



Budget 2018-19 – Analysis

Description

Who is Happy with Budget 2018 :-

- Minimum Support Price (MSP) [a guarantee price from the government] for all notified kharif crops would be at least 1.5 times of the input costs incurred by farmers. Farmers are very happy with this decision, because till now MSP couldn't even cover input costs.
- Increase in tax exemption limit for interest income for senior citizens on fixed deposits and other bank schemes is a great decision, because a lot of senior citizens are depending on this income for living.
- Ayushman Bharat – A new scheme is launched under which nearly 10 crores poor families will now have access to 5 lakh rupees health insurance for each person. Earlier there was 1 lakh rupees health insurance. This is the world's largest health protection plan and is a sign of progressive society. But there is a criticism that private hospitals may misuse this scheme by recommending unnecessary surgeries and medicines.
- Funds are allotted to improve security and technology in railways. This is a very good decision considering the accidents happening in railway sector.
- 14.34 lakh crore rupees is allotted to generate employment opportunities and to improve infrastructure in rural areas.
- As promised, corporate tax is reduced from 30% to 25%, but only for the companies that have turnover of less than 250 crores. All of the Micro, Small, Medium enterprises (MSME) will be at benefit with this decision. This is helpful for Make in India program.
- Funds for Digital India are doubled to Rs. 3,073 crores to increase skilled human resources in Artificial intelligence (AI), Internet of Things (IOT), Robotics, Big Data and other emerging technologies. This is a really needed investment considering the technological advancements throughout the world.
- Revitalising of Infrastructure and Systems in Education (RISE) – A new initiative was launched with an investment of Rs.1 lakh crore for the next four years. This will help in the reformation of education system as this will concentrate on improving the quality of education and training teachers for that goal.



- Customs duty is increased on some items including mobile phones. This is a boon for domestic industries and thereby to Make in India program as well.

Who is Not Happy with Budget 2018 :-

- Now there will 10% tax on the interests earned through mutual funds and stock market, if the earnings are more than 1 lakh rupees per annum. This will discourage people from investing money in savings. RBI Governor Urjit Patel also expressed his concerns against this decision.
- It was promised that farmers' income will be doubled by 2022. But how this will be done is not explained in detail. This seems like a hallow assurance just to attract framers' votes. Former PM Manmohan Singh criticised this by saying that this is not realistic. Without a proper plan, this will remain as just a promise.
- Middle class section feels leftout because there were no special benefits to this section in this budget.
- Tax payers are not happy as tax rates and slabs remian unchanged. As Tax to GDP ration is already low in India when compared with other countries, government may not afford to decrease taxes.
- Though funds for defence sector is increased by 7.8%, it is still not suffcient when compared with the international standards.
- Newly formed states Telangana and Andhra Pradesh are not happy with Budget 2018 as government did not allocate funds in this Budget for their projects and to the formation of new capital city.
- Funds for Construction of smart cities is increased by 54% but the earlier funds were not utilized by states and the process of smart cities is very slow. Hence without speeding up the process of smart cities construction, mere allocation of funds will be of no use.

Conclusion :-

On the one hand government targeted major sections of population – rural people, farmers, below poverty line people and senior citizens for votes in next elections. And on the other hand, it didn't announce short term schemes and benefits just for the sake of attracting votes unlike previous governments and compeletly focused on long term policies and programs to improve India's economy as well as to achieve inclusive growth.

Afterwords :- What is your take on Union budget 2018-19? Express your thoughts in the comment section below. Subscribe to our blog to read more topics on current issues.

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