insurance Corp of India

The completion of Phase 1 of Bharat Net is a big step in digital India's journey and it will now scale it up by providing 5 lakh Wi-Fi hotspots in rural areas to provide easy internet access to 5 crore Indians.

Defence Sector

Jaitley praised the armed forces and promised an industry-friendly policy to promote defence production as he addressed Parliament. But there was no indication of a huge boost to defence spending. Companies such as Bharat Forge Ltd. may not see a boost.

Consumers

To help pay for its ambitious health plans, which are meant to benefit millions of poor Indians, the government has increased an existing health and education levy to 4% from 3%. That applies to all products and services — and will make almost everything slightly more expensive.

Effect on technology and science

Finance Minister Arun Jaitley in his budget speech proposed a set of measures aimed to improve internet access in India and grow the digital economy. Among them is the setting up of a national programme to deploy high-speed internet access to villages and created an indigenous test bed for 5G technology.

Bharat Net: Jaitley said that the completion of Phase 1 of Bharat Net is a big step in digital India's journey and it will now scale it up by providing 5 lakh Wi-Fi hotspots in rural areas to provide easy internet access to 5 crore Indians. For this, the government has allocated Rs 10,000 crore under telecom infrastructure.

As many as 250,000 villages got optical fibre connectivity under Bharat Net program, wherein 100,000 gram-panchayats have been connected with high-speed optic fibre network in the first phase of BharatNet, said Jaitley. The government will work towards connecting another 150,000 villages under Bharat Net initiative. Note that Bharat Net was rebranded from its initial name National Optic Fibre Network (NOFN) in April 2016.

5G mobile internet: The department of telecommunications (DoT) will explore the development of 5G internet technology in India and for this it will set up a test bed at IIT Chennai. The plan for setting up a 5G test bed at IIT Madras was first announced in December 2017 and it is expected to be operational within the next six months.

Digital India: In his speech, the Finance Minister announced the allocation of Rs 3073 crores for the Digital India program. The government plans to invest in research, training and skilling in robotics, artificial intelligence, digital manufacturing, big data analysis, quantum communication and internet of things. Department of Science & Technology will launch a Mission on Cyber-Physical Systems to support the establishment of centres of excellence.

CONSUMERS, BEWARE

PRICING:
Rise And Fall Of Imported Goods

IF YOU HAVE been planning to buy a mobile phone but haven't yet, it may be time to do it soon as it is set to cost more. Finance Minister Arun Jaitley on February 1 raised the customs duty on imported mobile phones to 20 percent from 15 percent earlier.

A few brands, particularly in the premium space, are most likely to be affected by this decision, say experts.

According to experts, brands like Apple and Google will be hit as they are heavily dependent on imports. This move will force them to shift manufacturing to India.

India is now the second largest market for phones in India, behind China, and most of the smartphones sold here are imported.

Jaitley's decision to raise customs duty on imported mobiles is because of two factors. One reason is in line with Prime Minister Narendra Modi's flagship programme to promote local manufacturing under the government's 'Make in India' scheme and to create jobs.

The second reason is that imports of electronic items and particularly those of mobiles have surged in the last few years, such imports are now only behind import of crude oil. The Indian mobile phone market is dominated by Chinese and Taiwanese

Brands like Apple and Google will be hit as they are heavily dependent on imports vendors like Lenovo, OnePlus, Xiaomi, Huawei, and Oppo.

The companies mostly assemble the phones here after importing the printed circuit boards, camera modules and displays or just wholly import the item. The structure of taxes resulted in the finished goods incurring lower duty than the components, putting the local manufacturers at a disadvantage which pay goods and services tax of 12 percent.

On the other hand, this is good news for local Electronics Manufacturing Services or EMS players as the increase in duty will further increase the local assembling share as brands will ramp up their current output from local EMS [Electronics Manufacturing Services] facilities since capacity is already there.

Other large number of imported items like, cars and motorcycles, fruit juices, perfumes and footwear will also become costlier as the Finance Minister hikes customs duties on these products in the Union Budget 2018-19. However, select items such as imported raw cashew nuts, solar tempered glass and raw materials and accessories of cochlear implants will become cheaper with the government reducing import duties on these items.

Other large number of imported items like, cars and motorcycles, fruit juices, perfumes and footwear will also become costlier as the Finance Minister hikes customs duties on these products in the Union Budget 2018-19.

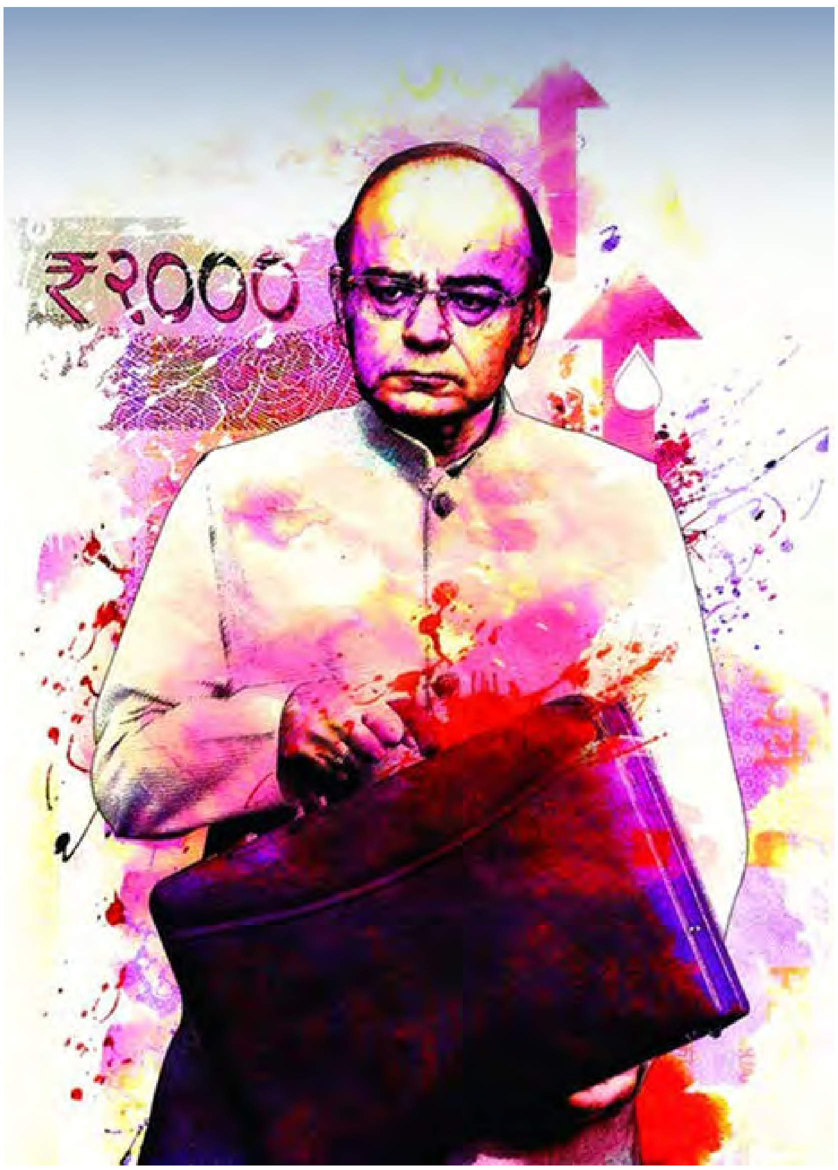
The following is a list of imported items that will become costlier

- Cars and motorcycles
- Mobile phones
- Silver
- Gold
- Vegetable, fruit juices, including orange and cranberry
- Sunglasses
- Miscellaneous food preparations other than soya protein
- Perfumes and toilet waters
- Sunscreen, suntan, manicure, pedicure preparations
- Preparations for oral dental hygiene, denture fixative pastes and powders; dental floss
- Pre-shave, shaving or after-shave preparations,
- Deodorants, bath preparations, depilatories, perfumery
- Scent sprays and similar toilet sprays
- Truck and Bus radial tyres
- Silk Fabrics
- Footwear
- Coloured gemstones
- Diamonds
- Imitation jewellery
- Smart watches/wearable devices
- LCD/ LED TV panels
- Furniture
- Mattresses
- Lamps
- Wrist watches, pocket watches, clocks
- Tricycles, scooters, pedal cars, wheeled toys, dolls' carriages, dolls, toys, puzzles of all kinds
- Video game consoles
- Articles and equipment for sports or outdoor games, swimming pools and paddling pools
- Cigarette and other lighters, candles
- Kites
- Edible/vegetable oils such as olive oil, groundnut oil.

The following is the list of imported items that will become cheaper

- Raw cashew nuts
- Solar tempered glass or solar tempered glass used for manufacture solar panels/modules
- Raw materials, parts or accessories used in making cochlear implants
- Select capital goods and electronics such as ball screws and linear motion guides.

The GOOD, BAD And UGLY



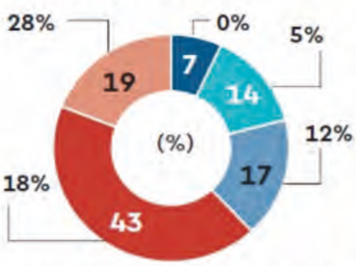
Even before Finance Minister Arun Jaitley would have sat down to work on the annual financial statement of the government of India, he would have been staring at a nearly Rs 1-lakh-crore hole in the accounts. GST tax cuts on over 200 items and anaemic collections in the past two months had resulted in a Rs 40,000-crore shortfall; RBI had delivered Rs 27,500 crore less in dividend than the government had projected; telecom spectrum revenue had fallen by Rs 14,500 crore and thanks to political brouhaha over rising fuel prices, cuts in excise on petrol and diesel had delivered a Rs 13,000-crore blow to the accounts.

THE BUDGET EXERCISE would have started in the context of this huge setback of Rs 94,800 crore to the fiscal. Also, each time the economy has delivered 7, 8 or 9 per cent growth in any quarters barely three years earlier, at least two engines of the economy - exports and private sector investment - were firing on all cylinders. That was not the case this time round. Exports are barely growing at 12-odd per cent monthly year-on-year basic and private investment announcements have halved since 2014-15 to around Rs 8 lakh crore. The other engine of the economy, agriculture has also been sputtering under massive agri distress where farmers are unable to get remunerative prices for their produce.

₹6.75 lakh crore* Required Centre-state GST proceeds in the current fiscal (July 2017-March 2018) in order to be revenue-neutral

*Based on CEA estimate of ₹8.8 lakh crore revenue base of the Centre and states in 2015-16 and assuming 14% annual growth

GST rates and % of taxable items under each rate



India keeps rates on the higher side

Standard GST/VAT rates (%)

European Union	19-25
UK	20
China	17
Australia	10
Canada	5
Singapore	7
Indonesia	10
India	12 & 18
Brazil	42
Japan	7
Malaysia	6
South Africa	14

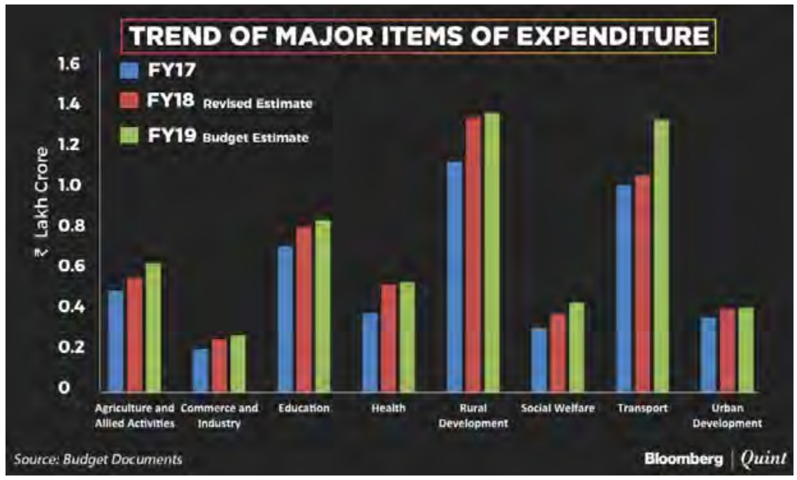
GST rates on CPI basket items

50% Nil	25% 12% or 18%
10% 5%	15% 28%^

^with or without cess

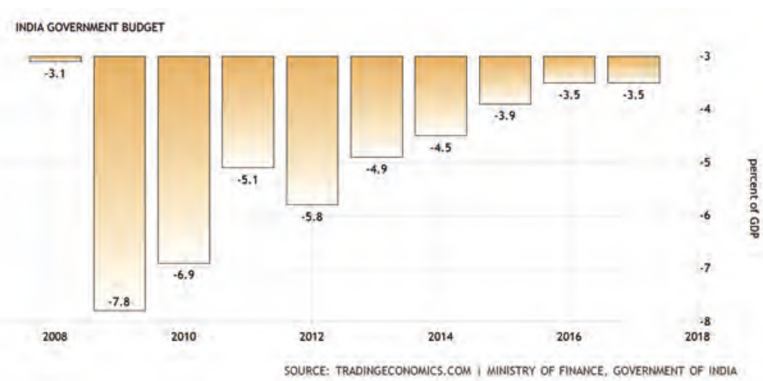
Given that three of those engines of the economy were not firing, the FM's options were limited. He had to take it upon himself to keep the economic engine moving. He had to ensure that the limited resources at his disposal were channeled in a focused manner to create every possible economic activity that would lead to some job growth while he waits for other engines to revive. That he managed to do in focusing all his resources toward infrastructure development, rural, agriculture, social and healthcare sectors was a very judicious use of the resources. That makes it a good move. Never mind that it reflected the government's nervousness after the less than stellar results in the Gujarat elections. Never mind that these were done with one eye on the next general elections.

In its singular focus on the vote bank, has the government taken its eyes off the other pressing needs - exports growth, job creation and reviving private sector investments. Of these, kick-starting private sector investments was way beyond its control. Capacity utilisation in most industries, barring a handful, is



still in the 70-75 per cent range. Even at an ambitious 15 per cent growth, the private sector would only start thinking of reinvesting in no less than 16-18 months. So, it had a great opportunity to create avenues of export growth, push services sector growth since job creation there is rapid and in large numbers and most importantly creating a roadmap for job creation. The government expects that its investment of nearly 6 lakh crore in infrastructure and over 14 lakh crore in rural areas will be able to substantially increase job growth. But even if this investment happens, the job growth may play out far slower than expected.

What makes this Budget ugly is the fact that the government breached the fiscal deficit target of 3.2 per cent and will close the fiscal at 3.5 per cent. Sure, the FRBM allows such latitude up to 0.5 per cent. But this balance sheet will also fail to deliver the 3.2 per cent target next year as well (deficit projected at 3.3 per cent). Not sticking to the fiscal roadmap has consequences. For one, global credit ratings agencies will look at it unfavourably and a lower rating has a bearing on foreign investments. Higher fiscal deficit also raises government borrowings, which in turn crowds borrowings the private sector can take. Besides, it causes inflation and generally leads to the government raising taxes to make up for the shortfall. That's the last thing the government can afford now.



Government to push research efforts in Artificial Intelligence and other key areas for the first time.

“Technologies such as machine learning, artificial intelligence and others are the technologies of the future and NITI Aayog will establish a national programme to conduct research and development in these areas. The Government would invest in this and prepare the country for the technology of the future.”

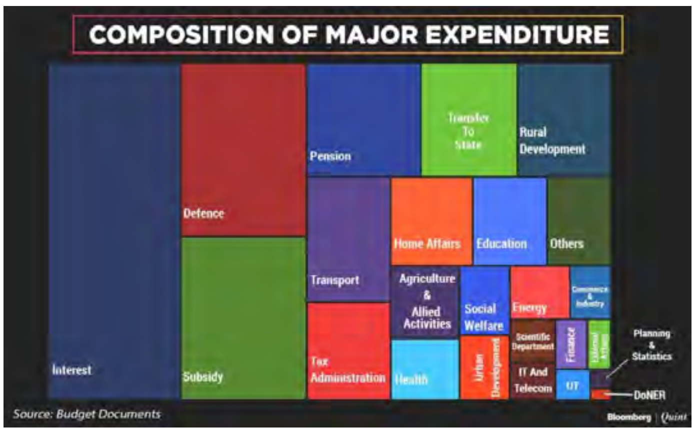
Other than the above, the budget has the following 10 features that the government has experimented for the first time.

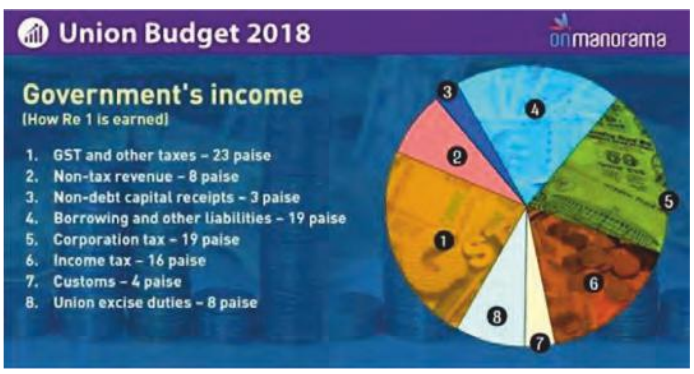
1. Focus on agriculture sector

A renewed focus on this sector is clearly visible in terms of programms announced, ideas exposed and fund allocation.

First is the policy of giving MSP at 1.5 times cost of production of agricultural produce. The budget here makes a policy guideline for the future. Once MSP is increased, it is very difficult to go back. Here, in the budget, the Finance Minister has increased food subsidy bill by Rs 28000 crores to 1.69 lakh crores. Among main heads, the highest growth in budgetary allocation is thus registered by food subsidy. It will be politically difficult to reduce such a subsidy bill in future, once it is given.

The Budget gives higher allocation to several agricultural schemes and also gives extra allocation to agricultural marketing. Strengthening of e-NAM and Gramin Agricultural Markets. Operation Greens, incentives to FPOs, National Bamboo Mission rejuvenation etc are some of the several steps to promote the sector.





2. Ayushman Bharath and the The National Health Protection Scheme

'Ayushman Bharat' initiative under which a National Health Protection Scheme is proposed to give health coverage to poor people is an important step taken by our Finance Minister.

The National Health Protection Scheme is an idea of par excellence as it can give considerable level of health coverage to a family at a time poor people are suffering from lack of income to finance the mounting health bill. In India, most of the health expenses are out of pocket expenditures. Here the successful running of Rashtriya Swasthya Bima Yojana is a big relief and even bigger will be a substantial allocation of Rs 5 lakh/per family/per year proposed under the new scheme. The idea simply created a norm for the future. Here, the budget's mammoth goal of providing Rs 5 lakh health cover protection to 10 crores families covering nearly 50 crores people or around 35% of Indian population is a great idea but its financing side need more elaboration. Though the fund allocation for such a big endeavor is not explained in the budget.

3. Braveheart: infra spending

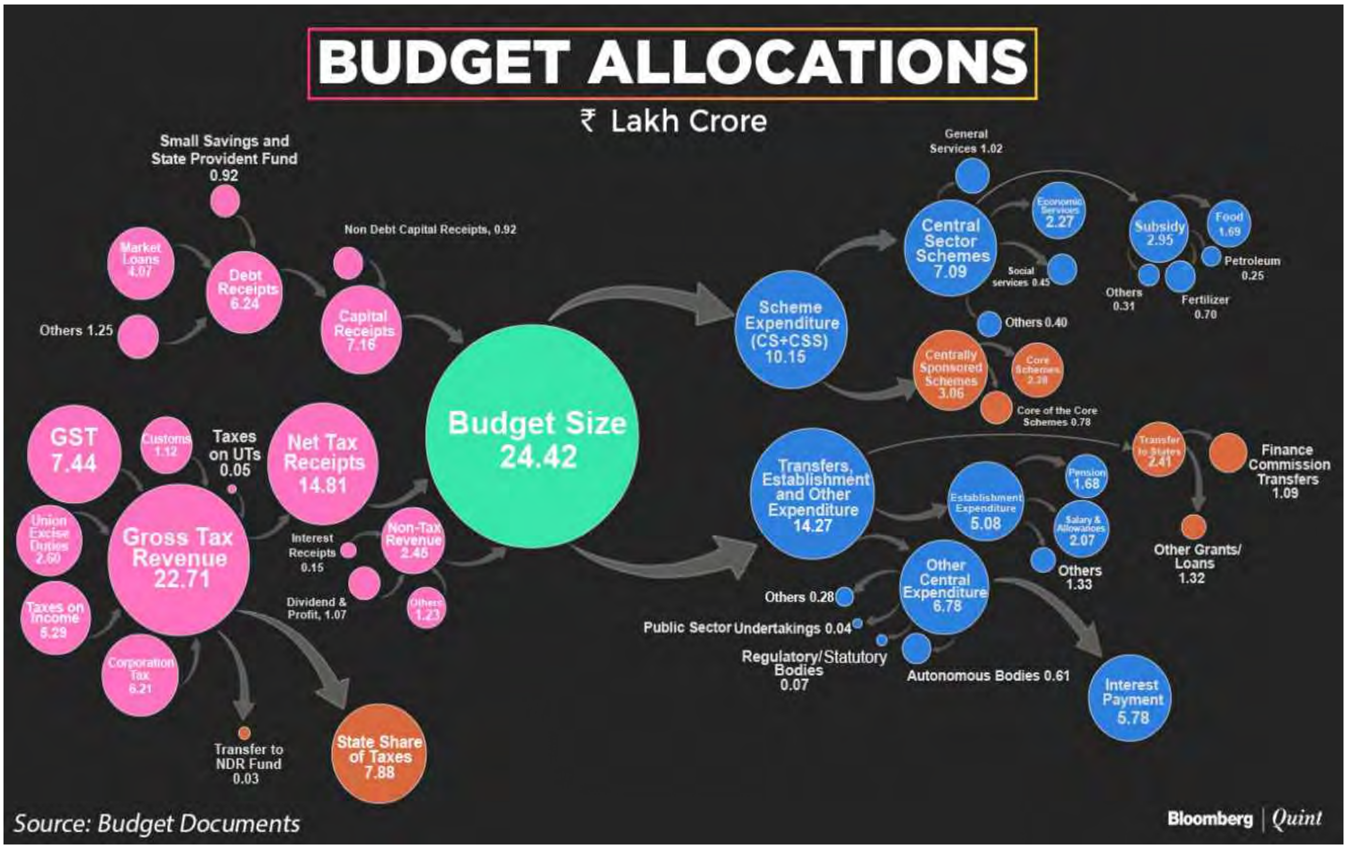
Over the last few years, infrastructure sector is getting neat budgetary support. Here, Jaitley has allocated around Rs 5.57 lakh crores. A major portion of the Railway's capex goes for expanding gauge conversion and bringing up safety infrastructure. Specific allocation for Mumbai and Bengaluru has been made.

4. Overstepping: the rising volume of extra-budgetary allocation

The practice of extra-budget allocation to finance various schemes is an overstepping and its practicability and fiscal implication are controversial. Specifically, the Rs 1 lakh crore funding of the RISE programme in higher education is a glad development as the government has made such a big effort to support the higher education infrastructure generation. But financing of Higher Education Financing Agency through extra budgetary funding may make the programme difficult and unimplementable.

5. RISE is the promising star

Finance Minister makes a vision of moving from black board to the digital board in education. Here, infrastructure expenditure has to be stepped up and the RISE or Revitalising Infrastructure and Systems in Education (RISE) is a welcome step. The programme comes with an allocation of Rs 1 lakh crores in the next four years through Higher Education Financing Agency. It is after 2007 that a major fund allocation is proposed for higher education.



6. Premium on honesty – the Personal Income Tax Revenue

A major development on the revenue side is the rising revenue from personal income taxes. The tax revenue is budgeted to go up by 18% in 2018-19. Its indeed a big estimate given the slow growth rate in the economy. But PIT recorded such a growth rate in the current year as well. The Finance Minister has made a detailed explanation about the logic behind the 18% growth assumption. Number of tax payers expanded and thus the tax base has increased in the last few years. "In financial year 2016-17, 85.51 lakhs new taxpayers filed their returns of income as against 66.26 lakhs in the immediately preceding year."

Tax base expansion is notable according to the FM: "number of effective tax payer base increased from 6.47 crores at the beginning of F.Y.14-15 to 8.27 crores at the end of F.Y.16-17."

7. Used to this: the disinvestment revenue

Revenue from disinvestment was at historical high in the current year registering Rs 100000 crores. In the coming year as well, the FM has made a big target of Rs 800000 crores. The target also shows shortage of tax receipts to finance the expenditure. Using sizable disinvestment proceeds continuously to finance the budget is undesirable in the long run.

8. Derailed subsidy reforms

Where the budget made a backward step is on subsidies. The budgeted subsidy expenditure goes up weighted on food subsidy bill. Subsidy bill grossed to nearly 2.93 lakh crores up from 2.64 lakh crores in the last budget (revised estimate). This is a growth rate of 11% compared to the total expenditure increase of 10%. At a time when subsidy reforms come at the central stage of fiscal reforms, its sizable expansion becomes a step in the backward direction.

9. Reform measures

The Finance Minister comes out with several small reform measures. A policy on Outward Direct Investment will be declared soon and this will help Indian investors who are going abroad to make investment. Another reform measures is shifting to Debt-GDP ratio from fiscal deficit as fiscal discipline target. Such a move was suggested by the FRBM Committee.

10. What makes this budget a social sector plus agricultural sector budget?

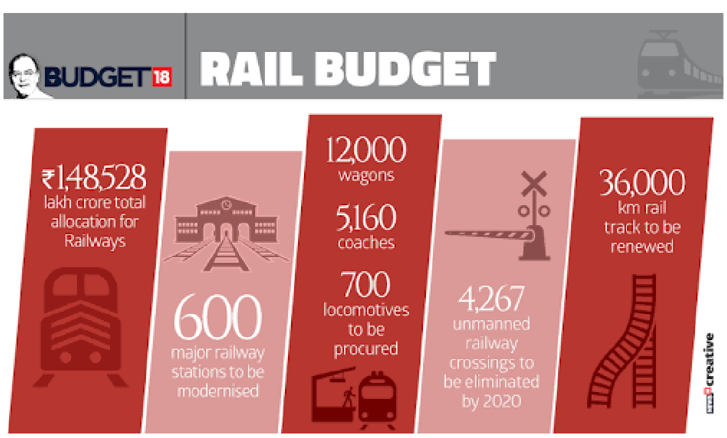
The budget leans towards the rural economy in terms of programmes design and fund allocation from the normal. Nearly 21% increase in food subsidy gives a fair picture about agricultural orientation. Government's intention of ensuring remunerative price including the use of e-NAM and other new initiatives shows the determined effort on the agricultural front. Regarding social sector, the Ayushman sheme, Ujjwala Yojana, the Suabhagya scheme, tax incentives for senior citizens, higher allocation to the NREGS, MUNDRA etc., shows the budget is focused towards agricultural and social sectors.

11. Transport companies

With Jaitley promising record infrastructure, spending on roads and railways, construction and engineering firms, as well as train wagon-producers, could benefit. That includes Larsen & Toubro Ltd, Hindustan Construction Co Ltd, NCC Ltd, IRB Infrastructure Developers Ltd, Dilip Buildcon Ltd, Titagarh Wagons Ltd, and Cimmco Ltd.

12. Railways

- Capital expenditure in the railways sector for 2018-19 is set at Rs 148,528 crore (US$ 23.35 billion).
- 12000 wagons, 5160 coaches and around 700 locomotives will be procured during 2018-19.
- Redevelopment of 600 major railway stations will be taken up.
- Electrification of around 4,000 km of railway tracks is expected to be commissioned in 2017-18.
- Work on eastern and western dedicated freight corridors is under progress.
- A dedicated institute to train manpower required for work on high speed rail projects will be established in Vadodara.



13. Digital Economy

- Budgetary allocation of Rs 3,073 crore (US$ 483.09 million) for the Digital India programme is made for 2018-19.
- A national program will be initiated by NITI Aayog to increase efforts in the area of artificial intelligence.
- Mission on Cyber Physical Systems will be launched by the Department of Science & Technology under which centres of excellence for research, training and skilling robotics, artificial intelligence, digital manufacturing, big data analysis, quantum communication and internet of things will be established and promoted.
- Budgetary allocation of Rs 10,000 crore (US$ 1.57 billion) is made in 2018-19 for telecom infrastructure.
- 500,000 Wi-Fi hotspots will be set up by government to provide internet connectivity to over 5 million rural citizens.
- Every individual enterprise in India will be assigned a unique ID.·

14. Medium, Small and Micro Enterprises (MSMEs)

- A total of Rs 3,790 crore (US$ 596.43 million) has been provided for the MSME sector for credit support, capital and interest subsidy and innovations.
- Formalisation in the MSME sector is happening at a fast pace after the introduction of the Goods and Services Tax (GST) and demonetisation.
- Online loan sanctioning facility for MSMEs will be revamped and public sector banks and corporates will be brought on-board the Trade Electronic Receivable Discounting System (TReDS) platform which will be linked with the GSTN.
- Lending under the MUDRA Yojana is targeted at Rs 3 lakh crore (US$ 47.16 billion). At present 76 per cent of loan accounts under the scheme belong to women while more than 50 per cent belong to SCs, STs and OBCs.
- Additional measures will be taken by the government for growth and successful operation of alternative investment funds.

Urbanization is increasing at a rapid pace, and currently about 30-33% of Indians live in cities. This is estimated to reach upwards of 40% by 2030. The urban population would be about 600 million people at that point.

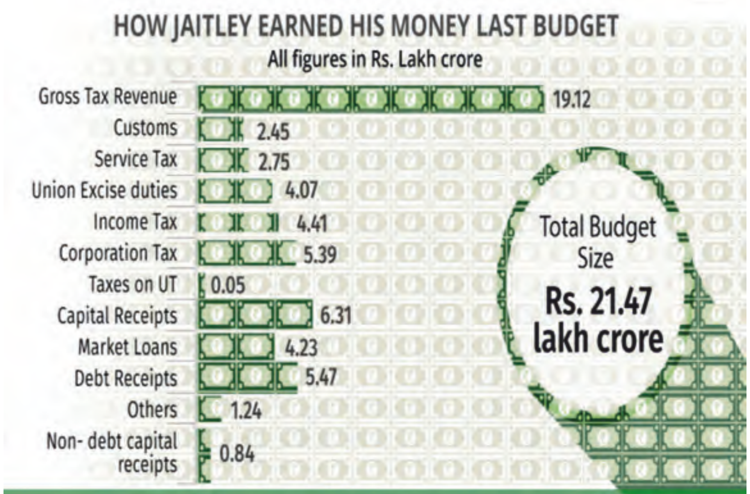
15. Employment Generation

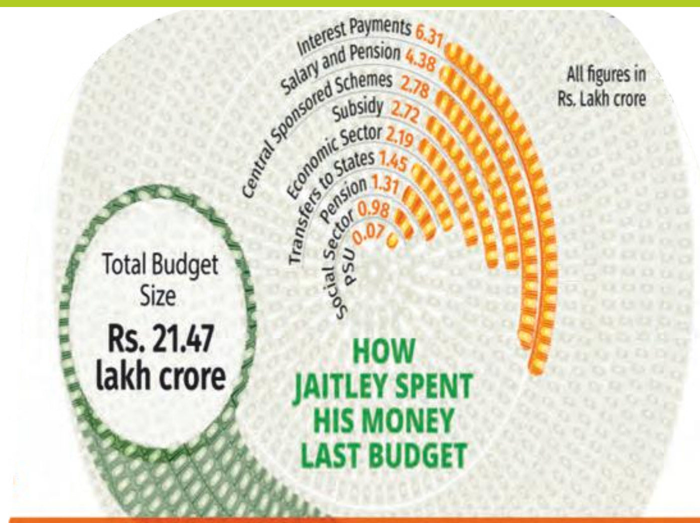
- As per an independent study conducted, over 7 million formal jobs will be created in the country during 2018-19.
- The Government of India will contribute 12 per cent of the wages of the new employees in the Employees' Provident Fund for all the sectors in the next three years.
- As per proposed amendments in the Employees Provident Fund and Miscellaneous Provisions Act, 1952, women employees' contribution to the EPF will be reduced to 8 per cent for the first three years of their employment with no change in employers' contribution. This is done to promote more women employment in the formal sector.
- A model aspirational skill centre is being set up in every district of the country.

16. Infrastructure and Financial Sector Development

- Investments in excess of Rs 50 lakh crore (US$ 786.02 billion) are required in the country's infrastructure to increase the growth of GDP and connect and integrate country's transport network.
- Budgetary allocation for infrastructure is set at Rs 5.97 lakh crore (US$ 93.85 billion) for 2018-19.
- All-time high allocations have been made to the rail and road sectors.
- Through the use of online monitoring system of PRAGATI, projects worth Rs 9.46 lakh crore (US$ 148.72 billion) have been facilitated and fast tracked.
- Under the Smart Cities Mission, projects worth Rs 2,350 crore (369.43 million) have been completed and projects worth 20,852 crore (US$ 3.82 billion) are under progress. A total of 99 cities have been selected under the mission with an outlay of Rs 2.04 lakh crore (US$ 32.07 billion).
- To promote tourism in the country, 10 prominent tourist sites will be developed into iconic tourism destinations
- Around 35,000 km of road construction has been approved under the Phase-1 of the Bharatmala Pariyojana at an estimated cost of Rs 5.35 lakh crore (US$ 84.10 billion).

A Look At 10 Interesting Facts
About Union Budget Of India

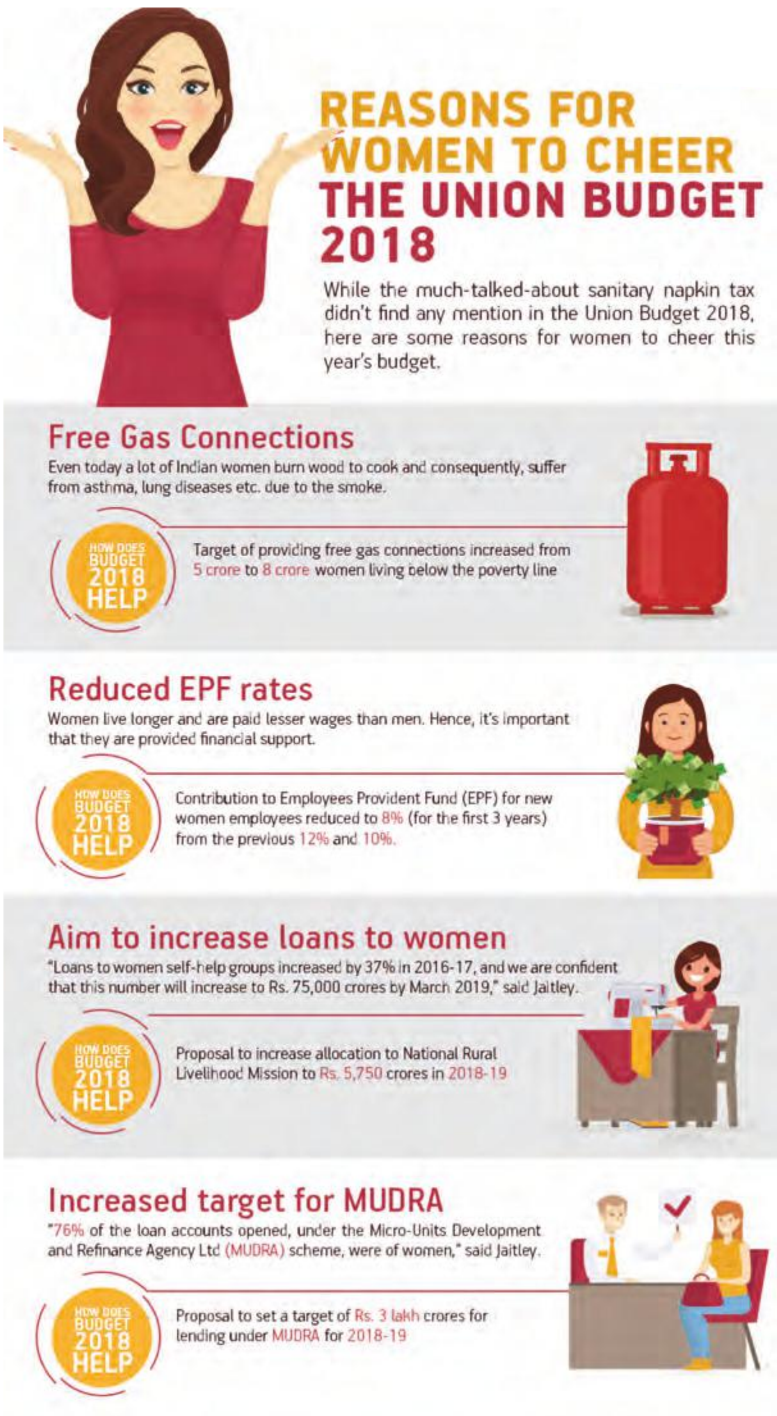




- The first Union Budget of independent India was presented on November 26, 1947 by former finance minister RK Shanmukham Chetty.
- The highest number of budget presentations have been made by former finance minister Morarji Desai. He presented 10 union budgets, followed by P Chidambaram's 9 and Pranab Mukherjee's 8.
- On February 29 in 1964 and 1968, Morarji Desai became the only finance minister to present the Union budget on his birthday.
- After Morarji Desai's resignation from finance minister's post in 1969, Indira Gandhi, the then Prime Minister of India, took over the Ministry of Finance to become the only woman to hold the post of the Finance Minister. She remains the only woman finance minister of India till date.
- About 10-12 days ahead of the budget presentation, a customary 'halwa ceremony' is performed in which large quantities of the sweet dish is prepared for the officers and staff. These officials remain isolated and stay in the North Block while the budget documents get printed. The budget work is performed in full secrecy. The traditional significance is that a sweet should be eaten before beginning of an important work.
- In 1997-98, the Union Budget was passed without any debate, following a constitutional crisis when the IK Gujral Ministry was on its way out and a special session of parliament was convened just to pass the Union Budget.
- The 1997-98 Union Budget, presented by the Finance Minister P Chidambaram, was termed as "Dream Budget" as a number of economic reforms were done including lowering income tax rates, removal of the surcharge on corporate taxes and reduced corporate tax rates.
- Until the year 1999, the Union Budget was announced at 5 pm on the last working day of February. Former finance minister in the NDA government Yashwant Sinha, however, changed the ritual by announcing the 1999 Union Budget at 11 am.
- Till 2016 the Union Budget was presented on the last working day of February. Finance Minister Arun Jaitley, however, changed that tradition in 2017, the Union Budget was presented on February 1 and the tradition is likely to continue.
- Similarly, till 2016, the railway budget was presented a few days before the Union budget. In 2017, however, the railway budget was presented along with the Union Budget, breaking a 92-year-old practice. This year too, the two important budgets will be presented together by Finance Minister Arun Jaitley on February 1.

Reasons For Women To Cheer

Budget 2018 must have been a mixed bag for most people but women found themselves on its good side.



PRIME MINISTER NARENDRA Modi's vision for women empowerment was again reinforced by finance minister when presenting the budget. Not only did he offer free LPG connections to 80 million women below the poverty line, but also lowered women's contribution for Employees Provident Fund (EPF) to eight per cent from 12 per cent earlier.

This means that if a woman, for instance, earns Rs 50,000 per month or Rs 600,000 per annum, she would have to pay Rs 4,000 instead of Rs 6,000 earlier. The take-home pay for her would increase by Rs 2,000 per month or Rs 24,000 annually.

From free gas connections to more closed toilets, and from a health scheme that could create jobs for women to concessions in the provident fund regime, Union Budget 2018 had several schemes aimed at bettering the lives of women.

Gender experts welcomed the proposal but maintained that the government also needs to address the more fundamental issue of increasing women's participation in the workforce.

"As per the NSSO data, women's workforce participation rate has declined by 0.5% per year between 2004-05 and 2011-12. This is because women do a lot of unpaid work, which prevents many of them from joining the workforce," says Indira Hirway, professor of economics at Ahmedabad based Centre for Development Alternatives.

The ambit of government's flagship Ujjwala Pradhan Mantri Ujjwala Yojana has expanded, which seeks to provide free cooking gas to poor rural women, by increasing the number of beneficiaries from 50 million to 80 million. An additional budgetary support of Rs 4800 crore has been earmarked for the scheme in the budget.

Padmini Swaminathan, visiting professor, Council for Social Development, Hyderabad said the inclusion of 30 million more women under the scheme was a positive step but added that the government has to also address gaps in the scheme.

The fund allocation for the women and child development (WCD) ministry saw an increase of 16.3 % — from Rs 21,236 crore in 2017-18 to Rs 24,700 crore in 2018-19.

"What is the point of expansion unless we know the reasons for poor outcomes in several parts of the country and relatively better outcomes in other?" she asked.

The fund allocation for the women and child development (WCD) ministry saw an increase of 16.3 % — from Rs 21,236 crore in 2017-18 to Rs 24,700 crore in 2018-19.

Beti Bachao Beti Padhao, another one of Prime Minister Narendra Modi's pet programmes, saw an increase in fund allotment from Rs 200 crore in 2017-18 to Rs 280 crore. The increase in allocation is a positive sign but the government needs to ensure that the schemes are implemented properly.

An increase in the allocation of National Rural Livelihood Mission to Rs 5,750 crore in 2018-19; a large portion of this goes towards providing loans to women Self Help Groups (SHGs).

More money to take home

Lower EPF mandatory deductions from 12% to 8%

Earlier 12% of your basic salary used to be deducted and deposited EPFO account, now that's reduced to 8%. Which means more money will be left in hand of the women employee. However, the employer will still remain same, without much impact on your total retirement savings. But this is only for new joiners.

Wellbeing

Free gas connections

3 crore families got free LPG in 2017, this budget will increase the numbers to

FM announces lower PF contribution of 8% for women employees

The move will aid women in taking more money home besides encouraging them to join the formal employment sector.

Women workers' contribution towards EPF will be reduced to eight per cent for the first three years, without employer's contribution being reduced. This will allow more women to get into the formal economy.

Additionally, the government will contribute 8.33 per cent to EPF for new employees for three years and 12 per cent EPF in sectors employing a large number of people.

8 crores families. This targeted to provide free LPG to families and women in need. This is really very positive move to improve the cooking conditions of many rural women.

More Money for women self-groups

Finance ministers had promised to allocate more funds for women self-groups. This is been an effective mode of helping women to get micro finances and research also mentions the best way manage NPA.

Women entrepreneurs

More fund for MUDRA

The central govt's MUDRA YOJANA is a scheme provides booster loan for first-time entrepreneurs from 10 lakhs – 50 lakhs with no collateral security. Interestingly 76% of beneficiaries are women. This budget has announced to allocate additional Rs 3 lakh crores. This means more entrepreneurs will get benefitted. Maybe time to think to start something of your own.

Make in India!!

Imported goods to get more expensive

To support Make in India imported mobile phones, cars, television sets, gold, silver, diamonds, gemstones, perfumes, silk and imitation jewelry, among others, will get expensive. So watch out before you pay... make consider Make in India ones.

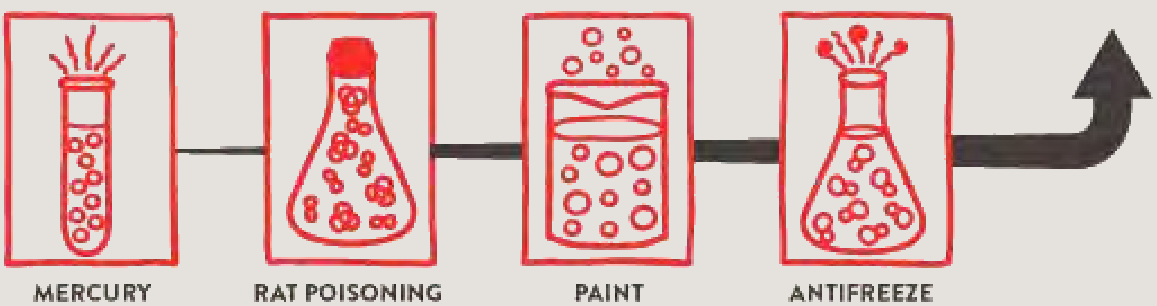
FIGHT THE FAKES

SPEAK UP ABOUT FAKE MEDICINES

VISIT FIGHTTHEFAKES.ORG

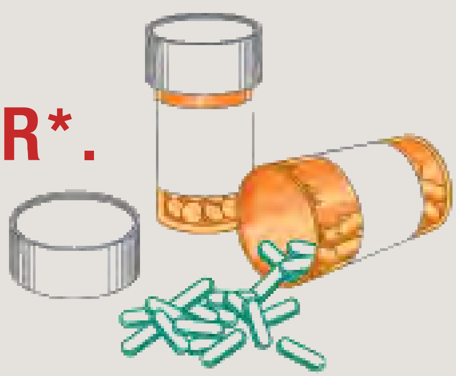
FAKE MEDICINES HARM – NOT HEAL

There are a lot of shady ingredients found in fake medicines that are directly responsible for serious disability and even death. This includes poisons such as mercury, rat poison, paint and antifreeze.



Fake tuberculosis and malaria drugs alone are estimated to

KILL 700,000 PEOPLE A YEAR*.



*International Policy Network

ARTIFICIAL INTELLIGENCE

Augmenting The Budget

NITI Aayog to initiate a national programme on Artificial Intelligence

UNION BUDGET 2018 brought forth many announcements. But, an unexpected, albeit a significant one, was regarding the establishment of a national programme to direct efforts in the area of Artificial Intelligence (AI). Now, that's a welcome initiative!

Running high on the momentum of 'Digital India', the government also doubled allocation to this programme to $480 million in 2018-19, deciding to invest heavily in research, training and skill development in technologies such as AI, digital manufacturing, robotics, Quantum communication and Big Data intelligence, 3D printing, Blockchain, Machine Learning and Internet of Things.

Niti Aayog, the nation's think-tank and premier policy-making body, has already been emphasising the role that new technologies will play in the development of the economy.

Earlier this month, highlighting its achievements since the three years of its formation, it mentioned that it has been working on initiatives to put Indian on the global map with regards to AI, and develop a robust ecosystem to promote it in health, education and agricultural sectors.

Niti Aayog is already in advanced stages of launching a National Data and Analytics Portal to facilitate training and dataset sharing between different organisations for AI-related applications.

These initiatives speak about the government's focus on improving the ease of doing business, as well as making the lives of people simpler. The government seems to have reflected deeply on the findings of the Carnegie India report titled 'India and the Artificial Intelligence Revolution' which highlighted that:

- India needed to view AI as a critical aspect of its national security strategy.
- It must foster AI innovations and set up AI-friendly infrastructure to prepare India's job and skill markets for AI-based future.
- With China, the US and South Korea making tremendous advances in AI, it was high time that India had a strong AI policy in place to benefit from AI revolution.

If we consider an Accenture report, AI holds the potential to add $957 billion to the Indian economy, thereby increasing its yearly growth rate of Gross Value Added (GVA) by 1.3 percentage points, and also boosting the nation's income by 15 percent in 2035. However, AI development in India is still lagging behind many other G20 countries. This report also highlighted the need to have a national AI policy.

Perhaps, these are the reasons why AI received exclusive mention in Budget 2018. Let's take a look at what positive outcomes the national programme on AI research and development could bring.

Startups

Currently, India is home to nearly 5,200 tech startups as per the last Nasscom Startup Report. These startups are changing the face of Indian industry, be it agriculture, e-commerce, financial services, education, automobiles, logistics, health or manufacturing. India is the world's fastest-growing startup ecosystem and riding high on the wave of technology. The announcement in the Budget will go a long way in providing the necessary AI support required by startups to up their game.

Job creation

Unlike the common belief that AI will snatch jobs from humans, it will actually create new jobs. A Gartner study shows AI will create 2.3 million jobs while eliminating 1.8 million by 2020. All economies across the world, including India, need more AI professionals. Currently, more than 800 companies are working on, or are deploying AI, there are 29,000 AI professionals and there are around 4000job openings in AI in India. Given that 70 percent of Indian companies will leverage AI by 2020, it is likely to create more demand for AI professionals. The AI is expected to change the job landscape in the next few years, so India needs to prepare its workforce with adequate skills. The national programme on AI can address this demand-supply gap effectively.

Make in India

The government's flagship programme 'Make in India' has been receiving a fiscal push ever since it was launched. The production capabilities can strengthen with AI-assisted technology. A PwC report in association with ASSOCHAM India states,

AI augmented manufacturing operations can employ more reliable demand forecasting, a flexible and responsive supply chain, quicker changes in operations, and more accurate scheduling and inventory optimisation. Other benefits involve the creation of smarter, quicker and environmentally sound processes.

The enhanced R&D efforts could help develop innovative processes to change the face of the Indian manufacturing sector and train low-skilled labour for advanced and strategic tasks.

Quality of life

From healthcare to agriculture, AI is expected to improve the quality of life of people. Many companies have already launched a few such products. For instance, Tata Rallis uses AI-powered drones to administer pesticides by harnessing data on crop health and soil conditions to increase output.

A startup named NetraDyne is using AI to improve road and driver safety. Another startup called Zenatix provides IoT-based energy monitoring and control products for energy efficiency and savings. IBM Watson has partnered with the Indian government to develop AI models that could create smart cities. India's Smart City Programme aims to create more than 100 smart cities by 2020 which calls for fast implementation and AI could support it aptly regarding technology.

Full I-T e-assessment from this year; CBDT forms committee

The government is set to roll out a pan-India "faceless and nameless" e-assessment procedure for income tax payers from 2018+ with the CBDT, constituting a high-level committee to prepare a quick roadmap for the implementation of this ambitious proposal.

The deadline of February end to the committee is an indication that the government and the CBDT want to usher in this new regime from the first half of the new year.

The CBDT has been running a pilot project in a few major cities and has been testing the feasibility of implementing this new regime of tax assessment for the last few years.

The initiative was launched to reduce visits by taxpayers to I-T offices and their interface with the taxman, thereby curbing corruption.

"As such, there is an imperative need to re-deploy the available manpower in the light of the proposed e-assessment," the CBDT order said.

PTI has accessed the CBDT order.

The terms of reference of the committee are to propose the new deployment of manpower in view of the implementation of e-assessment; to propose modalities and stages of re-deployment of manpower from existing stations and to recommend the requirements of additional manpower and infrastructure, if any, in the light of this new initiative.

The committee will also "recommend distribution of manpower between assessment units, investigation wing and DG Systems (the technical wing of the CBDT) in view of the new areas assigned to the investigation wings in matters related to Operation Clean Money", launched by the government to check black money post demonetisation.

A blueprint prepared by the CBDT earlier this year had said the number of income tax payers opting for paperless assessment, under the pilot project, rose by 78 per cent over the last three years.

An official CBDT statement issued at the conclusion of the two-day 'Rajaswa Gyan Sangam' conference (national meeting of top tax officers of the country), held here this year, had said the government wanted I-T assessing officers to "be encouraged to maximise e-assessment in a phased manner and to ensure that work be completed online so that there is complete transparency."

Prime Minister Narendra Modi, who had inaugurated the conference, had also asked I-T employees to create an environment that instills confidence among honest taxpayers and uproots corruption.

All I-T department related proceedings would henceforth be conducted online.

A new link — e-proceeding — was recently hosted by the department on the personal login of the taxpayer on the e- filing website.

The new regime of e-communication will, however, be voluntary and taxpayers can take a call on whether to conduct their dealing over the e-system or through the existing procedure of manual submissions of documents by visiting the tax office.

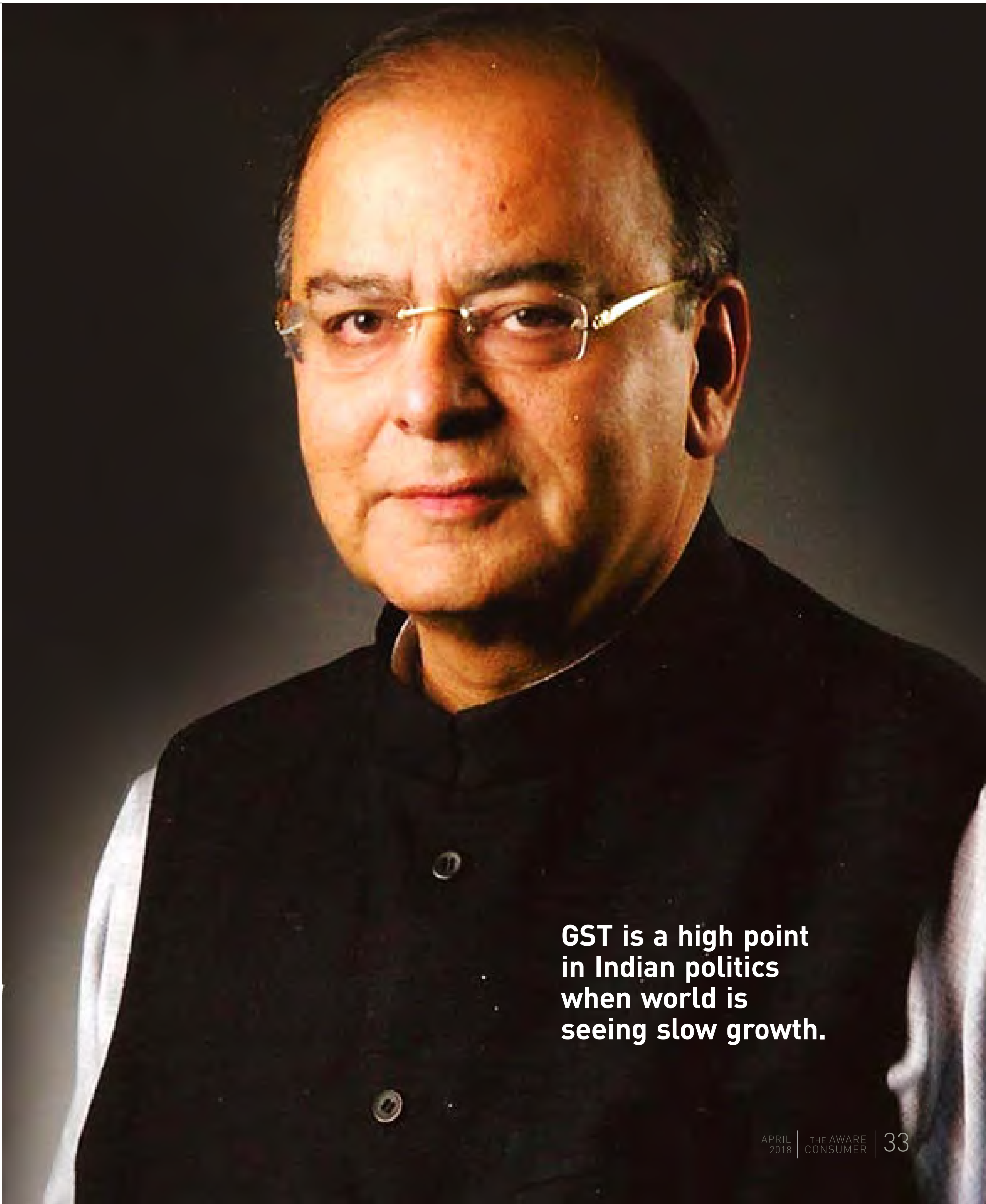
Once taxpayers register on the web portal, they will get a confirmation as a text message and an email on their registered mobile number and email ID, indicating success.

AI and other technological advancements heralds growth for the Indian economy. We need not fear it, rather embrace it in a way that it makes our way of living intelligent, helps us to focus on creativity and innovations, and propels our country towards a technology-driven path. The announcement on AI and technology in Budget 2018 is just a step ahead in that direction.

Interview with Finance Minister Mr. ARUN JAITLEY

Finance Minister Arun Jaitley emphasised that the Budget has the capability for job creation. On the fiscal situation, he asserted that the government may be theoretically facing a slippage, but the commitment to glide path remains. Jaitley also said introduction of long-term capital gains tax will worry big investors only. Edited excerpts:

> **"The direction we've put the INDIAN ECONOMY on, is going to be the direction on which we will continue."**
>
> *– Arun Jaitley*


GST is a high point in Indian politics when world is seeing slow growth.

Q This is the first time you have slipped meeting the fiscal deficit target. How do you explain this slippage and what would be the year-wise roadmap for the fiscal consolidation programme going forward?

You can theoretically use the word “slippage”. But essentially it is substantially statistical. This being the first year of the GST, this factors in only 11 months of GST. So, because of this, I am inherently Rs 36,000 crore short since the 12th month is not there.

Besides this, I was across the year running short as far as non-tax revenue is concerned, where I was short due to some dividends, early part of the year the economy was moving slowly, it has picked up recently. I was also running very short because the spectrum auction was deferred and there was pressure on the telecom sector, the RBI dividend itself was down. I have covered a large part of that through higher direct tax, through record disinvestment but some part of that remains. The main contributor to this — it should have been 3.2, but it is 3.5 — the .3 difference a large part of this is statistical since one-month of GST is in this.

As far as the future roadmap is concerned, despite expanding expenditure, I have predicted 3.3 for next year. I foresee 3.1 for the year after and then 3.0. So I think the glide path which has consistently been my commitment will certainly remain. This year, you can call it an aberration partly because of structural reforms and substantially because of this statistical switchover.

Q You have taxed the rich. You have not reduced the tax for big companies. You have imposed long-term capital gains tax on gains above Rs 1 lakh and you have given relief to smaller companies. Could you tell us about your taxation philosophy?

I firmly believe and I said right in the beginning that my eventual roadmap is to bring down corporate tax to 25 per cent and that's also because of competitive reasons. There are countries that are bringing it down to 15 per cent, 18 per cent, 20 per cent, and therefore we are now competing with countries where investors have a choice. Last year, I took the first step that small companies up to Rs 50 crore turnover (would be taxed up to 25 per cent). This time I have taken it up to Rs 250 crore, which means the entire small, medium and upcoming sector are covered in this. I am gradually moving upwards.

Of the six hundred thousand companies which are filing returns, today 5.93 lakh companies I have covered. The 7,000 big companies are out of it, yet. I am not saying they will always be out of it, it has always been out of the roadmap. But, these 7,000 companies are those who actually avail of all the exemptions and they are actually paying 22-23 per cent tax. In effect, these 7,000 companies are paying less than 25 per cent. I had coupled it with a suggestion that the exemption will eventually go. I can't suddenly remove the exemption because they have a sunset date. One expires five years from now, another seven years from now. So as the sunset keeps approaching, we will keep doing away with the exemptions.

Last year, I took the first step that small companies up to Rs 50 crore turnover (would be taxed up to 25 per cent). This time I have taken it up to Rs 250 crore, which means the entire small, medium and upcoming sector are covered in this.

As far as long-term capital gains are concerned, if you looked at figures I quoted in my Budget speech last year, Rs 3,67,000 crore is the profit that the large companies and large investors have earned. They could be international investors or domestic, mostly corporate and LLPs (limited liability partnerships). These are wealthy people who brought in investment into the equity market, they earned such huge amounts and not a rupee of tax is paid. Is it equitable that Rs 3,67,000 crore is what you earn in a year and don't pay tax? And therefore somebody had to bite the bullet and someday I had to be bitten. And I think this was the most appropriate moment for it. I think the investors also knew that sooner or later that is coming but I wanted to be fair to them. I did not want to commit the mistakes that my predecessor had done, which was putting anything that could have a retrospective effect.

Q There is a question about the securities transaction tax ...

There is a legitimate question whether the two should overlap or not. Let us see how we proceed with this. Let's see how the first year's collections are and as it picks up, we can take a call on this later.

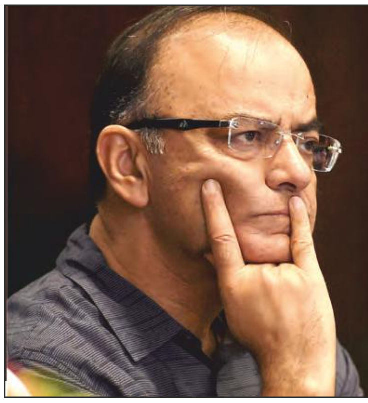
Q It is being said that this is an election budget. What do you have to say about that?

I am not linking this Budget with the elections at all. If you look at our economy, our services sector is steady and doing well. The manufacturing sector has seen improvement in the past few months. So it is natural that you take into consideration the weakest link in the economy. There was a country-wide worry about farming. So, to double the farmer's earning, we are focusing on giving them irrigation facilities, clean toilets, better roads, houses, electricity supply and health facilities and ensure that they get the correct rates of their produce. There is a notion that if we forgive the loans of farmers, that will solve all problems. But it may recur after two years. So, we are trying to boost revenues from farming and gair krishi (non-farming) sectors.

Another sector where we have given importance on is the social sector. Ujwala Yojana was successful, so we enhanced its allocation. In relation to your first question, agar humlog uss saadan ko healthcare mein laga sakte hain (if we put that money into healthcare), then of the 25 crore families in the country, of which 10 crore are the poorest, will have an insurance card each, and will be able to avail treatment worth Rs 5 lakh in any hospital. If we can do this, it could set an example for the world that whether Obamacare was successful or not, Modi care certainly was successful.

Q WHAT DO HAVE TO SAY ON 'MODICARE FUNDING' AND ITS DELIVERY?

This will be a government-funded scheme. This is a country where there was no social security. It (Modicare) is a leap in the direction of social security. You have put 0.1% cess on income



We want to discourage people on bitcoin and a government committee is deliberating on it. Gold is an idle asset, present in the economy half in the form of jewellery lying in bank lockers and the other half in raw form and does not affect productivity of the country.

tax, which means the 3% has been changed to 4% with a 1% surcharge which will have a marginal 0.3% impact. We can use the long-term capital gains and these resources to help increase farm income and provide healthcare.

This means that the money you are collecting from the public is being used to provide healthcare to the weaker sections. If through government means, the wider the base the cheaper will be the insurance premium because not everyone in every family has to be hospitalised every year, but only during a crisis. So every family should have an insurance card's insurance premium will be pre-paid by the government along with a list of both private and public hospitals that can be availed of. The health ministry will work on the details and roll it out as soon as possible.

Q IT IS BEING WIDELY SPOKEN BY PEOPLE THAT THE MINIMUM SUPPORT PRICE IS A SHORT TERM FIX. IS THIS TRUE?

Higher food prices have an effect but so do a lot of other things. And in this country, in the past, inflationarylevels have always been very high and today the situation is such that inflation can be contained within 3-4%.

MSP will not solve all the problems of the farmers, but it is an important pillar of it. I have specified several plans in this budget to increase the non-farming incomes for farmers and how we can increase their incomes.

Q The middle-class is complaining about the absence of any relief for them in the budget. How would you defend that?

Last year, entry point rate was brought down from 10% to 5% of income tax. So it must be remembered that India is the only country in the world where 5% income tax exists. It's the lowest slab in the world and it is not possible to reduce it further. Second, I chose three categories in such a way that those who were in need of tax relief this year and who fall in the middle-class bracket (benefit).

First, the entire salaried class which also includes the pensioners amount to nearly 2.5 crore people; for them I have restored Rs 40,000 as standard deduction and the reason for this is that the other individual taxpayers such as business (people), professionals, can adjust their expenditures in their own accounts. The salaried people have no such room to do so and hence this step was taken to provide them relief.

Secondly, senior citizens have complained that interest rates have been dropping and for the economy to move forward, it is important to reduce interest rates too and they were suffering because of it. I have not touched the interest rate of small savings and kept it constant at 8.3%....The interest they earn on up to Rs 50,000 has been made tax free. A relief of upto Rs 50,000 has been given on the expenses of their medicines; if they are hospitalized, they will be given a relief of upto Rs 1 lakh.

In the salaried class, we have included women as well because there is no separate category for women in taxation. The standard deductions that have been offered will include women as well.

The third category belongs to businesses...all SMEs (small and medium enterprises)– all businesses (with a turnover) less than Rs 250 crore – should corporatize themselves and conduct transparent businesses and their tax slabs will automatically reduce...

Q International crude oil prices are on a rise and the budget doesn't seem to have addressed this issue....

If you go into the details of the excise duties, one of the duties has been changed to a cess to balance the central revenues because after GST, the central revenues were taking a hit and the decline that you notice is because the duty becomes a cess. Ideally India would be very comfortable with a price of about $60 (per barrel) and even if it moves up to the present level, it's a shock we will try and absorb though it has an inflationary impact. Until now, we are bearing the shock.

Q What is your take on Bitcoin and gold?

We want to discourage people on bitcoin and a government committee is deliberating on it. Gold is an idle asset, present in the economy half in the form of jewellery lying in bank lockers and the other half in raw form and does not affect productivity of the country. People can monetize it or use it so we introduced gold bonds or schemes but we have not received as much response as was anticipated so I gave an indication of making gold monetisation more attractive in this budget.

Amway™

DIGITAL BHARAT. DIGITAL AMWAY.

#AbRuknaNahinHai

50,00,000
NEFT transactions
processed to Amway Direct Sellers in a year

ItzCash possibilities unlimited

Partnership with ITZ prepaid cards
Forged a partnership with ITZ prepaid cards six years ago to digitise cash transactions

ATM

ATM enabled purchases
Bank ATMs enrolled for Amway product purchases

95% collections went digital
in November, including 3,00,000 active orders processed via debit, credit, ITZ pre-paid cards & Net Banking

NACH PRODUCT

NACH enabled product purchases
in the North-East

AADHAAR

Mandatory KYC
Bank account and Aadhaar KYC made mandatory for appointment as an Amway Direct Seller

100% digital payments
100% of vendor and employee payments happen digitally

Amway India's state-of-the-art manufacturing facility in Nilakottai, Tamil Nadu.

Customer Satisfaction 100% or Money Refunded

Join us on facebook@ /amwayindiaofficial or follow us on twitter@ /amwayindia

For more details; please visit us at www.amway.in

Pyush Misra
Director
Consumer Online Foundation

On A Lighter Note

Time of Budget announcement

Until the year 1999, the Union Budget was announced at 6:00 pm on the last working day of the month of February. This practice was inherited from the Colonial Era, Another reason was that until the 1990s, all that budgets seem to do was to raise taxes, a presentation in the evening gave producers and the tax collecting agencies the night to work out the change in prices. It was Mr.Yashwant Sinha, the then Finance Minister of India in the NDA government (led by Bharatiya Janata Party) of Atal Bihari Vajpayee, who changed the ritual by announcing the 1999 Union Budget at 11 am.

Date of Budget announcement

Also again in 2017, departing from the colonial-era tradition of presenting the Union Budget on the last working day of February, Minister of Finance (India) Arun Jaitley, in the NDA government (led by Bharatiya Janata Party) of Narendra Modi government announced that it will now be presented on 1 February. [13] Additionally Rail Budget, presented separately for 92 Years, merged with union budget.

What's the Good Word

For his government's last Union Budget before the Lok Sabha elections, Finance Minister Arun Jaitley prepared a 17,991-word speech that he tabled in Parliament.

If the frequency of words used by the finance minister is any indication about the priorities of the Narendra Modi government, farmers - who also constitute the largest chunk of voters - top the list.

However, Jaitley used word 'tax' 116 times, 'infrastructure' 65 times and health 39 times. He also used word 'women' 13 times and 'jobs' only on six occasions, same as 'youth'.

Here is a comparison of key words used by Arun Jaitley in his Union Budget 2018-19 with previous budget speeches.

FARMERS

No Union Budget speech can afford to forget the farmers, not only because they feed the nation but also because they constitute the biggest vote bank and the largest number of people depend directly and indirectly on agriculture.

This year, Jaitley used 'farmers' the highest number of times compared to his previous four budget speeches.

2014: 15
2015: 7
2016: 29
2017: 23
2018: 30

WOMEN

The ruling party can't ignore half your voters. It says 'thank you' when they vote (2014) and remembers them again when another round of elections looms (2019).

2014: 11
2015: 6
2016: 6
2017: 12
2018: 13

POOR

They are the bread and butter of politics. They need some buttering up before every polls. They were referred to the highest number of times by Arun Jaitley in Union Budget 2018.

2014: 4
2015: 13
2016: 10
2017: 15
2018: 21

DIGITAL

Having moved from demonetisation, Arun Jaitley used the word 'digital' less frequently in Union Budget 2018 compared to Budget 2017 but still higher than his previous ones. The government still pushes for greater digitisation of records and financial transactions.

2014: 5
2015: 5
2016: 8
2017: 16
2018: 12

HOUSING

In 2014, the Budget was about weaving housing-for-all dreams and 2017 was more of a fire-fighting to save the note ban-hit real estate sector. But, with real estate showing some signs of improvement, Jaitley could relax.

2014: 21
2015: 2
2016: 13
2017: 18
2018: 7

ECONOMY

When Jaitley presented his first Union Budget in 2014, word 'economy' appeared 28 times in his speech. Its frequency climbed to 36 in 2017 but came down to 21 in Budget 2018.

2014: 28
2015: 14
2016: 17
2017: 36
2018: 21

YOUTH

Prime Minister Modi keeps saying that India is a nation of youths. But Jaitley's Budget speech mentioned 'youth' only three times.

2014: 7
2015: 9
2016: 6
2017: 10
2018: 3

JOB

Like 'youth', 'job' must also have felt a bit ignored in the Union Budget 2018 speech of Arun Jaitley. It was pronounced only six times, same as the last year, when critics and even supporters of the Modi government expressed concerns over lack of job creation.

2014: 10
2015: 14
2016: 10
2017: 6
2018: 6

SKILL

Industry has a constant complaint that Indian youths are not adequately skilled for the fast-changing technology. In Union Budget 2018, 'skill' found mention on a dozen occasions, second highest in all the Modi government budgets.

2014: 9
2015: 11
2016: 13
2017: 9
2018: 12

HEALTH

Health is never a political crisis but a scheme here and another there keeps everyone happy. However, Jaitley's Budget 2018 gave a strong push to health sector by referring to the word 'health' 39 times.

2014: 11
2015: 12
2016: 14
2017: 8
2018: 39

EDUCATION

Education is like health: a scheme a year keeps the parents happy. It appeared 43 times.

2014: 12
2015: 19
2016: 12
2017: 10
2018: 43

INFRASTRUCTURE

After having been in focus in first Jaitley Budget in 2014, 'infrastructure' went out of favour in the next three budget speeches of the finance minister. But it registered an over 400 per cent growth year-on-year to find mention 65 times in Union Budget 2018 speech.

2014: 33
2015: 25
2016: 19
2017: 15
2018: 65

TAX

With the rollout of GST, it was expected that Jaitley's budget job had become less taxing. But the use of word 'tax' would give a contrasting impression. 'Tax' appeared in Arun Jaitley's Union Budget 2018 speech a maximum 116 times.

2014: 84
2015: 86
2016: 97
2017: 80
2018: 116

For record, Arun Jaitley used Prime Minister Narendra Modi's name 14 times in his Union Budget 2018-19 speech.

How Your Money Will Be Impacted

While this year Union Budget was a mix bag of both expectations and a few surprises, we list out a few broad points which will have an impact on how you save, invest, borrow, and insure.

IN THE LAST Union Budget before the general elections, the central government decided to focus on something that's never got its due in the past: Healthcare. Many developed countries provide free healthcare to their citizens. India lagged them. This year's Budget gave a big boost to the healthcare and focused at addressing the anxiety and trauma of people who cannot afford expensive medical services.

While this year Union Budget was a mix bag of both expectations and a few surprises, we list out a few broad points which will have an impact on how you save, invest, borrow, and insure.

Capital gains- a dampener

Budget Announcement: The long-term capital gains on equities were exempted from tax. The Budget this year introduced a 10% LTCG on equity investments.

Deduction: The Indian markets continue to have great long-term prospects with projected economic growth pegged at 7-8% per annum. If you're an investor looking for long-term returns, you should not pull out and remain invested. If you're a mutual fund investor, you're still using the best savings instrument there is and will continue to earn long-term returns better than most asset classes. The introduction of the LTCG should not change your long-term outlook.

More CPSE investments, gold monetization revamped

Budget Announcement: PSU ETFs – namely the CPSE ETF and the Bharat 22 ETF – have helped the government's disinvestment goals as well as gaining the favour of the investor. More ETFs have now been announced along the lines of the CPSE and Bharat 22 ETFs. Jaitley also announced a debt ETF. Gold monetization scheme will also be revamped.

Deduction: The government has set itself a disinvestment target of Rs. 80,000 crore for 2018-19. The CPSE and Bharat 22 ETFs have received excellent responses from retail investors in the past who can purchase equity in some of India's biggest, most iconic companies. As for gold monetisation, it's a good overall push for those wanting to invest in gold-based schemes thus prevent liquid money from being spent on physical gold

Housing For All

Budget announcement: The government announced the construction of one crore houses in rural areas under the Pradhan Mantri Awas Yojna Rural. In urban areas the

assistance has been sanctioned to construct 37 lakh houses. The government will also establish a dedicated Affordable Housing Fund (AHF).

Deduction: The government has set itself a target of 1 crore new homes under the PMAY. This would provide further impetus on home buying both in urban and rural areas, though the caps on interest rate subsidies haven't been raised. What remains absolutely important is the implementation as the PMAY continues to lag the targets it has set for itself.

Ayushman Bharat Programme

Budget announcement: The government announced steps to address healthcare holistically, in primary, secondary and tertiary care system covering both prevention and health promotion. It announced National Health Protection Scheme, the world's largest government funded healthcare programme that will provide up to Rs. 5 lakh per family per year for secondary and tertiary care hospitalisation. The Budget also allocated additional Rs. 600 crore to provide nutritional support to all TB patients at the rate of Rs 500 per month for the duration of their treatment.

Deduction : Health concerns are big in India. According to RBI's Tarun Ramadorai Committee report on Household Income, a single hospitalisation can drive families—especially poor ones—into crippling debt, and a health insurance can augment the household income by as much as 2%. Now the government will pay a large price for the healthcare of the poor and the vulnerable sections, and will be to the benefit of crores of Indians. Additionally, the mediclaim allowance of Rs. 5 lakh for 10 crore families will create huge awareness about medical

insurance just as Jan Dhan did for savings and banking. Rural India lags on accounts of healthcare affordability and quality. But the healthcare programme will complement the push to reach out to more people in the lower income segment through the PM Jeevan Bima Yojana and Suranksha Yojana.

Personal tax slabs

Budget Announcement: The government announced no change in the personal tax slabs saying that the Government had made many positive changes in the personal income-tax rate applicable to individuals in the last three years.

Deduction: We've had middle-class budgets in the previous years. This year, the government focused on the urgent needs of

Latest Income Tax Slab Rates for FY 2018-19 (AY 2019-20) (www.basunivesh.com)			
Income Slab	Individuals (Aged below 60 Yrs)	Senior Citizens (Aged 60 Yrs and above but below 80 Yrs)	Super Senior Citizens (Aged 80 Yrs and above)
Up to Rs.2,50,000	Nil	Nil	Nil
Rs.2,50,001 to Rs.3,00,000	5%	Nil	Nil
Rs.3,00,001 to Rs.5,00,000	5%	5%	Nil
Rs.5,00,001 to Rs.10,00,000	20%	20%	20%
Rs.10,00,0001 and above	30%	30%	30%

the poor, vulnerable Indian. These measures will help tens of crores of Indians.

For the salaried class

Budget Announcement: In a major move to provide relief to salaried taxpayers, the government allowed a standard deduction of Rs. 40,000 in lieu of the present exemption in respect of transport allowance and reimbursement of miscellaneous medical expenses. This decision to allow standard deduction shall significantly benefit the pensioners also, who normally do not enjoy any allowance on account of transport and medical expenses.

Deduction: The standard deduction effectively only means Rs. 40,000 - (15,000 + 19,200 existing) which is only Rs. 5,800 extra non-taxable income. This will further get reduced because of the increase in health and education cess of 1% on tax (existing 3%).

Good news for senior citizen

Budget Announcement: For senior citizens, the government announced enhanced exemption on various counts. One – the increase from Rs. 10,000 to Rs. 50,000 on interest earned on deposits with banks and post offices, fixed deposits and recurring deposits. TDS will not apply on such income under Section

194A. Two – the deduction limit for health insurance premium and/or medical expenditure was raised from Rs. 30,000 to Rs. 50,000, under section 80D. Three – Under Section 80DDB, the deduction limit for certain critical illness medical expenses for senior citizen (Rs. 60,000) and very senior citizens (Rs. 80,000) has been raised to Rs. 1 lakh. Four – the limits for the PM Vaya Vandana Yojana, that provides a pension plan with guaranteed returns of 8%, have been doubled to Rs. 15 lakh.

Deduction: The FM has again expressed his need to provide safety nets for senior citizens. Increased tax deductions, raised caps on the 8% pension plan, complemented with the wider push on healthcare will come as a much-needed boost towards senior citizen healthcare.

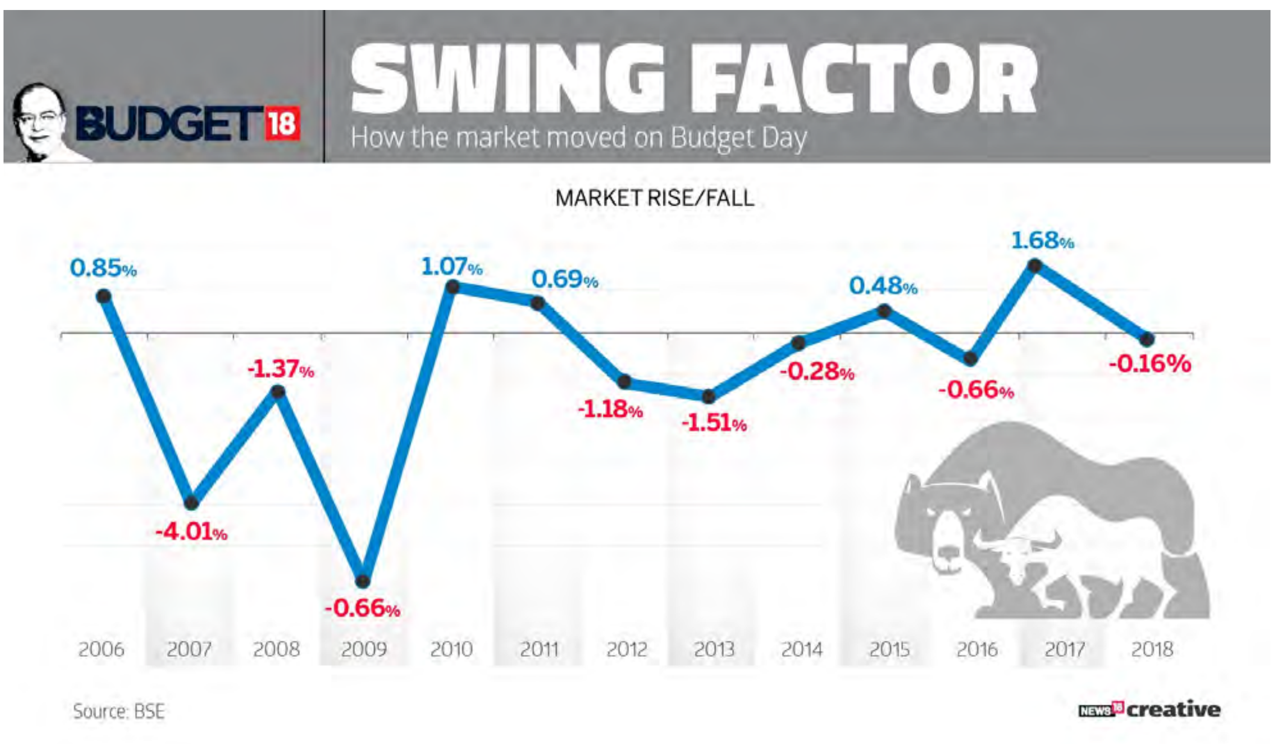
Life insurance

Budget Announcement: The Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY) provides life insurance cover of Rs. 2 lakh on payment of an annual premium of only Rs. 330. The government will work to cover all poor households, including SC/ST households under this scheme "in a mission mode".

Deduction: It is a great move to extend this to a larger base, further adding to basic social security measures to guard the economically weak against death and disability.

BANKING TO BOND

While market regulator Securities and Exchange Board of India (Sebi) may mandate corporate houses to use bond market for one-fourth of their funding needs, Reserve Bank of India has issued guidelines to nudge Corporates access bond market.

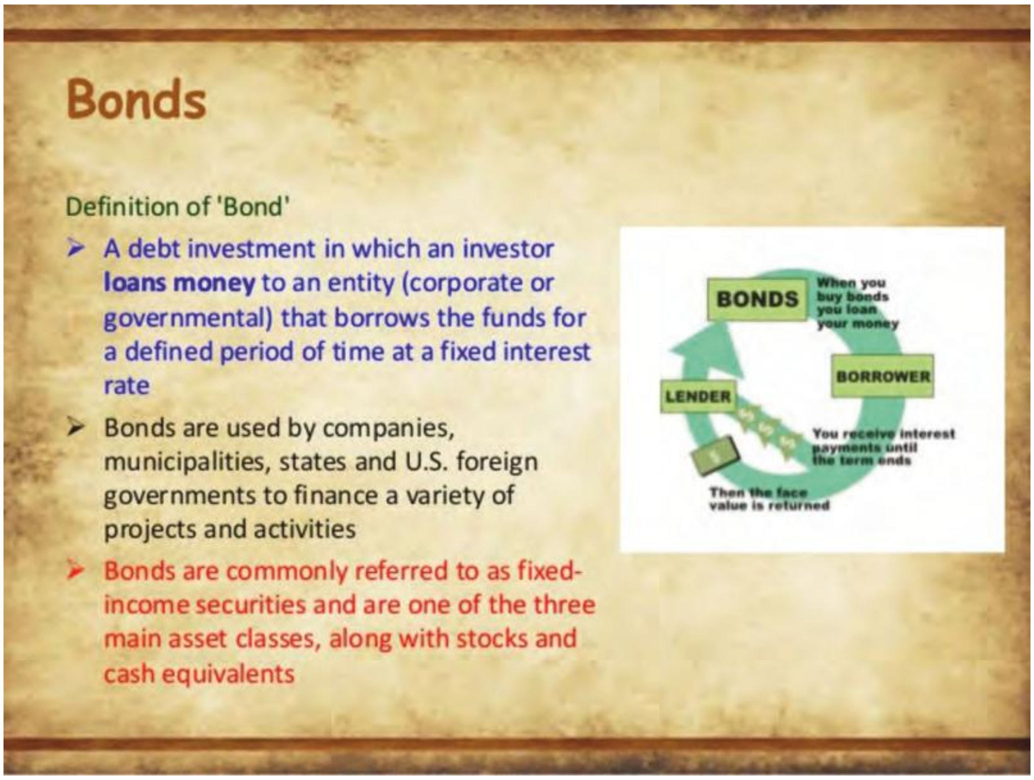


SEBI HAS BEEN working to deepen the bond market. It is keen to have foreign portfolio investor (FPI) invest in unlisted corporate debt securities and wants to liberalise listing requirements and simplify disclosure norms.

Though corporate bonds rated 'BBB' or equivalent are investment grade, most regulators in India only permit bonds with the 'AA' rating. It is now time to move from 'AA' to 'A' grade ratings.

While market regulator Securities and Exchange Board of India (Sebi) may mandate corporate houses to use bond market for one-fourth of their funding needs, Reserve Bank of India has issued guidelines to nudge Corporates access bond market.

SEBI has already started work on the front and has set up a separate department to roll out this measure, which was part of the 2016 HR Khan committee report, on the fast track.



Ajay Tyagi, current chairman of SEBI, was part of HR Khan Committee that recommended measures in the corporate bond market.

Through the measure, the government wants to reduce companies' dependency on banks, and thereby reduce the pressure on the lenders who are already weighed down by NPAs. The announcement reflects the Government's impetus on reviving the bond market on Exchange platform.

In the coming days, SEBI also plans to open up the corporate bond market for retail investors. Ashish Chauhan, Managing Director, Bombay Stock Exchange says, "It is a positive step to build a vibrant corporate bond market in the country. We have to create other avenues also for investment and reduce the dependency on banks".

Why Private Banks may actually stand to benefit from the Union Budget 2018..

The story of PSU banks was evident even before the Union Budget was announced. The government had already allocated Rs.88,000 crore to bail out the PSU banks of which Rs.80,000 crore came in the form of recapitalization bonds. This move alone was supposed to open up lending capacity worth Rs.500,000 crore for the banks. But does this budget have anything for the private banks and other financials? Actually, quite a few of them..

The Union Budget 2018 has been a macro story, not so much about micros. It is these very macros that are likely to be positive for the private banks and financials. Here are a few key takeaways..

- The increase in the TDS exemption limit for senior citizens on interest earned on bank deposits to Rs.50,000 is a major boost to the new bank accounts. Additionally, the budget has also done away with the TDS on interest up to a limit of Rs.50,000. This is going to save substantial clerical work for banks. While PSU banks may be the obvious beneficiary, private banks too will benefit considering their reach.
- The government has imposed tax on LTCG on equity and equity funds at 10 % if the total capital gains during a year exceed Rs.1 lakh. This could be theoretically negative for financial services and banks selling mutual funds. However, we do not see this as a big impact as the tax will be imposed on the net capital gains after writing off losses. The STT was introduced due to little outcome of the LTCG tax. Hence it is unlikely to dent sentiments in a big way. Since demonetization has dented the allure of gold and property, equity may continue to be a key source of savings and investment.
- The one negative factor could be the 30 basis points increase in the fiscal deficit target for this year and the next year. Higher fiscal deficit underlines a higher borrowing program and that is normally seen as negative for bond prices. So banks holding bonds may see losses in a part of their bond portfolios. Also returns on debt funds could get impacted by this factor.
- The decision to merge insurers and list them will be a good template for PSU banks in the future. As the banking industry gets narrower and more competitive, private banks stand at a natural advantage due to their fleet footed business

model. That is again going to be the benefit arising for private banks.

- The big infrastructure push is going to be a big opportunity for private banks. In fact, infrastructure outlay is higher by 21 % at Rs.5.97 lakh crore and private banks will have a huge opportunity opened up in terms of loan products, structured products, risk management products etc. That could actually have a very salutary effect on private banks in the medium term.
- When we talk of private banks, it is down to the consumer story in India. With their strong retail portfolios, private banks are the best proxies for consumer spending. Here are there are quite a few positives. Firstly, the huge rural outlay will create demand for consumer loan products in rural and semi urban areas. Private Banks with a MFI subsidiary could be the big beneficiaries of this trend. Secondly, the higher standard deduction of Rs40,000 per year will be more beneficial to individuals than the reimbursement and this could have a much bigger impact on consumption capacity. Thirdly, the budget has given a big boost to senior citizens and managed to put more money into their pockets. At a time when many senior citizens are already enjoying higher income levels, they could be a big market for a variety of innovative products for private banks.
- There is one more very silent benefit for private banks. Private Banks dominate the payment systems in India. With the government declaring in the budget that crypto currencies will not qualify as legal tender, there is no immediate risk of competition from these alternate payment modes. So far, so good for private banks!

The budget impact on private banks may not be direct, but there is a huge indirect takeaway for the private banks. As the economy grows at over 7 % in the coming year, the big beneficiary will be the private banks.

Bankers Hail Budget 2018; Flag Concerns On Expenditure Overruns

Bankers have hailed the Budget as a holistic document addressing key issues to push growth, but have flagged concerns on expenditure overruns.

Largest lender State Bank of India (SBI)chairman Rajnish Kumar feels the Budget is "very comprehensive" with key measures that will have a positive impact on various segments, including tenant farmers, 10 crore poor families and senior citizens.

It is believed that all these measures will augur well for a meaningful growth in FY19. Specific proposals like national gold policy, integrating trade receivables platform with GSTN and maintaining government borrowings at the same level have also been listed.

ICICI Bank managing director Chanda Kochhar termed the Budget as a "responsible" one which balances the priorities, and also "holistic".

"It's a very responsible balancing act which focuses on fiscal discipline on one hand and on the other, really looks taking into account all the social needs, infrastructure needs, growth and development needs of the economy," she told a TV station.

She also welcomed the broader way of looking at the rural economy beyond the farm sector to include aspects like fisheries, agri-processing and rural infrastructure.

HDFC Bank flagged concerns on an "overrun" on the expenditure side and added the quantum of allocations for rural development also "seem very low".

"Deterioration in quality of spending remains a concern. Deviation from the fiscal glide path is a risk and could trigger bond yields/interest rates spiral," its chief economist Abheek Barua felt.

Private Banks dominate the payment systems in India. With the government declaring in the budget that crypto currencies will not qualify as legal tender, there is no immediate risk of competition from these alternate payment modes.

State-run Bank of India's Dinabandhu Mohapatra termed it a visionary Budget which accelerates the path towards 8 per cent growth with necessary attention to small businesses, housing and rural infrastructure segments.

RP Marathe of Bank of Maharashtra said proposals like lowering the corporate tax on MSMEs to 25 per cent and focussed lending will help banks' credit growth and also private investment.

Microlender-turned-universal bank Bandhan Bank's CS Ghosh said the FM addressed concerns on health, education and rural distress and MSMEs stand to gain the most from the same.

While the Budget speech did not have any specific new measure for lenders, there were comments to clean up dud loans problems for MSMEs, support lending to them under the Mudra scheme and also said that the capital infusion of Rs 80,000 crore this fiscal will help banks lend up to Rs 5 trillion.

"The outreach it has managed to achieve cutting across the spectrum--rural and infra sectors, MSMEs, salaried, and retired classes--while staying on course with fiscal consolidation has struck a fine balance between the needs of growth, social development, and investor confidence which is a commendable achievement in my view," Standard Chartered's Zarin Daruwala said.

The national banking lobby IBA said the Budget has done a reasonable job of balancing populist imperatives and growth orientation.

"Increased outlays on social objectives, including education, affordable housing, healthcare it has ticked all the right boxes in the pre-election year," IBA said.

MISSION KASHI

our pilot project on Universal Health coverage

24X7 toll free 1800-11-4424

PATIENT SAFETY AND ACCESS INITIATIVE OF INDIA FOUNDATION

a Partnership for Safe Medicines India Initiative

संपूर्ण स्वस्थ्य कव्रिज . गुणवतपूर्ण स्वस्थ्यसेवा

RINGING OPPORTUNITIES

The telecom sector is expected to create 4 lakh new jobs over a period of 5 years and contribute significantly to GDP, as the Budget for 2018-19 seeks to enhance telecom infrastructure in the country

GOVERNMENT HAS ALLOCATED Rs 10,000 crore for enhancing telecom infrastructure in the country, including laying of 4 lakh kilometres of optical fibre cable (OFC) network to connect 1.5 lakh gram panchayats by March 2019, scaling up wifi networks and connectivity in north-eastern states and laying undersea cable for connecting Andaman and Nicobar Islands (ANI) and Lakshadweep Islands etc.

The government has completed phase 1 of Bharat Net project under which it is providing high-speed broadband connectivity to 1 lakh gram panchayats.

In last three years BTS (base transceiver station) in the country have almost doubled to 16.8 lakhs from 7.9 lakh in 2014. OFC network in the country has increased from 7 lakh kilometres to 14 lakh. Under Bharat Net phase 2 another 4 lakh kilometres of OFC will be laid.

The government has completed phase 1 of Bharat Net project under which it is providing high speed broadband connectivity to 1 lakh gram panchayats. Under phase 2, which is to be completed by March 2019, the government aims to connect remaining 1.5 lakh GPs with OFC based broadband network.

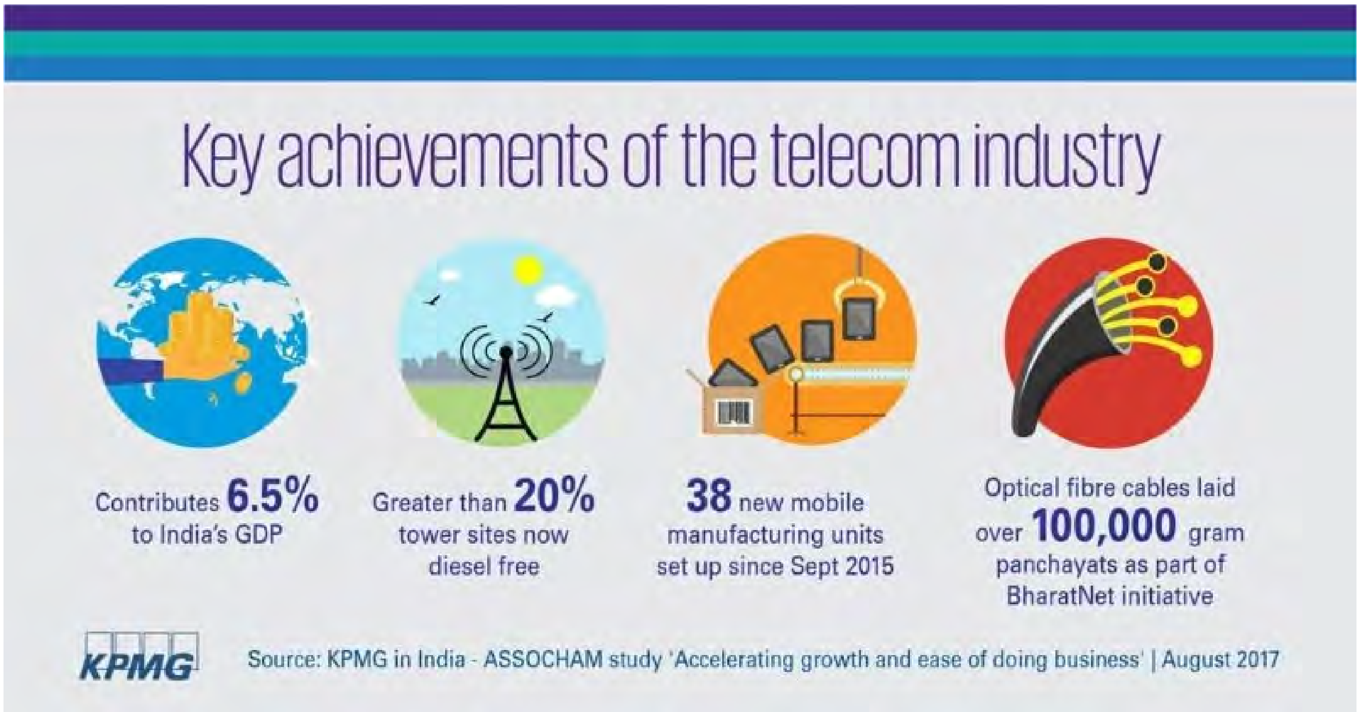
Budget allocation will be used for setting up 5 lakh wifi hotspots in rural areas.

Installation of 5 lakh hotspots will increase wifi hotspots by 15 folds in the country. At present, there are 38,000 public wifi hotspots.

The DoT plans to install around 4,000 mobile towers in Naxal affected area and 6,000 towers in north-east to connect around 8,500 villages that are deprived of telecom connectivity.

In North Eastern states, around 3,000 kilometres of OFC will be laid. Work has started for connecting ANI and Lakshadweep Islands where another 3,000 kms of OFC will be laid. With this, bandwidth will increase five times in ANI and Lakshadweep Islands.

Enhance connectivity will help Department of Posts (DoP) to expedite direct benefit transfer scheme being handled by it and enhance role of India Post Payments Banks, which will be launched in March-April.



DoP plans to increase passport Seva Kendra from 60 to 251 in this calendar year.

Provision for installing electronic system at tolls will enhance roll of telecom ministry and Make in India programme.Due to this (electronic system at toll), there's hope a new industry to the tune of Rs 10,000-12,000 crore will be created which will also generate employment.

India has emerged as one of very strong telecom market with 1,186 million phone connections out of which 1,163 million are mobile phones, tele-density has reached around 91 per cent and internet user base increased from 422.81 million at the end of march and to 429.23 million in September.

Mobile servicerates have come down. With rates of data coming down, it is expected that 500 million new internet users will be added in the country.

Government tempers spectrum auction hopes, eyes 50% jump in telecom collection

TRAI is currently undergoing a consultation process with all stakeholders on auction of as many as nine bands.

The government has tempered its expectation from the spectrum auction for the coming financial year, given that most of the companies in the sector are not in the best of health and may hence not bid aggressively.

The 2018-19 Union Budget presented by Finance Minister Arun Jaitley has set a target of Rs 48,661.42 crore from all the levies the sector is subjected to. This is higher by more than 50 percent from the Rs 30,736.47 crore Jaitley expects to garner from the sector in 2017-18.

The figures mentioned above are marked against 'other communication services' in the receipt section of the Budget. Receipts under 'other communication services' include recurring license fees from telecom services providers and one-time entry fees from new operators.

They also include spectrum charges on the frequencies held by the operators as well as installments paid by them towards the amount for the bids won by them in the previous auctions.

The government had to substantially revise lower its 2017-18 collection target from telecom services to Rs 30,736.47 crore from Rs 44,342.20 crore it eyed earlier, a reflection of the stress in the sector due to high competitive intensity.

With the 2018-19 collections targeted to be just a little higher than 50 percent, it can be safely assumed that the government is keeping its expectations modest. There was no spectrum auction in 2017-18. A more than 50 percent jump, at the same time, indicates that an auction is very much on the government's agenda in the coming financial year. It had collected Rs 70241.14 crore in telecom levies in 2016-17. That was the year when the spectrum auction last took place.

A reference, sent by the department of telecommunications, is already lying with the telecom regulator to give its recommendations on the pricing of spectrum. TRAI is currently undergoing a consultation process with all stakeholders on auction of as many as nine bands -- 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz, 2500 MHz, 3300-3400 MHz and 3400-3600 Mhz.

Ever since the 2G spectrum case of 2008, DoT, on the advice of TRAI, has kept the spectrum prices high in successive auctions. But the recent acquittal of former telecom minister by the 2G trial court might just have eased the matters a little for the authorities on correctly pricing the spectrum. What will also weigh on TRAI's mind is the October 2016 auction of 700 Mhz band that found no takers despite the frequency being the most coveted.

Budget 2018

"Step by step, in every budget, I have been putting surplus money in the hands of the middle-class taxpayer."

- Arun Jaitley

AS OUTLINED BY Finance Minister Arun Jaitley, during the Union Budget 2015-16, corporate taxes were to be brought down in a phased manner from 30% to 25% and there would also be a phased elimination of exemptions. Since then, in the Union Budget 2017-18, the finance minister has cut the corporate tax rate for smaller companies with annual turnover up to Rs. 50 crore to 25% from 29% earlier. However, for larger domestic companies, the corporate tax rate presently remains at 30% (plus surcharge and education cess as applicable). We believe there could be some reduction in corporate tax in the current budget for large corporates. Given that the US government is bringing in sweeping tax reforms, where corporate tax rates could be brought down from 35% to 21%, we believe a substantial reduction in corporate tax rate in India can also be a possibility over the medium term.

Also, there are fears that the government may tweak long-term capital gains tax for equities. There is a possibility that the government may extend the holding period for long-term capital gains to more than (>) 3 years, from the current >1 year, to make it similar to that of fixed income investments. However, we expect that the long-term capital gains tax would continue to be zero for equity investments.

List of offerings cited by Mr.Arun Jaitley in the budget for this year

- Limiting the fiscal deficit target for 2018-19 within 3.3%
- PAN to be used as Unique Entity Number for non- individuals from April 1.
- Govt makes PAN mandatory for any entity entering into a financial transaction of Rs 2.5 lakh or more.
- farmer friendly, common citizen friendly, business environment-friendly and development friendly
- Govt's health scheme to cover 10 crore poor families is world's largest government-funded health protection scheme.
- tax long term capital gains exceeding Rs 1 lakh at 10 per cent without indexation.
- Electronic IT assessment will be rolled out across the country, leading to greater efficiency and transparency
- Mobile phones set to become costlier as custom duty on them has been increased to 20 per cent.
- For senior citizens, exemption of interest income on bank deposits raised to Rs 50,000
- introduce tax on distributed income by equity oriented mutual funds at 10 per cent.
- Standard deduction of Rs 40,000 for salaried employees in lieu of transport and medical expenses
- Companies with turnover of up to Rs 250 crore to be taxed at 25 per cent
- government does not propose any changes in tax slabs for the salaried class this year.
- revising emoluments as per the following structure:
  -- Rs 5 lakh for the President of India
  -- Rs 4 lakh for the Vice President
  -- Rs 3.5 lakh for the Governors
- automatic revision of emoluments of Parliamentarians every five years, indexed to inflation.
- Disinvestment target for 2017-18 has been exceeded and will reach Rs 1 lakh crore. Target for 2018-19 is Rs 80,000 crore.
- 5 lakh WiFi hotspots will be set up in rural areas to provide easy internet access.
- Government will take all steps to eliminate use of cryptocurrencies which are funding illegitimate transactions.
- Govt announces Amrut program to focus on water supply to all households in 500 cities. Water supply contracts for 494 projects worth Rs 19,428 core will be awarded
- NITI Aayog will establish a national programme to direct our efforts in the area of Artificial Intelligence towards national development
- Airport capacity to be hiked to handle 1 billion trips every year.
- 4,000 km of new railway track will be laid down by 2019.
- All railways stations with footfall more than 25,000 to have escalators
- Mumbai transport receives Rs 40,000 crore.
- The government will undertake redevelopment of 600 major railway stations across the country.
- capital expenditure of Rs 1,48,528 crore for Indian Railways in 2018-19.
- National Heritage City Development Augmentation Scheme has been undertaken to preserve and protect heritage cities in the country
- Government to contribute 12 per cent of EPF contribution for new employees in all sectors
- Infrastructure is the growth driver of economy
- MSME enterprises are a major element for growth. Mass formalisation of MSME sector is happening after demonetisation and GST.
- Govt will launch health scheme to cover 10 crore poor families.
- The Government is slowly but steadily progressing towards universal health coverage
- Government aims to bring 60 crore bank accounts under the Jan Dhan Yojna
- Eklavya schools to be started for Scheduled Tribe populations
- Rs 600 crore allocated to Tuberculosis patients undergoing treatment.
- Govt will set up two new Schools of Planning and Architecture
- To tackle brain drain, scheme announced to identify bright students pursuing B Tech in premiere engineering institutes, and providing them higher-education opportunities in the IITs and IISc. These students will receive handsome fellowships, and will be expected to dedicate a few hours to teach in higher education institutions weekly.
- Specialised railway university to be set up at Vadodara.
- a sum of Rs 500 crore for 'Operation Green' on the lines of 'Operation Flood'.
- Food processing sector is going at an average of 8 % per annum.
- Minimum Support Price of agricultural products: Only increasing the MSP is not enough, the government will fix the MSP of agricultural products at 1.5 times the market rate.
- emphasis is on generating higher benefits and productive employment for the farmers
- The Direct Benefit Transfer system of India is a success story that is reiterated across the world.

OPINION

Ninety-seven percent of climate scientists agree that climate-warming trends over the past century are very likely due to human activities

Budget 2018 Makes it Clear That Climate Change is No Longer Priority for Govt

India, which has often portrayed itself as a leader in the battle against climate change, is in fact doing the exact opposite.

Aparajit Pandey

(Aparajit Pandey is a programme co-ordinator with the Observer Research Foundation. His research focuses on the intersection of economics, finance and climate change.)

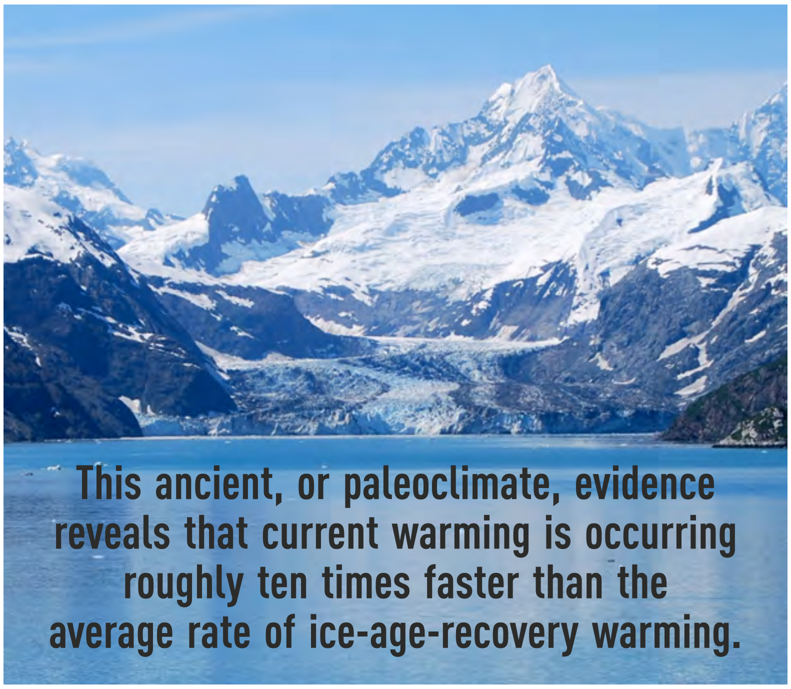
AN INTERESTING CONFLUENCE of events occurred about four months ago. Billboards that had dominated the central parts of New Delhi, espousing India's commitment to powering growth through clean energy and solar power started to come down. Around the same time, Piyush Goyal, amongst the most able and efficient ministers in Prime Minister Narendra Modi's cabinet, charged with leading the Ministry of Power, Ministry of New and Renewable Energy, and Ministry of Coal had his area of jurisdiction switched to the Ministry of Coal and Ministry of Railways. It was during this time, that Indian international rhetoric regarding its renewable energy ambitions also began to taper out.

The policies and allocations that were announced in Budget 2018, serve to seemingly provide confirmation of the facts that have been apparent over the past quarter of a year. India, which has often portrayed itself as a leader in the battle against climate change, is in fact doing the exact opposite.

There were three major announcements made in Budget 2018, with regards to climate change. The first was an interesting throw-away line, sandwiched in the Agriculture and Rural Economy portion of Finance Minister Arun Jaitley's speech. He announced that state governments and their power distribution companies would be “encouraged” to buy any excess renewable energy power produced by small farmers at “reasonably” remunerative rates.

It is an interesting and important proposal – one of the major drawbacks of renewable energy is the variability of the power production, which often leads to excess loss when power distribution companies (Discoms) have met demands from other energy sources. The announcement of the proposal is undoubtedly an encouraging climate mitigation step.

The speech did not, however, contain any mention of other more essential base climate mitigation issues, such as the scaling up rooftop solar, measures to curtail transmission and distribution losses, implantation of smart grids, and of course the revamping of the discoms. It will be interesting to see how discoms, chronically afflicted by financial distress as they are, will be able to purchase this excess solar power.



The second mention of climate related Budget item was the declaration of Rs 2.04 lakh crore for Smart Cities. Once again, Smart Cities are an important part of the fight against climate change – they can be one of the keys to reducing waste management and transportation related carbon emissions. Those two factors, however, only make up 13.5 percent of India's national emissions. The Budget makes no mention of climate mitigation measures focused on the power sector, which make up more than half of India's greenhouse gas emissions, with the exception of the proposal mentioned in the previous paragraph.

The third mention of climate related Budget item was the declaration of Rs 60 crore for climate resilient infrastructure. Once again, in a vacuum, the declaration is good news from a climate change perspective — building resilient infrastructure is an important part of a country's low carbon transition. For India to focus that amount on climate resilience, rather than mitigation, however, is an interesting signal.

Looking at the fine print of the Budget speech makes the decision seem even more curious – the Rs 60 crore does not seem to be going to infrastructure development which can have a theoretical trickledown effect on the economy. It is focused, instead on developing standards, regulations and international best practices that will define what climate resilience is. In view of some of the fundamental climate issues that the Budget seemingly ignores, the item is akin to a bald man buying a comb.

It is possible, of course, that there are policies or climate mitigation measures implemented within the Budget that were not highlighted by Jaitley. A quick look at the available numbers shows that capital outlays towards the Ministry of New and Renewable Energy have increased by 8% from the previous budget.

It should be noted, however, that actual expenditure on environment and renewables has not only been less than the budgeted expenditure, it has also declined over the same time. Given the historical precedence and the current rhetoric, it seems that the government has decided that fighting climate change is no longer one of their priorities.

5 million preventable deaths occur every year

TOBACCO CONTROL

Helpline

1800-11-0456

Reach out to us before you are one of them

Read news on healthcare in our fortnightly e-newsletter, The Prescription. Log into www.safemedicinesindia.in

Underlining Healthcare Reforms All The Way

The Union Budget 2018 has taken a huge step in making healthcare affordable and accessible by launching the world's largest healthcare scheme.

BUDGET 2018 WAS highly anticipated from the standpoint of it being the last full budget of the Modi-led government before the 2019 elections. Further, given the apparent stress on fiscal resources, it was evidently going to prove to be a testing time for the finance minister to balance fiscal prudence and relevant sops.

In 2014, the government had aimed at taking the healthcare spend to almost 3 percent of GDP. The 2016 spend of the government on healthcare was around 1.3 percent. Further, the Economic Survey underlined the need and the importance of increasing spend on healthcare.

Given the set-up, the finance minister brought with Budget 2018 a slew of upgrades for the healthcare sector in India. Budget 2018 has paved the way for the world's largest healthcare scheme - National Health Coverage Scheme, which is already being dubbed Modicare. The scheme proposes to cover 10 crore poor and underprivileged families (50 crore Indians), covering roughly 40 percent of the Indian population, through providing coverage up to Rs 5 lakh per family per year for secondary and tertiary hospitalisation. This seems to be a very healthy beginning in the process of putting in place a universal healthcare system.

Another crucial measure in an attempt to build up a universal healthcare system, is to utilise the health and wellness centres set up across India to provide comprehensive healthcare, free essential drugs and diagnostic services to the poor and underprivileged.

The budget also announced the set-up of 24 new Government Medical Colleges and Hospitals along with an upgrade to existing district hospitals in the country. This seems to be an attempt to garner efficiencies in the existing healthcare infrastructure.

On the tax front, the Finance Minister announced an additional 1 percent cess. With this measure the Budget has done away with the 2 percent education cess and 1 percent higher education cess and brought with it a comprehensive 4 percent health and education cess as a medium to fund the major healthcare reform measures. This underlines a focussed spend on education and healthcare.

However, the budget has left the challenges faced by the healthcare industry in direct tax and indirect tax space, untouched viz. weighted deduction for investment in rural health infrastructure, research and development (R&D) incentives to be widened under the patent box regime, incentives for API manufacturing and grant of input tax credit on physician samples, etc. Also while technically, GST rates are left to the GST council, the industry was hoping that the government's intent of providing relief to patients by reducing the GST rates on medicines from 12 percent to 5 percent will be mentioned.

Given the above commitments and proposals in the healthcare space, the government may have left out certain tangible incentives including those benefitting the private sector, as well as the promised spend target of 3 percent of the GDP. However, considering the macro picture, the measures may augur well for the economy at large. The government can pride itself in shrewdly rising to the challenge of providing large-scale healthcare benefits through a comprehensive coverage scheme, while not creating a real impact on the fiscal deficit. Further, the budget has prepared a platform towards putting in place an ambitious Universal Healthcare Plan for India. With that it is fairly evident that Budget 2018 is not only the beginning towards major healthcare benefits to the general Indian populous, but also goes a long way in harnessing the potential of the healthcare industry.

WHO welcomes announcement of govt-funded healthcare programme

Regional Director of World Health Organization's South- East Asia Region Poonam Khetrapal Singh commended the new schemes and initiatives planned to "holistically" address problems confronting the health sector.

Lauding India's announcement of a new health protection scheme and allocating Rs 52,000 crore to the sector in the Budget, the WHO today said they were "significant" steps towards Universal Health Coverage (UHC), something the global health body has been advocating for.

Regional Director of World Health Organization's South- East Asia Region Poonam Khetrapal Singh commended the new schemes and initiatives planned to "holistically" address problems confronting the health sector.

The Centre today announced the world's largest government-funded health care programme aimed at benefiting 10 crore poor families by providing coverage of up to Rs 5 lakh per family per year for secondary and tertiary care hospitalisation.

The announcement of health protection scheme to provide up to Rs 500,000 per family per year, is truly commendable, she said.

"The initiative that is planned to benefit nearly 10 crore families and 50 crore people would be the world's largest government-funded health protection programmes when rolled out."

She said the decision to make 150,000 wellness centers the foundation of providing comprehensive care, including for non-communicable diseases, maternal and child health services, besides free essential drugs and diagnostic services, "is another significant step towards UHC".

The UHC is a flagship programme of the WHO in the South- East Asia Region, and is now a global priority of the global body's Director General Dr Tedros.

Healthcare sector responds to Union Budget 2018

The last full Budget of the present government played big on its flagship healthcare coverage, which was later dubbed as 'ModiCare'. This is what the Healthcare sector wants to say about the Union Budget 2018-

"The Union Budget 2018 has taken a huge step in making healthcare affordable and accessible by launching the world's largest healthcare scheme. It is indeed heartening that 40 per cent of India's population will be covered under an insurance scheme. The payor problem demanded urgent attention and the government has paid heed. If the Flagship National Health Protection Scheme to cover 10 Cr poor and vulnerable families with upto 5 Lakhs per family per year for secondary and tertiary care hospitalisation is properly implemented and monitored we would have taken an important step in creating a Swasth Bharat. Effectively this initiative which amounts to $800 billion dollars tops even the US' Medicaid programme which amounts to $550 billion."

- Suneeta Reddy, MD, Apollo Hospitals

"My heartiest congratulations to this government for investing in creating a Swasth Bharat by launching the Ayushman Bharat programme. Such ambitious out of the box thinking was a burning need of the hour and the government has not disappointed. The initiative to cover 10 crore families with 5 lakh per family/per year WITH INSURANCE COVER FOR SECONDARY AND TERTIARY HEALTHCARE will be a game changer."

- Dr. Prathap Reddy, Chairman, Apollo Hospitals

"The government's focus on rural development and agriculture is a welcome step. The long overdue emphasis on our rural economy and agriculture will stimulate demand. The announcement of the Aayushman Bharat program for healthcare is a game changer and the coverage of ten crore people under the National health protection scheme is commendable. This will give an impetus to healthcare benefits for people in the most deserving sections of society.

Overall, while the budget appears to be a progressive one, it was disappointing to note that the reduction in corporate tax was offered only to companies with a turnover under of Rs. 250 crores."

- Satish Reddy, Chairman, Dr. Reddy's Laboratories

"We applaud the announcements made by the Government in the Union Budget 2018 which has indeed addressed a lot of issues that will help the economy to prosper. It aims in creating the largest healthcare blanket for the biggest democracy of the world. The Government's initiative of setting up 1.5 lakh health facilities across the country will help bring healthcare closer to homes of the people, and will enable them to receive medical help within the golden hour hence improving the chances of survival.

Granting 50 crore beneficiaries and 10 crore families, 5 lakh rupees per year cover secondary and tertiary hospital expenses is a breakthrough move and the world's largest government-funded healthcare program . This will allow the poor to access world class healthcare facilities which was not affordable or available earlier. Also, the announcement of setting up one medical college for every three parliamentary constituencies is great as this will help in training the emergency medical technicians which will, in turn revolutionize the quality of care of the emergency medical response services in the country."

- Mr. Naresh Jain, CEO, Ziqitza Healthcare Ltd

"The government has reiterated its commitment to 'Universal Healthcare' and has announced flagship schemes to provide better healthcare to people at bottom of the pyramid – National Health Policy and Rashtriya Swasthya Bima Yojana. These schemes will expand the reach of basic healthcare facilities in the country. While access to basic healthcare is an important determinant of Universal Healthcare, another critical factor is quality of healthcare. The latter requires access to advance healthcare technology for best health management of patients. The government should have looked at incentivising import of advance medical devices into the country by bringing down the customs duty.

There is also a need to undo the un-nuanced price control imposed by NPPA as the move is leading to unintended consequences on the healthcare ecosystem without any significant reduction in the cost of patient. The current price control regime has also lead to a drastic fall in foreign direct investment in healthcare sector from $417 million in April-September 2017 against $173 million in the same period in 2016, a reduction of 59 per cent.

Under the current ecosystem where more than 70 per cent of medical devices have to be imported from abroad, a balance approach to reduce cost to patient is trade margin rationalization for distributors, gradation in pricing thereby allowing a higher price bracket for superior medical devices, and lower customs duty. These measures will reduce the cost to patient without dis-incentivizing technical innovation by medical device manufacturers."

- Mr. Pavan Choudary, Chairman & DG, Medical Technology Association of India (MTaI)

"It is really encouraging to see that the government has laid strong emphasis on Healthcare by announcing the World's Largest Health Protection Plan. We are confident that progressively, similar importance will be given to Home Healthcare which is fast becoming an important element in the health Management value chain"

- Mr. Rajiv Mathur, Founder, Critical care Unified (CCU)

"Budget 2018 has definitely added significant impetus to the healthcare sector with emphasis on the elderly and underprivileged. The biggest declaration by the Hon'ble Finance Minister was the health protection scheme where 10 Cr poor families - for secondary and tertiary treatment - will get 5 lakhs per family. This announcement could be the first steps towards Universal Healthcare in India. The Finance Minister announced that 24 new government medical colleges will be set-up and this could be a big incentive for medical education in the country. The allocation of Rs. 1200 Cr towards health & wellness centres and Rs 600 Cr towards nutrition for patients suffering from Tuberculosis are positive steps.

We were pleased to hear in the Budget that the Government has allowed Senior Citizens to claims benefits of Rs 50,000 as part of medical insurance - earlier this was Rs 30,000. However, the government's discontinuing of Rs 15,000 per annum for medical benefits to salaried employees - as per today's Budget announcement, is unfortunate.

We welcome an increase in the cess from 3% to 4% as tax revenues - slated to be around 11,000 Cr, is welcomed and we are looking forward to seeing how the government intends to utilize and distribute the revenues collected from this cess increase."

- Mr Mustafa Daginawalla, CFO, Saifee Hospital

Expert Views From Different Sectors

Retailers

We do not expect any immediate impact on consumption: Kumar Rajagopalan, CEO, Retailers Association of India (RAI)

"Agriculture, infrastructure, healthcare and rural development seem to be the key focus areas of the Budget 2018. We do not expect any immediate impact on consumption, either negative or positive. There is no real additional money in the hands of the middle class with which consumption can improve. However, the basic necessities of the poor in the country will be met because of the various schemes announced. The proposed reduction in corporate tax to 25% for MSME (medium, small & micro enterprises) companies with turnover up to Rs 250 crore is a welcome move, which will benefit a large number of retailers. They will be able to save on taxes that they would have otherwise paid at a higher rate. Overall, the budget is pro-poor, and one with a long term impact with no immediate benefits for retail sector."

FMCG

Walmart

Krish Iyer, President & CEO, Walmart India

"I must compliment Prime Minister Modi and Finance Minister Jaitley for intense focus on fiscal prudence in this budget. There is a huge focus in this 'New Bharat' Budget on inclusive growth and farm sector and despite that fiscal deficit targets have not been compromised."

"Another pathbreaking focus in this budget is on Healthcare with the announcement of a Flagship National Health Protection Scheme, providing annual health insurance cover of ₹5 lakh per family supporting more than 10 crore vulnerable families."

Metro Wholesale India

Reduction in corporate tax will augment the ease of starting own businesses while helping existing business also: Arvind Mediratta, MD & CEO, Metro Wholesale India

"Overall, the budget is a socially inclusive one that has laid major emphasis on agriculture, social infrastructure, healthcare, social protection and digital transformation. The government has taken some measures in this budget towards strengthening the SME and MSME sectors. The Corporate tax rate reduced to 25% for companies with turnover up to Rs 250 crore in the financial year 2016-17, will also majorly boost the micro and small and medium business eco-system. This will augment the ease of starting own businesses while helping existing business also."

Entrepreneurs

Chiranjiv Patel, Regional Director, Entrepreneurs' Organization, South Asia:

"It is a very well structured and comprehensive budget but on the other side, I feel that even after 70 years of independence, we are still fighting for the basic needs of the common man of India.Corporate tax is reduced to 25% from 30% over the turnover of 250 cr towards fulfilling his promises. This structural changes will help achieve the expected economic growth of 205 trillion and expected to be the 6th largest economy by the end of the year. Overall it's a populist budget pleasing the rural sector, working towards upliftment of basic health and infra facilities but no major tax Relief".

FOODSERVICE

Rahul Singh, Founder & CEO, The Beer Cafe, President NRAI

"The Restaurant Industry was eagerly looking at an announcement on re-introduction of ITC for restaurants from the Finance Minister. Ours is the only industry which does not receive this benefit. We have also been requesting for the introduction of a uniform policy that includes Single Window Clearance and Reduction in no. of Licenses required for operating a restaurant for a very long time. We are an industry worth Rs 3,52,000 crore which is expected to grow to Rs 5,52,000 crore by 2022. For an industry of this size generating over 8 million jobs, it is disappointing to see that no specific announcement was made."

BEAUTY & WELLNESS

Neeraj Banga, General Manager – Finance, Divine Organics

"Since the Finance Minister has aimed at taxing big corporates, it is a concern of worry for a new start up like us, who wish to give helping hands in the GDP growth. On the other side, the best part of the budget seems to be an unusual comment of the Finance Minister in which he has said that the quatum of taxes paid – both direct and indirect – are insufficient. This gives a fair idea about the Government's approach moving forward that the main focus will be on collection of taxes."

TECHNOLOGY

Dr. Rishi Mohan Bhatnagar, President, Aeris India, Chairperson of The Institution of Engineering and Technology – IoT panel for India

"We welcome the clear thrust on infrastructure that this budget has proposed. Addition of new smart cities and a higher allocation for such projects along with emphasis on niche technologies and the Digital India drive are also welcome. I was expecting a reduction in tax on hardware from 18 to 5 percent and a move towards rationalising spectrum license fees for promoting IoT adoption in the country. High capital investment requirement could slow down the IoT adoption momentum in our country and decelerate its evolution as an enabler for various Digital India programs."

SHOPPING CENTRE

Irfan Razack, CMD, Prestige Group

"The Budget as a whole is balanced and well-rounded, which aims to kick-start the growth of the economy again. A lot of focus has been given to the Agriculture, Education, Healthcare and Infrastructure sectors which is crucial to provide long term benefits to the middle and lower classes. One of the highlights of the Budget is the dedicated emphasis to Tourism as well. With the GST regime, there was limited scope to make any changes to the Indirect Taxes. However, under Direct Tax, some concessions have been made for salaried class where they will have savings of around Rs 40,000 per annum.

There is no direct benefit to the real estate sector as such. Having said that, Long-Term Capital Gains (LTCG) on securities and shares introduced into the budget, will create a level playing field for real estate, as a lot of people who were investing only in equities will now consider real estate as an alternate investment option, which will help the industry.

All in all, given the limited space that the Finance Minister had, I believe that he has done a decent job of presenting the Budget."

Insurance

JOYDEEP K ROY, PARTNER & LEADER - INSURANCE, PWC INDIA

India is clearly moving towards a framework of National Universal Health Insurance scheme.

The individual exemption limits for paying health insurance have been increased to Rs. 40,000 (from Rs.25,000) for the taxpayer and to Rs. 50,000 (from 30,000). This means that an additional Rs. 20,000-35,000 can be favourably looked at by individuals for allocating to health insurance premiums. India still looks at tax benefits for insurance premium payments and this would, therefore, be an effective stimulus towards increase of penetration of Health Insurance.

However, the health and general insurance companies will need to look at offering attractive features for people to increase their sum insured levels to match up to these levels of premia. Normally people do not want to take very high sum insured policies and are satisfied with 5 lakh sum insured policies which may not fill the entire exemption limit. In that case,people will need to look at additional policies like critical illness policies (fixed benefit policies) normally offered by life insurance companies. So it is an opportunity for the life insurance companies also.

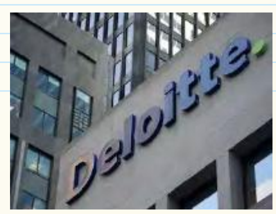
A lot of work can be done here to look at enriching the features of health policies and also looking at covering extended families here and senior citizen covers need to be favourably looked at - for which companies need to invest in Analytics and Preventive Chronic Care mechanisms to maintain favourable loss ratios.

Infra and Energy industry

Deloitte India

Anil Talreja
Partner, Deloitte India

The Finance Minister has, in his speech, laid out a powerful report card by referring to the



Referring to 86% farmers in India who Arun Jaitley described as small and marginal, he said efforts will be made to link them to markets to get adequate remuneration for their produce.

commitments made by him with regard to the farm and consumer sectors in the earlier years and not only giving the status of the outcome of various measures but also announcing various measures to promote this key sector.

He has re-iterated the Government's promise of doubling the income of the farmers by 2022 and also announced various additional allocation and funds in this sector.

With 150% increase in MSP for crops, support to organic farming, doubling the expenditure allocation to INR 1,400 crores for food processing sector, state of the art facilities to 42 food parks, liberalisation of agricultural exports, allocation of INR 10, 000 crore to fisheries, animal husbandries and related infrastructure, this budget is in true sense a Roti-Kapada and Kisaan budget.

Perhaps for the first time there is a special attention to the ancillary sector including infrastructure which will help the overall consumer and farm sector. The focus of these measures to ensure that the farm produce reach the ultimate consumers from the farms with maximum returns for farmers, introduction of facilities and technology leading to reduction in wastage in the sector, a boost to the fishery, aquaculture and animal husbandry sectors.

TEXTILE INDUSTRY

SANJAY JAIN, CHAIRMAN, CONFEDERATION OF INDIAN TEXTILE INDUSTRY

Allocation for Textile Industry increased from Rs. 6000 cr to Rs. 7148 crore - thanks to govt but falls much short of what was needed to take care of backlog of ROSL & TUF and current year requirement. Textile sector, which has over 95% units in the MSME segment with annual turnover of less than Rs. 200 cr, will benefit with reduction in Corporate Tax to 25 % from 30 %, will bring better fund flow to the units

Advertising Industry

Andesh Bhatti, Founder and CEO, Collectcent

"This Union Budget 2018, the Finance Minister announced that efforts will be put to enhance research in disruptive technologies such as Artificial Intelligence (AI), Big Data, Internet of Things (IoT) and Robotics. It is indeed a great move from our government to address the increasing use of new age technology and work towards further enhancing our capabilities. Speaking from an advertising industry perspective, adoption of big-data analytics has had a drastic impact on customer delivery as well as satisfaction rate. We welcome the move by the government to continue its commitment towards promoting digitization and innovation in the country in this Union Budget. And propose a collaboration of Government along with industry players to further increase and strengthen our potential globally"

Department of Pharmaceuticals
Ministry of Chemicals & Fertilizers
Government of India

DAWN OF A NEW ERA OF GOOD HEALTH FOR THE POOR

"The poor must have access to affordable medicines, the poor must not lose their lives because of lack of medicines... that's why Jan Aushadhi Kendras have been planned across the country"

- Narendra Modi

प्रधानमंत्री भारतीय जन औषधि परियोजना

Quality Medicines at Affordable Prices

- Quality medicines available at Jan Aushadhi Kendra's
- Quality of medicines ensured from NABL accredited laboratories.
- Over 600 High Quality English Medicines
- 154 Surgical and Consumables Products
- At 50% or Lower Price than the Branded Products
- More than 1400 Jan Aushadhi Kendra in 28 State/UTs are functional

Jan Aushadhi Kendra's now available at your Door Steps

Salient features of the scheme:

- Ensure access to quality medicines
- Extend coverage of quality generic medicines so as to reduce and thereby redefine the unit cost of treatment per person
- Create awareness about generic medicines through education and publicity so that quality is not synonymous with only high price
- Be a public programme involving Government, PSUs, Private Sector, NGO, Societies, Co-operative Bodies and other Institutions
- Create demand for generic medicines by improving access to batter healthcare through low treatment cost and easy availability wherever needed in all therapeutic categories.

QUALITY ASSURED PSU cGMP WHO GMP
NABL TESTED

COME AND CONTRIBUTE FOR BUILDING A HEALTHY AND HAPPY INDIA

For more information call 1800-180-8080/0124-4556750 (Monday to Saturday- 9:30 A.M. to 5:30 P.M.), or log in to janaushadhi.gov.in

Posted at Lodi Road HPO, New Delhi on 9-10th of every month
Published on 6th of every month

RNI No. DELENG/2015/67140
REG. NO. DL (S)–17/3523/2017-19

Printed, published & owned by Bejon Kumar Misra, Printed at M/s. Spectrum Printing Press (P) Ltd., Shed No. 23, Computer Complex, DSIDC Scheme I, Okhla Phase II, New Delhi - 110020 and Published at E - 45, Ground Floor, Greater Kailash Enclave - I, New Delhi-110048, Editor: Bejon Kumar Misra