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INDIA Budget Statement 2018

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This document summarises the important provisions of the Budget 2018 proposals as placed before the Parliament. Topics presented are grouped into chapters and sections to facilitate an understanding of the proposals. These are, however, not mutually exclusive.

Unless otherwise stated, Direct Tax Proposals will be applicable from A.Y. 2019-2020.

The proposals are subject to amendment as the Finance Bill passes through the Parliament.

CONTENTS

FOREWORD

On 1st February 2018, when the Finance Minister presented the last budget of Central Government's present term, persons from all strata's of the society expected the Government to dole-out some benefits for themselves, before the Government goes out to polls next year to seek mandate for another term.

In Prime-Minister's own words, by Budget proposals, the Government has sought to improve "Ease of Living" alongwith "Ease of Doing Business" in India.

In this budget, the Government has kept its focus and a lot of emphasis on uplifting the poor, rural sector, health, education, farmers, senior citizens, employment generation, infrastructure development and digital economy. The spending by the Government has been majorly earmarked for improvement of railway infrastructure, roads, sanitation & hygiene, healthcare, rural development, water supply, etc. To partly fund its spending, the Government kept some onus on itself by keeping a disinvestment target for FY 2018-19 at INR 80,000 crore and not merely relied on tax collections.

One of the most ambitious schemes announced by the Government in the Budget is National Health Protection Scheme providing health insurance of 5 lakhs per family to the 10 crore poor families. Taking an average of 5 members per family, this health insurance scheme is likely to benefit 50 crore Indians approximately, i.e. 38% of India's total population.

With increased Minimum Support Price for crops and linking it to the cost of production (150% of cost) for farmers, the Government has put another step forward to double farmers' income by 2022 when India celebrates its 75th year of independence. Several other steps announced to improve the agriculture & rural sector and to improve living conditions include setting up Agri-Market Infrastructure Fund for developing and upgrading agricultural marketing infrastructure in the Grameen Agricultural Markets (GrAMs) and Agricultural Produce Market Committees ("APMCs"), extending facility of Kisan Credit Cards to fisheries and animal husbandry farmers to help them meet their working capital needs, setting up a Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) for fisheries sector and an Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry, with a combined total Corpus of these two new Funds of Rs. 10,000 crores.

In order to improve infrastructure in rural sector, the Government has increased spending on rural roads, electricity connection, sanitation, housing & education.

"Overall, in its last full Budget, the Government focusses on uplifting the poor, the farmers, and development of the rural sector. The Government also appears to have focussed on job creation and new employment. While the overall intent and focus appears to be in right direction, appropriate implementation of schemes will be key to success of this budget."

With focus on job creation and employment, Government has also increased spending on railways, education and infrastructure, with increase in Government's contribution to PF for New Employees in all sectors.

For improving the infrastructure and connectivity across the country, the Government has announced a substantial capital expenditure of Rs. 1.48 lakh crores on railways infrastructure capacity building & improvement. Substantial expenditure is planned on development of roads, highways, tunnels, airports, etc.

Similarly, in order to improve the human resource capacity building, increased spending is proposed on improving quality of education from pre-nursery to Class 12, improving digital intensity in education and moving from "black board" to "digital board", further promoting Digital India programme.

On the tax front on the other side, the only apparent beneficiaries of this budget are small and medium size companies having turnover upto Rs. 250 crores (as per FY 2016-17 financials), for whom corporate tax rate has been reduced from 30% to 25%. As per the Government, this benefit will help in promoting its stated objective of "Ease of Doing Business in India". Some benefit, is also granted to Senior citizens in form of increased deduction for medical insurance premium, medical treatment for specified diseases, interest earned from bank and post office deposits.

Apart from this, other tax proposals of the Government do not give much relief to other taxpayers, especially middle class salaried taxpayers. The benefit of standard deduction of Rs. 40,000 is essentially wiped out with withdrawal of transport allowance and medical reimbursements aggregating to Rs. 34,200. Further, increase in Cess by 1% puts additional tax burden on all taxpayers. Long term capital gains arising from investment in listed equity shares and equity oriented mutual funds are also subject to income tax at rate of 10%, through gains accruing till 31 January 2018 have been saved from tax net.

Apart from tax rates/ tax benefits, other tax proposals seem of the Budget indicate Government's increased focus on improved tax compliance and plugging the loopholes, viz., introducing statutory provision for enabling e-assessments, procedural changes to improve the effectiveness of the tax administration, making PAN mandatory for all non-individual taxpayers who engage in any financial transaction aggregating to INR 250,000 in a financial year as well as for any individual who is authorised to act on behalf of such entity, Deemed dividends brought under the net of Dividend Distribution Tax.

In summary, in the budget, the Government has put a lot of focus and emphasis on improving the "social justice" and spending on improving the living conditions of the poor, the farmers and the rural sector, with a clear message that not much relief may be expected on the tax front in near future.

EXECUTIVE SUMMARY

DIRECT TAXES

Tax Rates

- No changes in personal income tax rates.
- Education Cess of 3% to be replaced by Education and Health Cess of 4%.

Personal tax

- Standard Deduction for salaried taxpayers of INR 40,000 in place of present exemption for transport allowance and reimbursement of medical expenses.
- Interest income exemption on deposits with banks and post offices for senior citizens increased from INR 10,000 to INR 50,000.
- Senior citizens given benefit of deduction up to INR 50,000 annually from the present INR 30,000 on health insurance premium and/or general medical expenditure incurred.
- Monetary limit under section 80DDB for deduction with regards to amount paid for medical treatment of specified diseases raised to INR 100,000 for both senior and very senior citizens from the existing INR 60,000 and INR 80,000 respectively.

Corporate and business tax

- Domestic Companies having total turnover or gross receipts not exceeding INR 2.5 billion in financial year 2016-17 shall be liable to pay tax at 25% as against present ceiling of INR 500 million in financial year 2015-16.
- Deemed dividend under section 2(22)(e) brought under the scope of Dividend Distribution Tax, to be taxed at 30%.
- Amendments proposed to conform to recent judicial pronouncements on the issue of applicability of ICDS.
- Income distributed by an equity-oriented Mutual Fund liable to pay additional income tax at the rate of 10%.
- Deduction of 30 percent on emoluments paid to new employees Under Section 80-JJAA to be relaxed to 150 days for footwear and leather industry.
- 100 percent deduction proposed to companies registered as Farmer Producer Companies with an annual turnover up to INR 1 billion on profit derived from such activities, for five years from 2018-19.
- Compensation in connection with the termination or the modification of the terms and conditions of any contract relating to its business shall be taxable as business income, and relating to employment shall be taxable under section 56.
- Section 44AE to provide that in the case of heavy goods vehicle, the income would be deemed at an amount equal to INR 1,000 per ton of gross vehicle weight or un-laden weight, per month or part of a month for each goods vehicle.
- Transaction in respect of trading of agricultural commodity derivatives, which is not chargeable to CTT, in a registered stock exchange or registered association to be treated as non-speculative transaction.
- Provisions of section 115BA restricted to the income from the business of manufacturing, production, research or distribution referred to therein; and income which are at present taxed at a scheduler rate will continue to be so taxed.

Capital gain

- Long term Capital gain exemption under section 10(38) in respect of listed STT paid shares being withdrawn. However capital gain up to January 31, 2018 shall not be taxed as cost of acquisition will be taken as Fair Market Value as on January 31, 2018. Tax on STT paid long term capital gain will be 10% under Section 112A where capital gain exceeds INR 100,000.
- Provision of Section 43CA, 50C and 56(2)(x) being amended to allow 5% variation between sale consideration vis a vis stamp duty value.

- Section 54EC amended to provide that capital gain arising from the transfer of a long-term capital asset, invested in the long-term specified asset at any time within a period of six months after the date of such transfer, shall not be charged to tax subject to specified conditions.

International tax

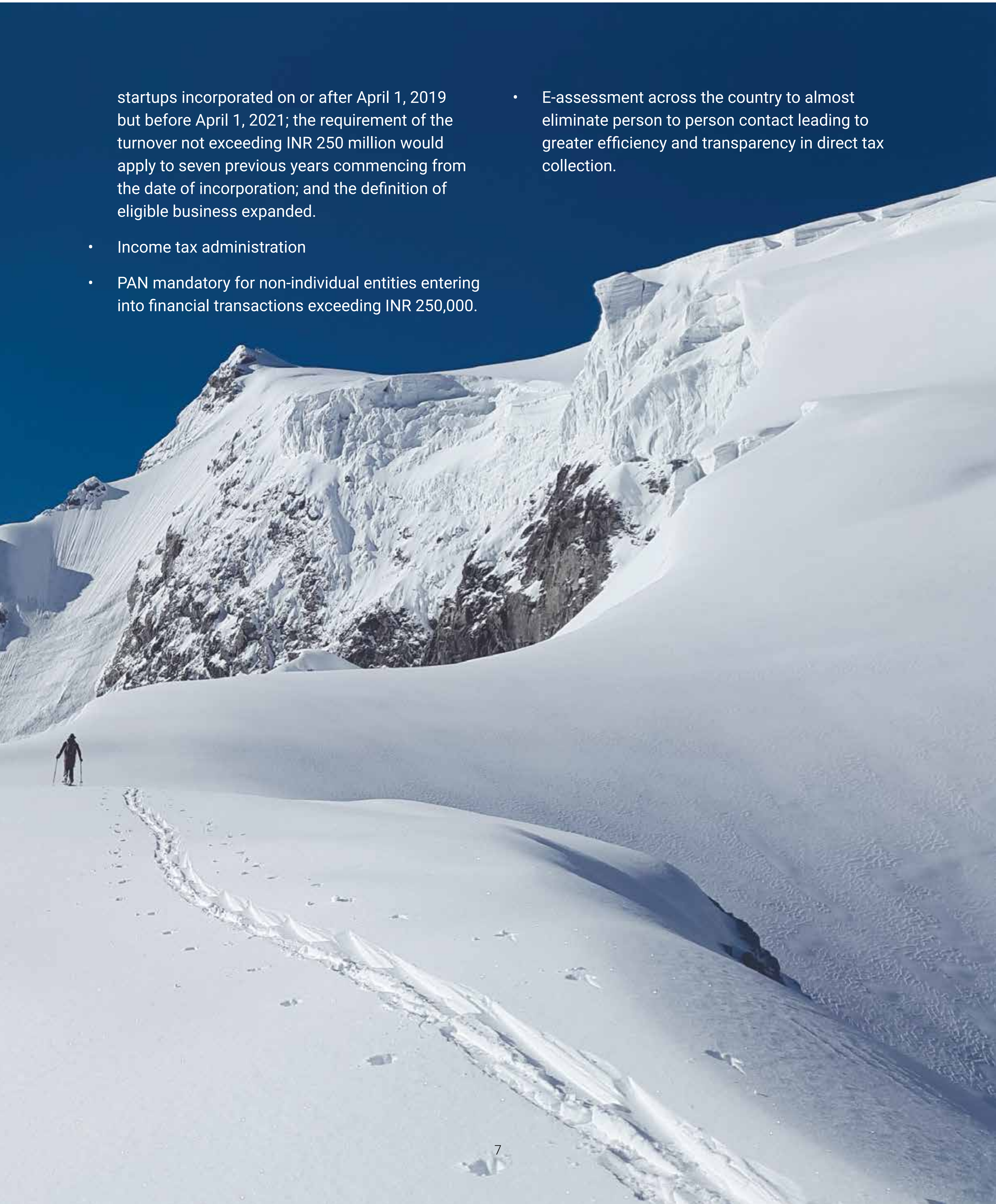
- "Business connection" shall also include any business activities carried through a person who, acting on behalf of the non-resident, habitually concludes contracts or habitually plays the principal role leading to conclusion of contracts by the non-resident.
- 'Significant economic presence' in India shall also constitute 'business connection' for businesses carried on ditigally.
- Transactions in GDRs, Rupee denominated bonds of Indian companies, derivatives by a non-resident on a recognized stock exchange in any IFSC shall not be regarded as transfer.
- Income arising to a non-resident by way of royalty from, or fees for technical services rendered in or outside India to, the NTRO will be exempt from income tax.
- Income accruing or arising to a foreign company on account of sale of left-over crude from a storage facility to any person resident in India shall be exempt even if the agreement or the arrangement is terminated in accordance with the terms mentioned therein.
- CbCR reporting provisions amended to improve the effectiveness and reduce compliance burden of such reporting.

Charitable Trusts

- Provision of section 40(ia) and 40A(3) and 40A(3A) made applicable to Charitable Trusts. Expenditure incurred without deduction of tax and in cash will not be eligible as application of income under section 10(23C) and section 11(1)(a).
- Taxation of Start-ups
- Tax holiday window for startups extended to

startups incorporated on or after April 1, 2019 but before April 1, 2021; the requirement of the turnover not exceeding INR 250 million would apply to seven previous years commencing from the date of incorporation; and the definition of eligible business expanded.

- Income tax administration
- PAN mandatory for non-individual entities entering into financial transactions exceeding INR 250,000.
- E-assessment across the country to almost eliminate person to person contact leading to greater efficiency and transparency in direct tax collection.



- Order passed by the CIT(A) under section 271J appealable before the appellate tribunal.
- Scope of section 80AC extended to provide that the benefit of deduction under the entire class of deductions ‘in respect of certain incomes’ under Chapter VIA shall not be allowed unless the return of income is filed by the due date.

INDIRECT TAXES

Customs Duty

- General rate of Basic Customs Duty remains unchanged at 10%;
- Education cess and Secondary and Higher Education cess abolished on imported goods;
- Social Welfare Surcharge imposed on the goods specified in the First Schedule to the Customs Tariff Act. Goods earlier exempted from Education cess and Secondary and Higher Education cess to remain exempted from Social Welfare Surcharge. Further, Social Welfare Surcharge would not apply on Integrated tax and Goods and Services Compensation Cess leviable under the Customs Tariff Act;
- Rate of Basic Customs duty on mobile phones increased from 15% to 20%;
- Rate of Basic Customs duty on LCD/LED/OLED panels and other parts of LCD/LED/OLED TVs increased from 7.5%/ 10% to 15%;

- Rate of Basic Customs duty on CKD imports of motor vehicles, motor cars, motor cycles increased from 10% to 15% and on CBU imports of motor vehicles from 20% to 25%;
- “Central Board of Excise and Customs” renamed as “Central Board of Indirect Taxes and Customs”;

Service Tax

- Retrospective exemption to services provided by the Goods and Service Tax Network to the Central Government or State Government or Union territories administration during the period March 28, 2013 to June 30, 2017;
- Retrospective exemption on consideration paid to the Government in the form of Government’s share of profit petroleum payable for the services provided by government by way of grant of license or lease to explore or mine petroleum crude or natural gas or both during the period April 1, 2016 to June 30, 2017.

BUDGET FINANCIALS

Amount in INR Billion

		2016-17 Actuals	2017-18 Budget Estimates	2017-18 Revised Estimates	2018-19 Budget Estimates
1.	Revenue Receipts (2+3)	13742.03	15157.71	15054.28	17257.38
	2. Tax Revenue				
	(Net to Centre)	11013.72	12270.14	12694.54	14806.49
	3. Non-Tax Revenue	2728.31	2887.57	2359.74	2450.89
4.	Capital Receipts (5+6+7)	6009.91	6309.64	7123.22	7164.75
	5. Recoveries of Loans	176.3	119.33	174.73	121.99
	6. Other Receipts	477.43	725	1000	800
	7. Borrowing and OtherLiabilities	5356.18	5465.31	5948.49	6242.76
8.	Total Receipts (1+4)	19751.94	21467.35	22177.5	24422.13
9.	Total Expenditure (10+13)	19,752	21,467	22,178	24,422
	10. On Revenue Account of which	16905.84	18369.34	19443.05	21417.72
	11. Interest Payments	4807.14	5230.78	5308.43	5757.95
	12 Grants in aid for creation of capital assets	1657.33	1953.5	1892.45	1953.45
	13. On Capital Account	2846.1	3098.01	2734.45	3004.41
14	Revenue Deficit (10-1)	3,164	3,212	4,389	4,160
		(2.1)	(1.9)	(2.6)	(2.2)
15	Effective Revenue Deficit (14-12)	1,506	1,258	2,496	2,207
		(1.0)	(0.7)	(1.5)	(1.2)
16	Fiscal Deficit [9-(1+5+6)]	5,356	5,465	5,948	6,243
		(3.5)	(3.2)	(3.5)	(3.3)
17	Primary Deficit (16-11)	549	235	640	485
		(0.40)	(0.10)	(0.40)	(0.30)

Capital receipts = (Recoveries of loans + Disinvestment Receipts + Borrowings and other liabilities)

Revenue Deficit = (Revenue Receipts – Revenue Expenditure)

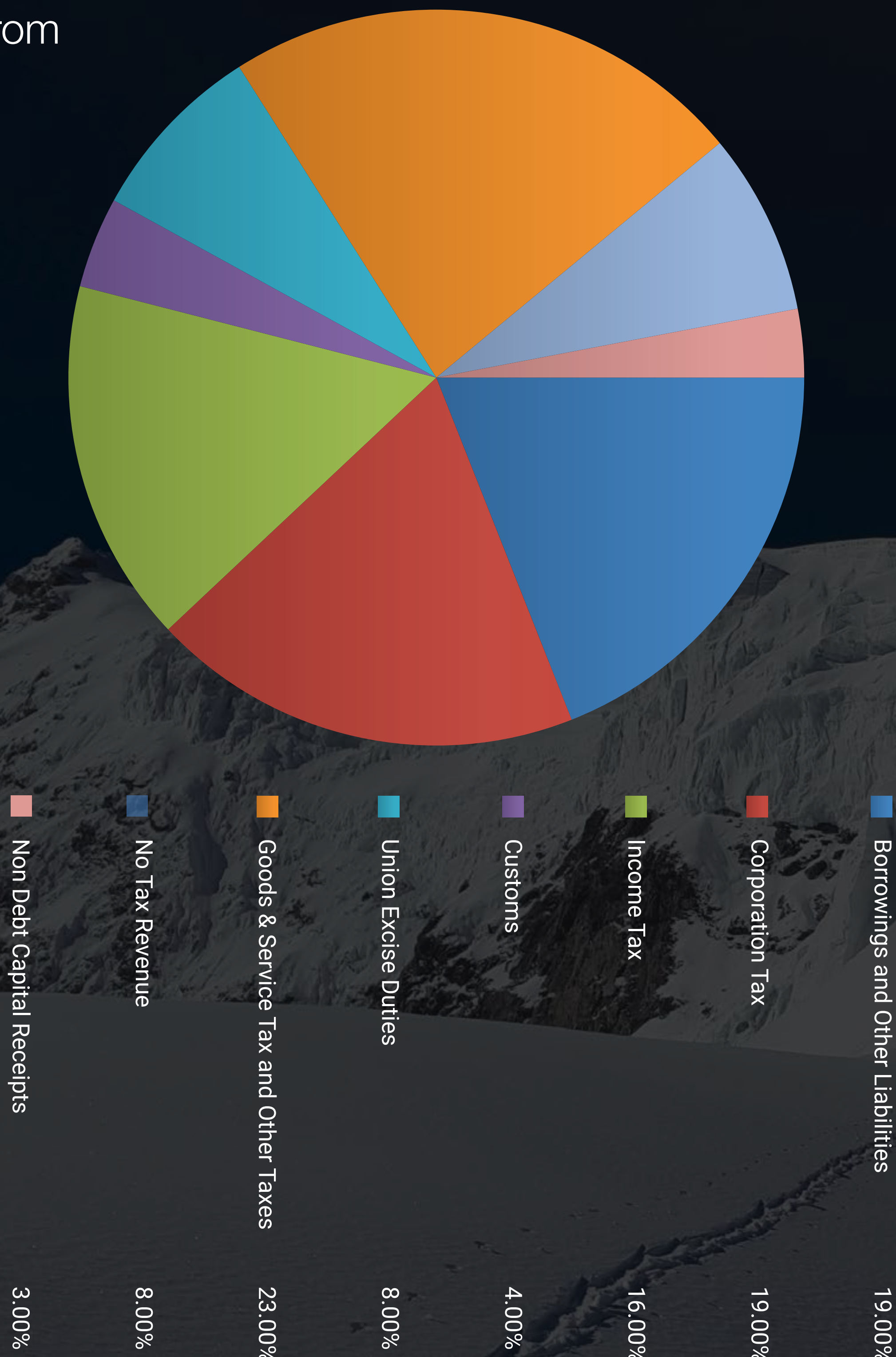
Effective Revenue Deficit = (Capital Expnediture – Grants of creation of capital assets)

Fiscal deficit = (Total Receipts – Borrowings and other liabilities – Total Expenditure)

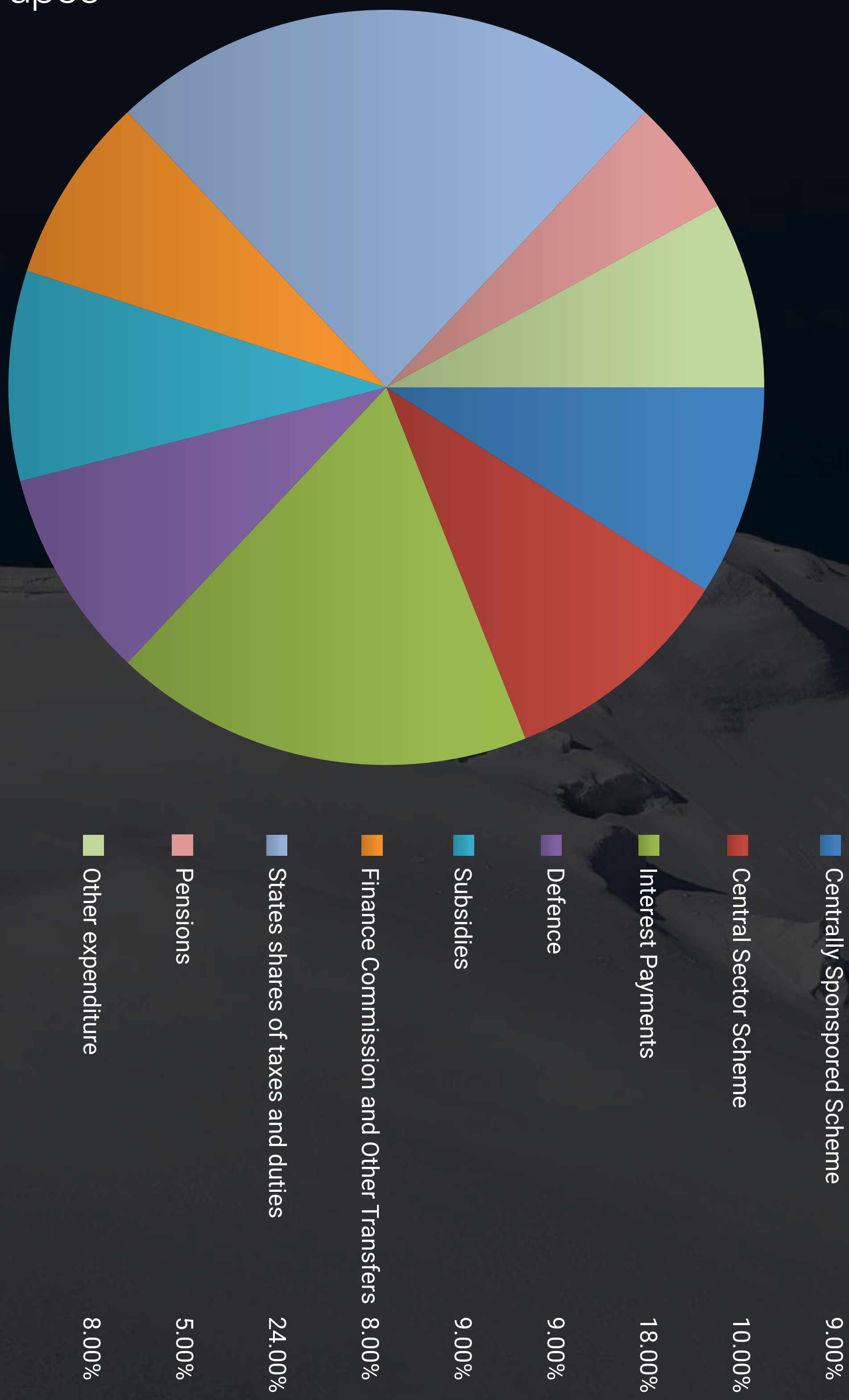
Primary Deficit = (Fiscal Deficit – Interest Payments)

BE = Budget Estimates RE= Revised Estimates

Where the rupee comes from



Where the rupee goes



ECONOMIC SURVEY

INTRODUCTION

India saw some major structural reforms in 2017 and as the economy adapted to the new era, there has been some impact on growth, as reflected in the Economic Survey 2018. That said, the Survey mentioned that the positives from the reforms are already started to come in.

In the first half of the year, India's economy temporarily decelerated while the rest of the world accelerated. Despite the deceleration, the Indian economy remained the second-best performer amongst major countries and posted strong macroeconomic fundamentals. Numerous actions and developments were the reason for this deceleration: demonetization, teething difficulties in GST, high and rising real rate of interest, an intensifying Twin-Balance-Sheet Challenge and sharp fall in certain food prices impacting the agricultural income.

The second half of the year, the economy witnessed robust signs of revival: economic growth improved as the shocks began to fade, corrective actions by the Government and surge in exports.

India leapt 30 ranks over is previous rank of 130 in the World Bank's Doing Business Report 2018. Moody's Investors Services also raised India's rating from the lowest investment grade of Baa3 to Baa2. This has been made possible due to host of measures undertaken by the Government: implementation of GST, Insolvency and Bankruptcy Code, and bank recapitalization. The Government also undertook reforms to boost industrial growth: Make-in-India programme, Start-up India and Intellectual Rights Policy.

Mr. Arvind Subramaniam, the Chief Economic Advisor, in the Survey said that increase in oil prices result in slowdown and rise in inflation and thus, require policy vigilance by the Government. Apart from addressing this, the Government also has several policy actions to take in the next year: reforms to effectively address the ailing balance sheets of the corporates and the banks, privatization of Air India and staving off threats to macro-economic stability.

The other highlights of the Survey are discussed as under:

FISCAL DEFICIT

As for the fiscal deficit, the Survey highlighted the gradually improving situation and credited the sound public financial management as one of the pillars of India's macroeconomic stability in the last three years. The Survey mentioned that in accordance with this, the Fiscal Deficit, Revenue Deficit as well as the Primary Deficit has been declining for the past 3 years.

The fiscal deficit for the first eight months of 2017-18 reached 112% of the total for the year, far above the 89% norm (average of last 5 years), said the Survey. It attributed the substantial increase to shortfall in non-tax revenue, reflecting reduced dividends from government agencies and enterprises. Another reason given by the Survey for such increase is that expenditure progressed at a fast pace. As a result of the budget overruns, the central government's fiscal deficit until November 2017 was INR 6,100 billion compared to the budgeted INR 5,500 billion.

The Survey further added that considering fiscal developments at the center, a pause in general government fiscal consolidation relative to 2016-17 cannot be ruled out.

GDP GROWTH

After registering GDP growth of over 7% for the third year in succession in 2016-17, the Indian economy is headed for somewhat slower growth estimated to be 6.5% in 2017-18, mentioned the pre-budget Economic Survey 2018. The Survey lauded the growth numbers especially because this was achieved in the backdrop of lower inflation, improved current account balance and notable reduction in the fiscal deficit to GDP ratio.

Even with the growth rate slightly lower than the range of 6.5% to 6.75%, predicted in the Economic Survey 2017, GDP growth for the period 2014-15 to 2017-18 is the highest among the major economies of the world.

The growth in exports have been in negative for couple of years, the growth rebounded into positive during 2016-17 and strengthened further in 2017-18. This, along with acceleration in global growth is expected to further boost India's exports. That said, the Survey mentions that the protectionist tendencies could adversely impact the exports growth.

There are signs of revival of investment activity in the economy. This, along with the still favourable interest rate regime could provide greater certainty to the investment climate.

On the other hand, downside risk to higher growth emanate from higher crude oil prices, which (going by current indications) can be expected to increase by about 10%-15% over and above the likely average price of around USD 56-56/barrel.

For 2018-19, the Survey predicts that India's GDP growth will accelerate to 7% – 7.5%.

AGRICULTURAL AND ALLIED SECTOR

The Survey highlighting the importance of the sector in creation of employment, livelihood and food security mentioned that as per the 1st Advance Estimate the share of agricultural and allied sectors in GVA declined from 8.2 per cent in 2012-13 to 16.4 per cent in 2017-18.

The share of livestock in GVA of agricultural has been on a rise since 2011-12, while that of crop sector declined from 65 per cent in 2011-12 to 60 per cent in 2015-16.

The survey mentions that that India ranks first, with 9.6 per cent of the global net cropland area according to United States Geological Survey. Hence India has tremendous potential for crop diversification and to make farming a sustainable and profitable economic activity.

It has also been mentioned in the survey that the all India percentage of net irrigated area to total cropped area was 34.5 per cent in 2014-15, which makes a large part of agriculture in India dependent on rainfall.

Given less awareness among the agricultural households regarding crop insurance, 'Pradhan Mantri Fasal Bima Yojana', a yield-index based crop insurance scheme, was launched in 2016. As on December 2017, total claims of INR 13,292 crore have been approved for 116 lakh farmer (applications) and INR 12,020 crore have been paid under PMFBY.

INDUSTRIAL, CORPORATE, AND INFRASTRUCTURE PERFORMANCE

Both, electricity generation and mining and manufacturing sector, saw surge in activity during the period April-November 2017-18, the respective sectors punched growth of 5.2% and 3.0%. The composite effect of growth in both these sectors resulted in increase in IIP by 3.02% during the same period. In November 2017, the IIP registered a growth of 8.4%.

The eight core-infrastructure supportive industries – coal, crude oil, natural gas, petroleum refinery products, fertilizers, steel, cement and electricity – having total weight of nearly 40% in the IIP attained a cumulative growth of 3.9% during the period April-November 2017. The production of steel increased substantially during the period, while that of crude oil and fertilizers saw a slight fall.

Improved performance of industries within the manufacturing sector like Iron & Steel and Motor Vehicles & Other Transport Equipment resulted in growth in sales (Y-o-Y) of over 1700 non-government non-financial listed manufacturing companies.

Nominal credit growth to industry turned positive to 1% in November 2017 for the first time after witnessing negative growth since October 2016. The Survey attributed the lower credit supply to two factors: impaired balance sheet of public sector banks due to higher NPA and weak demand for credit. The Survey expects the situation to change with the recent recapitalization package of INR 2,110 billion. It is expected that the recapitalization package will held in easing the balance sheet of the public-sector banks and thereby helping banks to accelerate the pace of credit disbursement.

The performance of key infrastructure sectors – roads, railways, ports, telecom, civil aviation and power – saw increased investment by the Government over time. The Survey appreciated the various programs rolled out by the Government – 'Bharatmala Pariyogna', 'Sagarmala Programme', 'Bharat Net' and 'Digital India', 'UDAN Scheme' and 'Ujjawal DISCOM Assurance Yojna'.

SERVICES SECTOR

The services sector accounts for 55.2% of the India's GVA. India remained the eighth largest exports of commercial services in the world in 2016, with a share of 3.4% which is double the share of India's merchandise exports in the world.

The sector continued to be a key driver of India's economic growth and contributed almost 72.5% of the GVA growth in 2017-18. With different Government initiatives for different services sector – digitization, e-visas, infrastructure status to logistics, start-up India etc. could provide further fillip to the sector. That said, the Survey pointed out the downward risk: the external environment for software and business services.

STOCK MARKETS

The period April- November 2017 witnessed steady increase in resource mobilization in the primary market – 134 companies accessed primary market and raised INR 703,160 million as compared to 80 companies raising INR 483,250 million in corresponding period.

During the same period, there were 122 Public Issues which raised INR 666,410 million and 12 Rights Issue which raised INR 36,750 million.

The Indian mutual fund industry also registered a robust growth during the period April 2016 to October 2017. The AUM of Mutual Funds Industry witnessed a constant growth in terms of new investment and increase in value of the existing investments as result of overall good market conditions.

Resource mobilization through issuance of corporate bonds rose rapidly during 2017-18 (April-November) as compared to the corresponding period in the previous year, with an amount of INR 4,230 billion.

The S&P BSE Sensex, the benchmark index of BSE, closed at 34,433 points on January 10, 2018, witnessing a gain of 16.5% from the closing on March 31, 2017.

INFLATION

The economy witnessed gradual transition, from a period of high and variable inflation, to a more stable prices in the last four years, mentioned the Survey.

CPI inflation declined to 3.3% during the period April - December 2017, with broad based decline in inflation across major commodity groups barring a few – housing, and fuel & light. Headline inflation has been below 4% for 12 straight months, from November 2016 to October 2017 and CPI food inflation averaged around 1% during April-December in the current financial year.

While food was the main driver of CPI (Rural) inflation in 2016-17 (Apr- Dec), miscellaneous category contributed the most to inflation in rural areas during April-December of the current financial year. The contribution of fuel and light, clothing and footwear and pan, tobacco and intoxicants categories in CPI (Rural) inflation has risen during April-December 2017 over the same period last year.

In urban areas, while food was the main driver of inflation during April-December last year, housing sector has contributed the most to CPI (Urban) inflation during April-December in the current financial year, followed by miscellaneous category.

FOREIGN EXCHANGE RESERVES

The India's foreign exchange reserves increased to USD 413.8 billion as on January 12, 2018. The foreign exchange reserves in nominal terms (including the valuation effects) increased by USD 30.3 billion during H1 of 2017 as compared to an increase of USD 11.8 billion during the same period of preceding year.

EXCHANGE RATE

The survey mentions that during AY 2017-18 (up to December 2017), the rupee generally traded with an appreciating bias against the US Dollar. The rupee strengthened by 2.5 per cent to a level of INR 64.24 per USD during December 2017 from the level of INR 65.88 per USD during March 2017 on the back of significant capital flows.

Having said that, the survey mentions that the value of Rupee has been relatively stable vis-à-vis USD. Further, on an average, the Rupee has also appreciated against other major currencies besides USD.

EXTERNAL TRADE

The Survey points out that the India's external sector has continued to be resilient and strong in 2017-18 so far and the Balance of Payments (BoP) situation continued to be comfortable. The Survey also mentions that the during 2017-18, merchandise exports grew by 12 per cent, net services receipts grew by 14.6 per cent, net foreign investment grew by 17.4 per cent, and external debt indicators improved in H1 of 2017-18.

In 2017-18 (April – December) export growth picked up further to 12.1 per cent. India's positive export growth in 2016-17 owed to the positive growth of both POL and non-POL exports at 3.2 per cent and 5.4 per cent respectively.

India's trade deficit (on custom basis) which had registered continuous decline since 2014-15, widened to USD 7405 billion in H1 of 2017-18 from USD 43.4 billion in h1 of 2016-17. Among India's trading partners, the top five countries with which India has negative bilateral trade balance are Chine, Switzerland, Saudi Arabia, Iraq and South Korea while the top five countries with which it has surplus trade balance are USA, UAE, Bangladesh, Nepal and UK. India has the highest trade deficit which China. Its share in India's total trade deficit increased from 20.3 per cent in 2012-13 to 47.1 per cent in 2016-17 and 43.2 per cent in 2017-18.

India's major items of imports from China are telephone sets including mobiles, automatic data processing machines and other semi-conductor devices. India's major items of export to China are cotton yarn, copper, refined and copper alloys unwrought, PoL items, granite, aluminum ores, other fixed vegetable fats and oils, cyclic hydrocarbons, cotton, polymers and iron ore.

ECONOMIC SURVEY – ISSUES AND PRIORITY

The Survey mentions that medium-term growth potential of 8%, that the Economic Surveys for previous years projected, is well within the reach of Indian economy. To achieve this, the Government needs to stabilize GST implementation to remove uncertainty for exporters, facilitate easier compliance, and expand the tax base; privatize Air India; and stave off any nascent threats to macro-economic stability, notably from persistently high oil prices, and disruptive corrections to elevated assets prices.

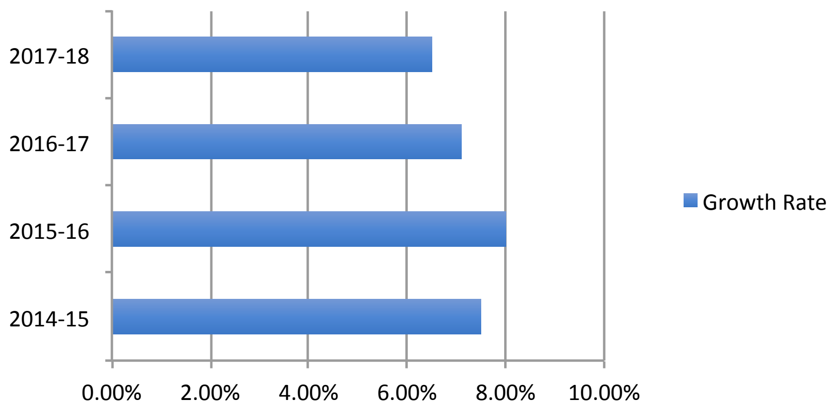
The Survey divided the year into two halves – the first half of the year witnessed deceleration in the economy, while the latter half observed acceleration. The Survey gives explanations for the deceleration observed in the first half, demonetization and GST being one of factors and the effects of it receded in the second half are not cause of worry. The other explanations are the Twin-Balance-Sheet challenge, and the oil prices, both needed vigilance from the Government, said the Survey.

On the 4 R's of the Twin-Balance-Sheet challenges – recognition, resolution, recapitalization and reforms – recognition advanced further and major measures were take to address the two R's.

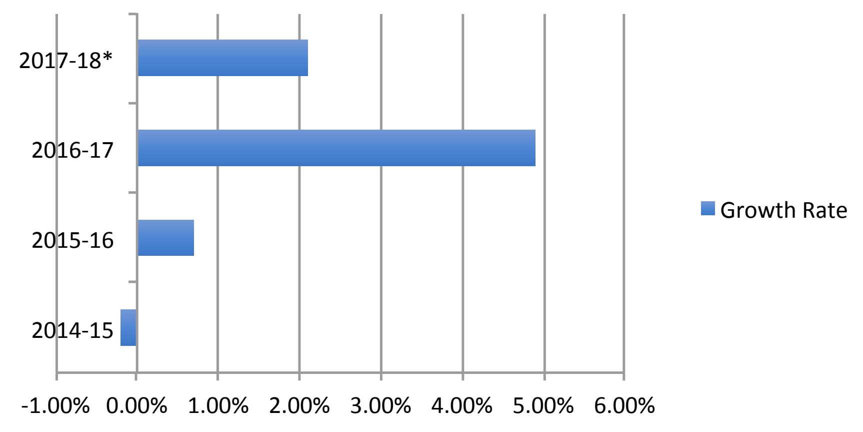
The rising oil prices deteriorate the two underlying macro-economic vulnerabilities of Indian economy: its fiscal and current accounts. The Government need to break the inertia of the tax-GDP ratio to overcome the fiscal vulnerabilities. With substantial increase in unique indirect taxpayers under the GST, the Survey expects the Indian economy on the cusp of breaking this fiscal inertia.

The Government has done well and its commitment to reforms, despite the shot-term setbacks, has been the reason for the macro-economic stability of the Indian Economy in the last three years. Continuation of the reforms alongwith significant public investment can help attract private investment. As these pick, the economy can easily achieve the growth target of 8% and can even reach 10% in the ensuing years.

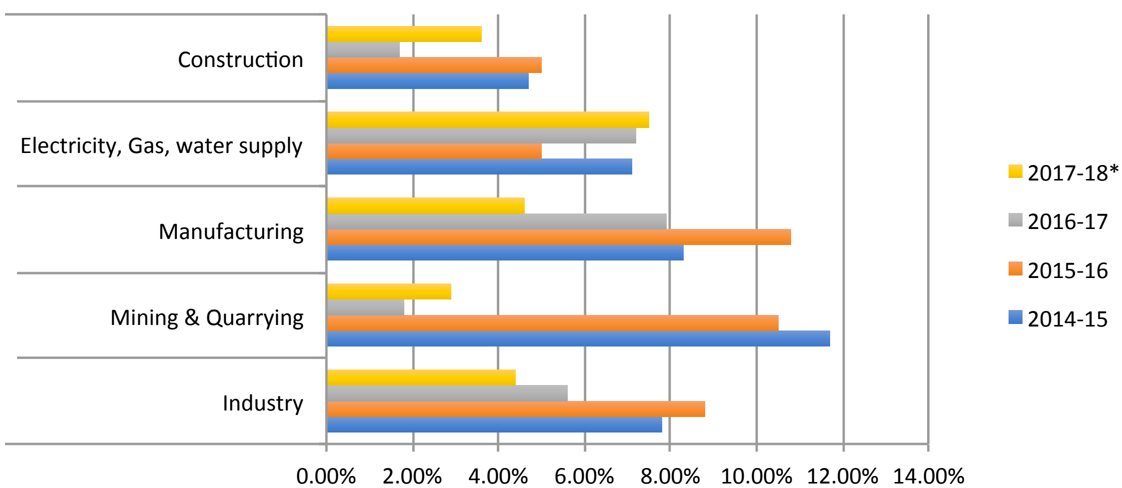
GROWTH IN GDP



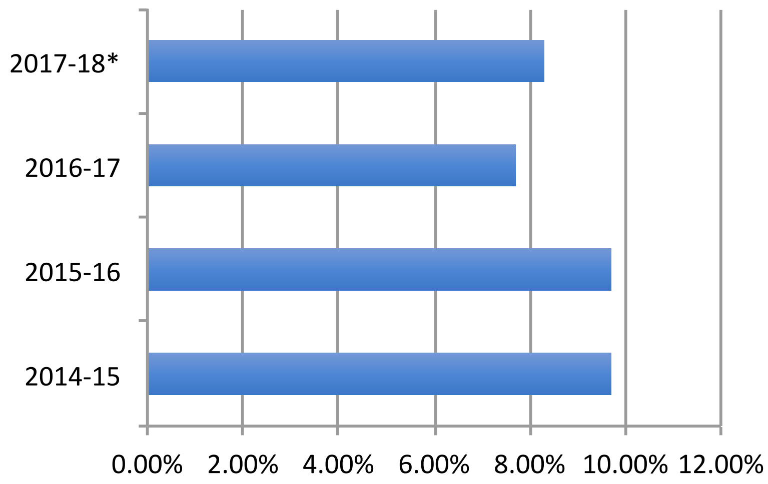
GROWTH IN AGRICULTURE



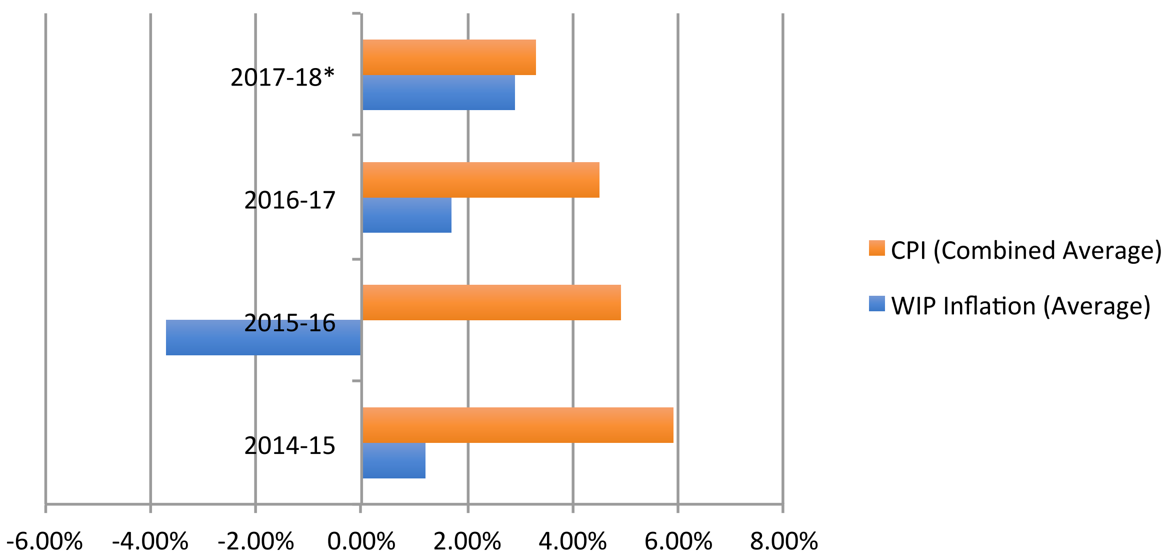
GROWTH IN INDUSTRY



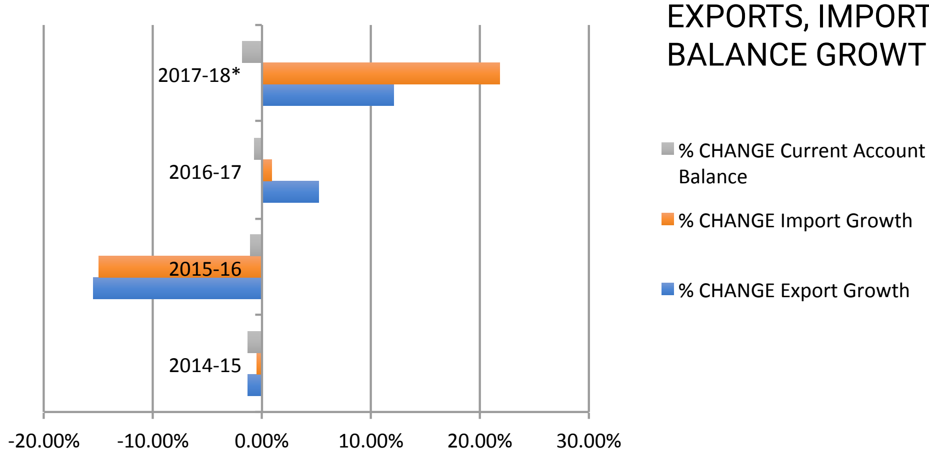
GROWTH IN SERVICES



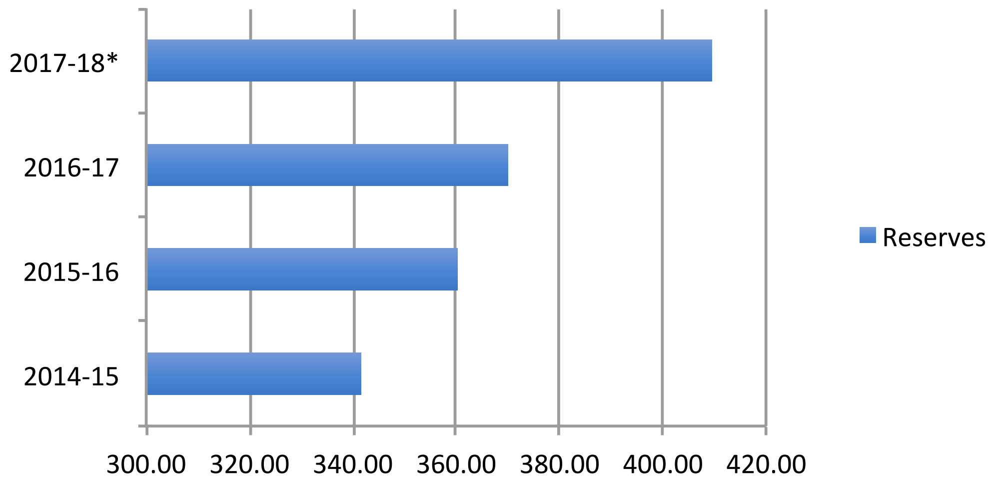
INFLATION



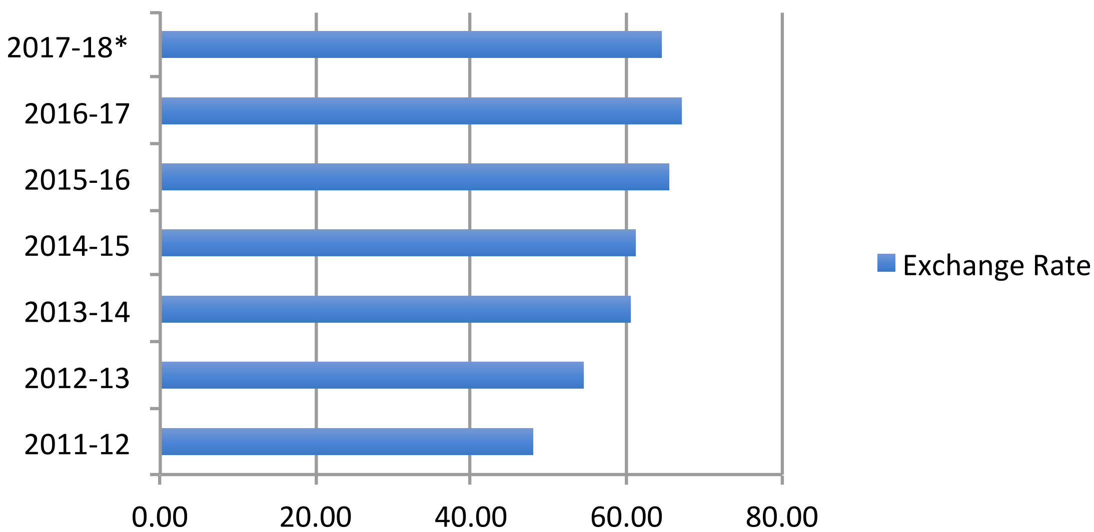
EXPORTS, IMPORTS AND CURRENT ACCOUNT BALANCE GROWTH



FOREIGN EXCHANGE
RESERVES (US$ Billion)



AVERAGE RUPEE/DOLLAR EXCHANGE RATE



DIRECT TAX

TAX RATES

- **Personal tax rates**

The personal tax rates for the financial year 2018-19 (assessment year 2019-20) are as follows -

- o Personal tax rates (for all Individuals, HUF, AOP and BOI)

Income (INR)	Rate %
Upto 250,000	NIL
250,001 to 500,000	5
500,001 to 1,000,000	20
Above 1,000,000	30

- o Personal tax rates (for all Individuals who are at least sixty years of age but less than eighty years of age at any time during the previous year)

Income (INR)	Rate %
Upto 300,000	NIL
300,001 to 500,000	5
500,001 to 1,000,000	20
Above 1,000,000	30

- o Personal tax rates (for all Individuals who are eighty years of age at any time during the previous year)

Income (INR)	Rate %
Upto 500,000	NIL
500,001 to 1,000,000	20
Above 1,000,000	30
Above 1,000,000	30

- **Corporate tax rates**

In case of a domestic company, if the total turnover or gross receipts of the company in the previous year 2016-17 do not exceed Rs. 2.5 billion the rate of Income-tax shall be 25% of the total income and in all other cases the same shall be 30% of the total income.

- **Cooperative Societies / Firms / Local Authorities**

There are no changes in the tax rates.

- **Dividend Distribution Tax/ Income Distribution Tax**

There are no changes in the tax rates.

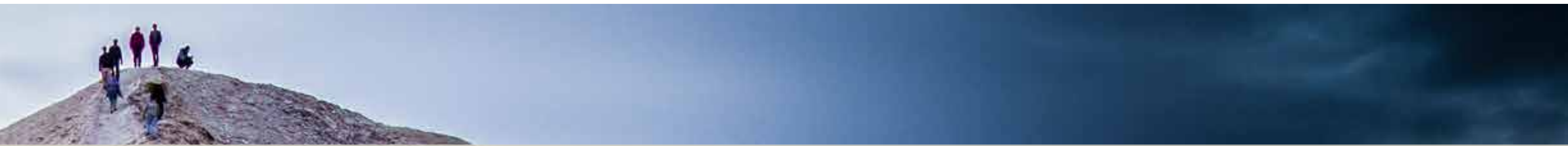
- **Securities Transaction Tax**

There are no changes in the tax rates.

- **Commodities Transaction Tax**

There are no changes in the tax rates.

- **Surcharge**



- o In the case of an Individual, Hindu undivided family, Association of Persons, Body of Individuals

  Surcharge shall be levied at 10% of such income-tax in case of a person having a total income exceeding INR 5 million but not exceeding INR 10 million, and 15 % of such income-tax in case of a person having a total income exceeding INR 10 million.

- o In the case of co-operative societies, firms and local authorities

  Surcharge shall be levied at 12% where the income exceeds a sum of INR 10 million.

- o In case of a domestic company

  Surcharge at the rate of 7% shall continue to be levied if the total income exceeds INR 10 million but does not exceed INR 100 million. The surcharge at the rate of 12% shall continue to be levied if the total income of the domestic company exceeds INR 100 million.

- o In case of companies other than domestic companies

  The existing surcharge of 2% shall continue to be levied if the total income exceeds INR 10 million but does not exceed INR 100 million. The surcharge at the rate of 5% shall continue to be levied if the total income of the company other than domestic company exceeds INR 100 million.

- **Education Cess**

"Education Cess on Income-tax" and "Secondary and Higher Education Cess on Income-tax" shall be discontinued. A new cess, by the name of "Health and Education Cess" shall be levied at the rate of 4%.

CORPORATE & BUSINESS TAXATION

- **Widening of scope of accumulated profits for the purposes of dividend**

Section 2 (22) defines "dividend" to include distribution of accumulated profits (whether capitalized or not) to its shareholders by a company. Explanation 2 to the said clause provides the definition of the term 'accumulated profits' for the purposes of the said clause, as all profits of the company up to the date of distribution or payment or liquidation, subject to certain conditions.

It is proposed to insert a new Explanation 2A in section 2(22) of the Act to widen the scope of the term 'accumulated profits' so as to provide that in the case of an amalgamated company, accumulated profits, whether capitalised or not, shall be increased by the accumulated profits of the amalgamating company, whether capitalized or not, on the date of amalgamation.

This amendment will take effect from April 1, 2018 and

will accordingly apply in relation to assessment year 2018-19 and subsequent assessment years.

- **Application of Dividend Distribution Tax to Deemed Dividend**

At present dividend distributed by a domestic company is subject to DDT payable by such company. However, deemed dividend under section 2(22)(e) the Act is taxed in the hands of the recipient at the applicable marginal rate.

It is proposed to delete the Explanation to Chapter XII-D occurring after section 115Q of the Act so as to bring deemed dividends also under the scope of DDT under section 115-O. Further, such deemed dividend is proposed to be taxed at the rate of 30% (without grossing up) in order to prevent camouflaging dividend in various ways such as loans and advances.

This amendment relating to imposition of dividend distribution tax on deemed dividend will apply to transactions referred to in section 2(22)(e) of the Act undertaken on or after April 1, 2018.

- **Dividend distribution tax on dividend payouts to unit holders in an equity-oriented fund**

Presently, any income distributed to a unit holder of equity oriented funds is not chargeable to tax.

It is proposed to amend the said section to provide that where any income is distributed by a Mutual Fund being, an equity-oriented fund, the mutual fund shall be liable to pay additional income-tax at the rate of 10% on income so distributed. For this purpose, equity-oriented fund will have the same meaning assigned to it in the new section 112A of the Act.

This amendment will take effect from April 1, 2018.

- **Taxability of compensation in connection to business or employment**

Under the existing provisions of the Act, certain types of compensation receipts are taxable as business income under section 28. However, the existing provisions of section 28(ii) is restrictive in its scope as far as taxation of compensation is concerned.

It is proposed to amend section 28 of the Act to provide that any compensation received or receivable, whether revenue or capital, in connection with the termination or the modification of the terms and conditions of any contract relating to its business shall be taxable as business income. It is further proposed that any compensation received or receivable, whether in the nature of revenue or capital, in connection with the termination or the modification of the terms and conditions of any contract relating to its employment shall be taxable under section 56 of the Act.

These amendments will take effect from April 1, 2019 and will, accordingly, apply in relation to assessment year 2019-20 and subsequent assessment years.

- **Presumptive income under section 44AE in case of goods carriage**

Section 44AE provides that the profits and gains shall be deemed to be an amount equal to INR 7,500 per month or part of a month for each goods carriage or the amount claimed to be actually earned by the assessee, whichever is higher. The current presumptive income scheme is applicable uniformly to all classes of goods carriages irrespective of their tonnage capacity. The only condition which needs to be fulfilled is that the assessee should not have owned more than 10 goods carriages at any time during the previous year.

It is proposed to amend the section 44AE of the Act to provide that, in the case of heavy goods vehicle (more than 12MT gross vehicle weight), the income would deemed to be an amount equal to INR 1,000 per ton of gross vehicle weight or unladen weight, as the case may be, per month or part of a month for each goods vehicle or the amount claimed to be actually earned by the assessee, whichever is higher. The vehicles other than heavy goods vehicle will continue to be taxed as per the existing rates.

These amendments will take effect April 1, 2019 and will, accordingly, apply in relation to assessment year 2019-20 and subsequent assessment years.

- **Measures to promote start-ups**

Section 80-IAC of the Act provides that deduction under this section shall be available to an eligible start-up for 3 consecutive assessment years out of 7 years at the option of the assessee, if-

- o It is incorporated on or after April 1, 2016 but before April 1, 2019;
- o The total turnover of its business does not exceed INR 250 million in any of the previous years beginning on or after April 1, 2016 and ending on March 31, 2021; and
- o It is engaged in the eligible business which involves innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.

In order to improve the effectiveness of the scheme for promoting start-ups in India, it is proposed to make following changes in the taxation regime for the start-ups:

- o The benefit would also be available to start ups incorporated on or after April 1, 2019 but before April 1, 2021;
- o The requirement of the turnover not exceeding INR 250 million would apply to 7 previous years commencing from the date of incorporation;
- o The definition of eligible business has been expanded to provide that the benefit would be available if it is engaged in innovation, development or improvement of products or processes or services, or a scalable business model with a high potential of employment generation or wealth creation.

The amendment will take effect from April 1, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent assessment years.

- **Incentive for employment generation**

At present, under section 80-JJAA of the Act, a deduction of 30% is allowed in addition to normal deduction of 100% in respect of emoluments paid to eligible new employees who have been employed for a minimum period of 240 days during the year. However, the minimum period of employment is relaxed to 150 days in the case of apparel industry.

It is proposed to extend this relaxation to footwear and leather industry. Further, it is also proposed to rationalize this deduction of 30% by allowing the benefit for a new employee who is employed for less than the minimum period during the first year but continues to remain employed for the minimum period in subsequent year.

This amendment will take effect, from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Companies under insolvency resolution - Relief from liability of Minimum Alternate Tax**

Section 115JB of the Act, provides for levy of a Minimum Alternate Tax on the “book profits” of a company. In computing the book profit, it provides for a deduction in respect of the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account. Consequently, where the loss brought forward or unabsorbed depreciation is Nil, no deduction is allowed. This non-deduction is a barrier to rehabilitating companies seeking insolvency resolution.

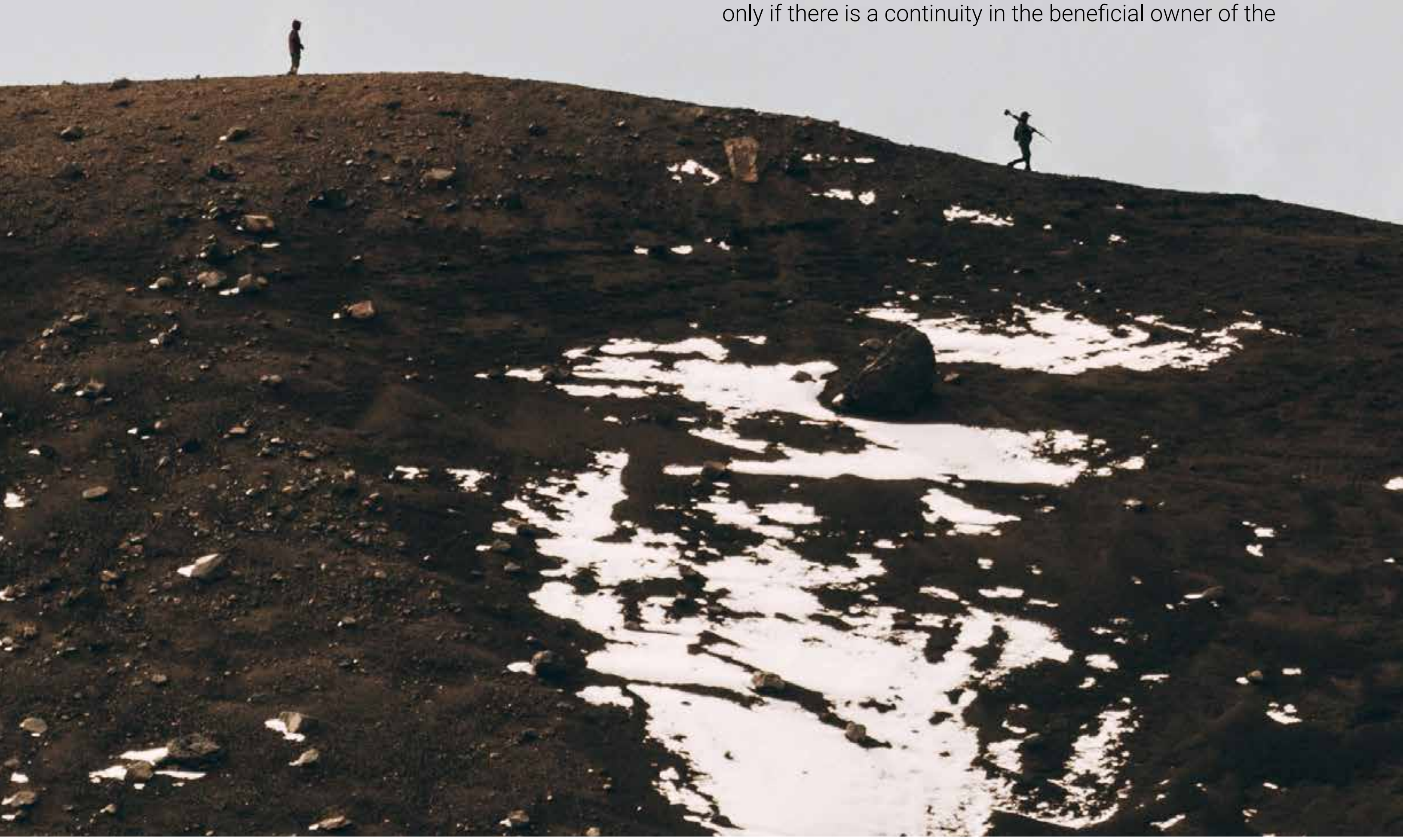
In view of the above, it is proposed to amend section 115JB to provide that the aggregate amount of unabsorbed depreciation and loss brought forward (excluding unabsorbed depreciation) shall be allowed to be reduced from the book profit, if a company’s application for corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 has been admitted by the Adjudicating Authority.

Consequently, a company whose application has been admitted would henceforth be entitled to reduce the loss brought forward (excluding unabsorbed depreciation) and unabsorbed depreciation for the purposes of computing book profit under section 115JB.

This amendment will take effect from April 1, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent assessment years.

Companies under insolvency resolution – Benefit of carry forward and set off of losses

Section 79 of Act provides that carry forward and set off of losses in a closely held company shall be allowed only if there is a continuity in the beneficial owner of the



shares carrying not less than 51% of the voting power, on the last day of the year or years in which the loss was incurred. In general, the case of a company seeking insolvency resolution under Insolvency and Bankruptcy Code, 2016, involves change in the beneficial owners of shares beyond the permissible limit under section 79. This acts as a hurdle for restructuring and rehabilitation of such companies.

It is proposed to relax the rigors of section 79 in case of such companies, whose resolution plan has been approved under the Insolvency and Bankruptcy Code, 2016, after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner.

This amendment will take effect from April 1, 2018 and will, accordingly, apply in relation to assessment year 2018-19 and subsequent assessment years.

It is also proposed to amend section 140 of the Act so as to provide that during the resolution process under the Insolvency and Bankruptcy Code, 2016, the return shall be verified by an insolvency professional appointed by the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016.

This amendment will take effect from April 1, 2018 and will, accordingly apply to return filed on or after the said date.

- **Rationalisation of provision of section 115BA relating to certain domestic companies**

Section 115BA of the Act provides that the total income of a newly set up domestic company engaged in business of manufacture or production of any article or thing and research in relation thereto, or distribution of such article or thing manufactured or produced by it, shall, at its option, be taxed at the rate of 25% subject to conditions specified therein. This benefit is available from assessment year 2017-18. However, there are certain incomes which are subject to a scheduler tax at a rate which is lower or higher than 25%.

It is proposed to amend section 115BA so as to clarify that the provisions of section 115BA is restricted to the income from the business of manufacturing, production, research or distribution referred to therein; and income which are at present taxed at a scheduler rate will continue to be so taxed.

The amendment will take effect retrospectively from April 1, 2017 and will, accordingly, apply in relation to the assessment year 2017-18 and subsequent years.

- **Rationalisation of provision relating to conversion of stock-in-trade into Capital Asset**

Section 45 of the Act provides that capital gains arising from a conversion of capital asset into stock-in-trade shall be chargeable to tax. However, in cases where the stock in trade is converted into, or treated as, capital asset, the existing law does not provide for its taxability.

It is proposed to amend the provisions of —

- o Section 28 so as to provide that any profit or gains arising from conversion of inventory into capital asset or its treatment as capital asset shall be charged to tax as business income. It is also proposed to provide that the fair market value of the inventory on the date of conversion or treatment determined in the prescribed manner, shall be deemed to be the full value of the consideration received or accruing as a result of such conversion or treatment;
- o Section 2(24) so as to include such fair market value in the definition of income;
- o Section 49 so as to provide that for the purposes of computation of capital gains arising on transfer of such capital assets, the fair market value on the date of conversion shall be the cost of acquisition;
- o 2(42A) so as to provide that the period of holding of such capital asset shall be reckoned from the date of conversion or treatment.

These amendments will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Amendments in relation to notified Income Computation and Disclosure Standards.**

At present, section 145 of the Act empowers the Central government to notify Income Computation and Disclosure Standards (ICDS). In pursuance the central government has notified 10 such standards effective from April 1, 2017 relating to assessment year 2017-18. These are applicable to all assessees (other than an Individual or a Hindu undivided family who are not subject to tax audit under section 44AB of the said Act) for the purposes of computation of income chargeable to income-tax under the head "Profits and gains of business or profession" or "Income from other sources".

It is proposed to —

- o Amend section 36 of the Act to provide that marked to market loss or other expected loss as computed in the manner provided in income computation and disclosure standards notified under section 145(2), shall be allowed as deduction.
- o Amend section 40A of the Act to provide that no deduction or allowance in respect of marked to market loss or other expected loss shall be allowed except as allowable under section 36(1)(xviii).
- o Insert a new section 43AA in the Act to provide that, subject to the provisions of section 43A, any gain or loss arising on account of effects of changes in foreign exchange rates in respect of specified foreign currency transaction shall be treated as income or loss, which shall be computed in the manner provided in ICDS as notified under section 145(2).
- o Insert a new section 43CB in the Act to provide that profits arising from a construction contract or a contract for providing services shall be determined on the basis of percentage of completion method except for certain service contracts, and that the contract revenue shall include retention money, and contract cost shall not be reduced by incidental interest, dividend and capital gains.
- o Amend section 145A of the Act to provide that, for the purpose of determining the income chargeable under the head "Profits and gains of business or profession –

  - The valuation of inventory shall be made at lower of actual cost or net realizable value computed in the manner provided in income computation and disclosure standards notified under (2) of section 145.
  - The valuation of purchase and sale of goods or services and of inventory shall be adjusted to include the amount of any tax, duty, cess or fee actually paid or incurred by the assessee to bring the goods or services to the place of

its location and condition as on the date of valuation.

- Inventory being securities not listed, or listed but not quoted, on a recognised stock exchange, shall be valued at actual cost initially recognised in the manner provided in income computation and disclosure standards notified under (2) of section 145.

- Inventory being listed securities, shall be valued at lower of actual cost or net realisable value in the manner provided in income computation and disclosure standards notified under (2) of section 145 and for this purpose the comparison of actual cost and net realisable value shall be done category-wise.

o Insert a new section 145B in the Act to provide that -

- Interest received by an assessee on compensation or on enhanced compensation, shall be deemed to be the income of the year in which it is received.

- The claim for escalation of price in a contract or export incentives shall be deemed to be the income of the previous year in which reasonable certainty of its realisation is achieved.

- Income referred to in section 2(24)(viii) shall be deemed to be the income of the previous year in which it is received, if not charged to income tax for any earlier previous year.

Further, it is proposed to bring the amendments retrospectively with effect from April 1, 2017 i.e. the date on which the ICDS was made effective and will, accordingly, apply in relation to assessment year 2017-18 and subsequent assessment years.

INTERNATIONAL TAX

- **Applicability of Minimum Alternate Tax to foreign companies**

A clarificatory amendment is also proposed in section 115JB of the Act to provide that the provisions of section 115JB of the Act shall not be applicable and shall be deemed never to have been applicable to an assessee, being a foreign company, if its total income comprises solely of profits and gains from business referred to in section 44B or section 44BB or section 44BBA or section 44BBB and such income has been offered to tax at the rates specified in the said sections.

This amendment will take effect retrospectively from April 1, 2001 and will, accordingly, apply in relation to the assessment year 2001-02 and subsequent assessment years.

- **Aligning the scope of "business connection" with modified PE Rule as per Multilateral Instrument**

It is proposed to amend Section 9 of the Act so as to align them with the provisions in the DTAA as modified by MLI so as to make the provisions in the treaty effective. Accordingly, section 9(1)(i) is being proposed to be amended to provide that "business connection" shall also include any business activities carried through a person who, acting on behalf of the non-resident, habitually concludes contracts or habitually plays the principal role leading to conclusion of contracts by the non-resident. It is further proposed that the contracts should be -

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

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to assessment year 2019-20 and subsequent assessment years.

- **"Business connection" to include "significant economic presence"**

It is proposed to amend section 9(1)(i) of the Act to provide that 'significant economic presence' in India shall also constitute 'business connection'. Further, "significant economic presence" for this purpose, shall mean-

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

It is further proposed to provide that only so much of income as is attributable to such transactions or activities shall be deemed to accrue or arise in India. It is further proposed to provide that the transactions or activities shall constitute significant economic presence in India, whether or not the non-resident has a residence or place of business in India or renders services in India.

Further, the conditions stated above are mutually exclusive. The threshold of "revenue" and the "users" in India will be decided after consultation with the stakeholders. Further, it is also clarified that unless corresponding modifications to PE rules are made in the DTAAs, the cross-border business profits will continue to be taxed as per the existing treaty rules.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to assessment year 2019-20 and subsequent assessment years.

- **Exemption of income of foreign company from sale of leftover stock of crude oil on termination of agreement or arrangement**

It is proposed to amend Section 10(48) to provide that the benefit of tax exemption in respect of income from left over stock will be available even if the agreement or the arrangement is terminated in accordance with the terms mentioned therein.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to assessment year 2019-20 and subsequent years.

- **Royalty and FTS payment by NTRO to a non-resident to be tax-exempt**

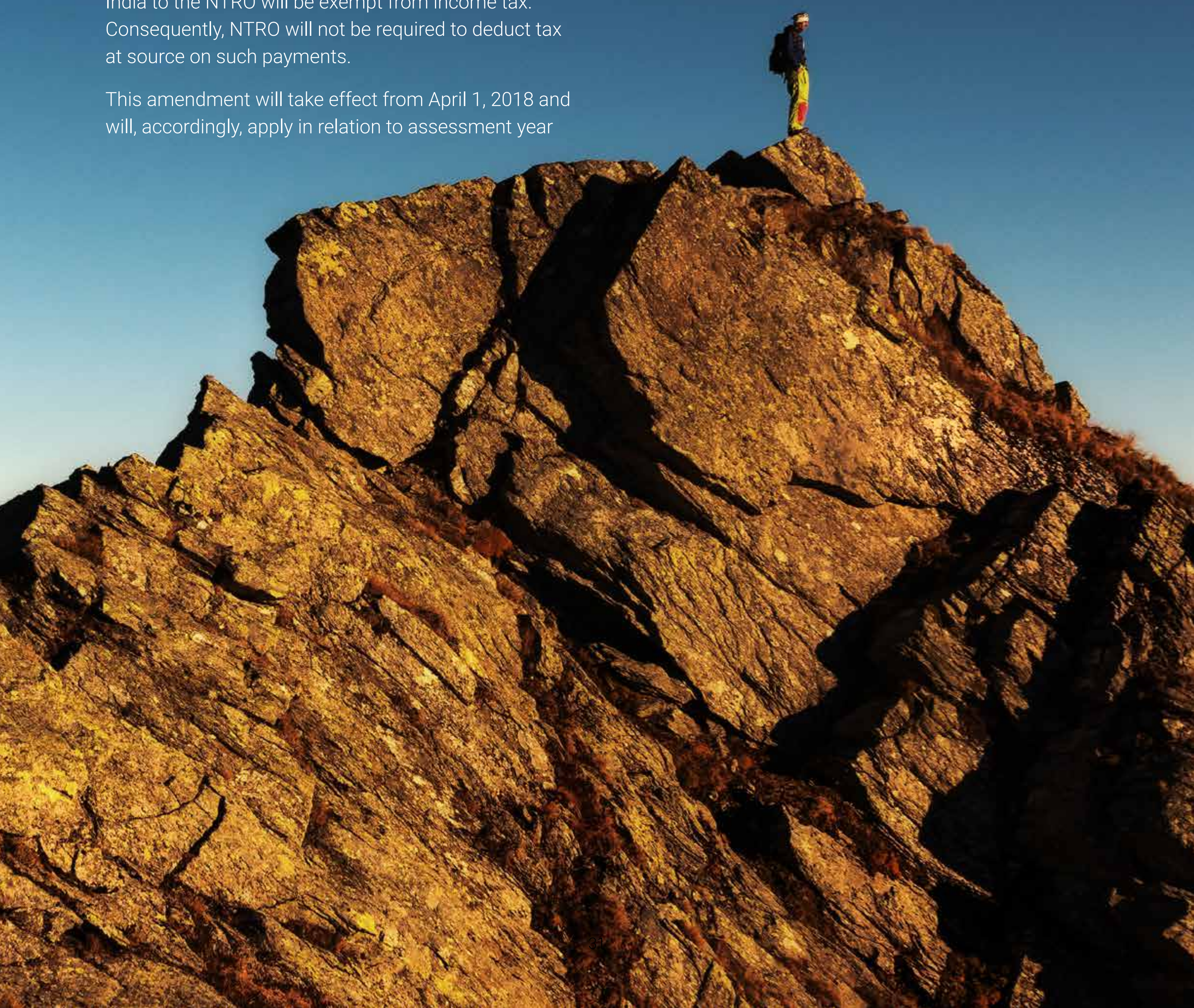
It is proposed to amend Section 10 so as to provide that the income arising to non-resident, not being a company, or a foreign company, by way of royalty from or fees for technical services rendered in or outside India to the NTRO will be exempt from income tax. Consequently, NTRO will not be required to deduct tax at source on such payments.

This amendment will take effect from April 1, 2018 and will, accordingly, apply in relation to assessment year 2018-19 and subsequent assessment years.

- **Rationalisation of provisions relating to Country-by-Country Report**

It is proposed to make following amendments in Section 286 of the Act so as to improve the effectiveness and reduce the compliance burden of such reporting:

  - The time allowed for furnishing the Country-by-Country Report (CbCR), in the case of parent entity or Alternative Reporting Entity (ARE),



resident in India, is proposed to be extended to twelve months from the end of reporting accounting year;

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

These amendments are clarificatory in nature and will take effect retrospectively from April 1, 2017 and will, accordingly, apply in relation to the assessment year 2017-18 and subsequent years.

CAPITAL GAINS

- **New regime for taxation of long-term capital gains on sale of equity shares etc.**

Under the existing regime, long term capital gains (LTCG) arising from transfer of long term capital assets, being equity shares of a company or a unit of equity-oriented fund or a unit of business trusts, is exempt from income-tax under section 10(38) of the Act. However, transactions in such long-term capital assets carried out on a recognized stock exchange are liable to securities transaction tax (STT).

It is proposed to withdraw the exemption under section 10(38) and to introduce a new section 112A in the Act to provide that LTCG arising from transfer of a long-term capital asset being an equity share in a company or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10 % of such capital gains exceeding INR 100,000.

This concessional rate of 10% will be applicable to such LTCG, if -

- o In a case where long-term capital asset is in the nature of an equity share in a company, securities transaction tax has been paid on both acquisition and transfer of such capital asset; and
- o In a case where long-term capital asset is in the nature of a unit of an equity-oriented fund or a unit of a business trust, securities transaction tax has been paid on transfer of such capital asset.

Further, Section 112A(4) empowers the Central Government to specify by notification the nature of acquisitions in respect of which the requirement of payment of securities transaction tax shall not apply in the case of equity share in a company. Similarly, the requirement of payment of STT at the time of transfer of long term capital asset, being a unit of equity-oriented fund or a unit of business trust, shall not apply if the transfer is undertaken on recognized stock exchange located in any International Financial Services Centre (IFSC) and the consideration of such transfer is received or receivable in foreign currency.

Further, the new provision of section 112A also proposes to provide the following:

- o The LTCG will be computed without the benefit of indexation.
- o The cost of acquisition in respect of the long-term capital asset acquired by the assessee before February 1, 2018, shall be deemed to be the higher of the actual cost of acquisition of such asset; and the lower of -
  - • The fair market value of such asset; and
  - • The full value of consideration received or accruing as a result of the transfer of the capital asset.
- o An "equity-oriented fund" has been defined to mean a fund set up under a scheme of a mutual fund specified under section 10(23D) and –
  - • In a case where the fund invests in the units of another fund which is traded on a recognized stock exchange, a minimum of 90% of the total proceeds of such funds is invested in the units of such other fund; and such other fund also invests a minimum of 90% of its total proceeds in the equity shares of domestic companies listed on recognized stock exchange; and
  - • In any other case, a minimum of 65% of the total proceeds of such fund is invested in the equity shares of domestic companies listed on recognized stock exchange.
- o Fair market value has been defined to mean –
  - • In a case where the capital asset is listed on any recognized stock exchange, the highest price of the capital asset quoted on such exchange on January 31, 2018.; and
  - • In a case where the capital asset is a unit and is not listed on recognized stock exchange, the net asset value of such asset as on January 31, 2018.
- o The benefit of deduction under chapter VIA shall be allowed from the gross total income as reduced by such capital gains. Similarly, the rebate under section 87A shall be allowed from the income tax on the total income as reduced by tax payable on such capital gains.

These amendments will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Taxation of long-term capital gains in the case of Foreign Institutional Investor**

The existing provisions of section 115AD of the Act, provide that where the total income of a Foreign Institutional Investor includes income by way of LTCG arising from the transfer of certain securities, such capital gains shall be chargeable to tax at the rate of 10% However, LTCG arising from transfer of long term capital asset being equity shares of a company or a unit of equity-oriented fund or a unit of business trusts is exempt from income-tax under section 10 (38) of the Act.

Consequent to the proposal for withdrawal of exemption under section 10(38) of the Act, such LTCG will become taxable in the hands of FIIs also. As in the case of domestic investors, the FIIs will also be liable to tax on such LTCG only in respect of amount of such gains exceeding INR 100,000. The provisions of section 115AD are proposed to be amended accordingly.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Measures to promote International Financial Services Centre**

Section 47 of the Act provides for tax neutrality relating to certain transfer. It is proposed to amend section 47 of the Act so as to provide that transactions in the following assets, by a non-resident on a recognized stock exchange located in any International Financial Services Centre shall not be regarded as transfer, if the consideration is paid or payable in foreign currency:

  - o Bond or Global Depository Receipt, as referred to in section 115AC(1); or
  - o Rupee denominated bond of an Indian company; or
  - o Derivatives

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

Section 115JC of the Act provides for alternate minimum tax at the rate of 18.50% of adjusted total income in the case of a non-corporate person. It is further proposed to amend the section 115JC so as to provide that in case of a unit located in an International Financial Service Center, the alternate minimum tax under section 115JC shall be charged at the rate of 9% consequential amendment in section 115JF is also proposed to be made.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Rationalization of section 43CA, section 50C and section 56.**

At present, while taxing income from capital gains (section 50C), business profits (section 43CA) and other sources (section 56) arising out of transactions in immovable property, the sale consideration or stamp duty value, whichever is higher is adopted. The difference is taxed as income both in the hands of the purchaser and the seller. It is proposed to provide that no adjustments shall be made in a case where the variation between stamp duty value and the sale consideration is not more than 5% of the sale consideration.

These amendments will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Tax neutral transfers**

Section 47 provides for certain tax neutral transfers. Section 56 also excludes income arising out of certain tax neutral transfers from its ambit. However, the transfers referred to in section 47(iv) and section 47(v) governing transfers from a hjolding company to its subsidiary and vice versa have not been excluded from the scope of section 56. In order to further facilitate the transaction of money or property between such companies, it is proposed to amend the section 56 so as to exclude such transfer from its scope.

This amendment will take effect from April 1, 2018 and shall accordingly, apply in relation to the transaction made on or after April 1, 2018.

- **Rationalization of the provisions of section 54EC**

Section 54EC of the Act provides that capital gain arising from the transfer of a long-term capital asset, invested in the long-term specified asset at any time within a period of 6 months after the date of such transfer, shall not be charged to tax subject to certain conditions specified in the said section. The section also provides that "long-term specified asset" for making any investment under the section on or after April 1, 2007 means any bond, redeemable after 3 years and issued on or after April 1, 2007 by the National Highways Authority of India or by the Rural Electrification Corporation Limited; or any other bond notified by the Central Government in this behalf.

It is proposed to amend the section 54EC so as to provide that capital gain arising from the transfer of a long-term capital asset, being land or building or both, invested in the long-term specified asset at any time within a period of 6 months after the date of such transfer, the capital gain shall not be charged to tax subject to certain conditions specified in this section.

It is also proposed to provide that long-term specified asset, for making any investment under the section on or after April 1, 2018, shall mean any bond, redeemable after 5 years and issued on or after April 1, 2018 by the

National Highways Authority of India or by the Rural Electrification Corporation Limited or any other bond notified by the Central Government in this behalf.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

PERSONAL TAX

- **Standard deduction on salary income**

It is proposed to allow a standard deduction up to INR 40,000 or the amount of salary received, whichever is less. On the other hand, the present exemption in respect of Transport Allowance (except in case of differently abled persons) and reimbursement of medical expenses is proposed to be withdrawn.

These amendments will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Deduction in respect of interest income to senior citizen**

It is proposed to insert a new section 80TTB so as to allow a deduction up to INR 50,000 in respect of interest income from deposits held by senior citizens. However, no deduction under section 80TTA shall be allowed in these cases.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

Further, it is also proposed to amend section 194A so as to raise the threshold for deduction of tax at source on interest income for senior citizens from INR 10,000 to INR 50,000.

This amendment will take effect from April 1, 2018.

- **Deductions available to senior citizens in respect of health insurance premium and medical treatment**

It is proposed to amend section 80D so as to raise the monetary limit of deduction from INR 30,000 to INR 50,000 in respect of payments towards annual premium on health insurance policy or preventive health check-up of a senior citizen, or medical expenditure in respect of very senior citizen. In case of single premium health insurance policies having cover of more than 1 year, it is proposed that the deduction shall be allowed on proportionate basis for the number of years for which health insurance cover is provided, subject to the specified monetary limit.

These amendments will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Enhanced deduction to senior citizens for medical treatment of specified diseases**

Section 80DDB of the Act provides that a deduction is available to an Individual and Hindu undivided family with regard to amount paid for medical treatment of specified diseases in respect of very senior citizens up to INR 80,000 and in case of senior citizens up to INR 60,000 subject to specified conditions. It is proposed to amend the provisions of section 80DDB of the Act so as to raise the monetary limit of deduction to INR 1,00,000 for both senior citizens and very senior citizens.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Extending the benefit of tax-free withdrawal from NPS to non-employee subscribers**

Under the existing provisions of section 10(12A) of the Act, an employee contributing to the NPS is allowed an exemption in respect of 40% of the total amount payable to him on closure of his account or on his opting out. This exemption is not available to non-employee subscribers. In order to provide a level playing field, it is proposed to amend section 10(12A) of the Act to extend the said benefit to all subscribers.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

TAX FILINGS / ASSESSMENT PROCEDURES

- **Entities to apply for Permanent Account Number in certain cases**

It is proposed that every person, not being an individual, which enters into a financial transaction of an amount aggregating to INR 250,000 or more in a financial year shall be required to apply to the Assessing Officer for allotment of PAN.

In order to link the financial transactions with the natural persons, it is also proposed that the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer or any person competent to act on behalf of such entities shall also apply to the Assessing Officer for allotment of PAN.

This amendment will take effect from April 1, 2018.

- **New scheme for scrutiny assessment**

It is proposed to prescribe a new scheme for the purpose of making assessments so as to impart greater transparency and accountability, by eliminating the interface between the Assessing Officer and the assessee, optimal utilization of the resources, and introduction of team-based assessment. Therefore, it is proposed to amend section 143, by inserting a new sub-section (3A).

It is further proposed to insert sub-section (3B) in the said section, enabling the Central Government to direct, by notification in the Official Gazette, that any of the provisions of this Act relating to assessment shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified therein. However, no such direction shall be issued after March 31, 2020.

It is also proposed to insert sub-section (3C) in the said section, to provide that every notification issued under the sub-section (3A) and sub-section (3B), shall be laid before each House of Parliament, as soon as may be.

These amendments will take effect from April 1, 2018.

- **Rationalisation of section 276CC relating to prosecution for failure to furnish return**

Section 276CC of the Act provides that if a person wilfully fails to furnish in due time the return of income which he is required to furnish, he shall be punishable with imprisonment for a term, as specified therein, with fine. The Section further provides that a person shall not be proceeded against under the said section for failure to furnish return for any assessment year commencing on or after April 1, 1975, if the tax payable by him on the total income determined on regular assessment as reduced by the advance tax, if any, paid and any tax deducted at source, does not exceed INR 3,000. It is proposed to amend the provisions of the said sub-clause so as to provide that the said sub-clause shall not apply in respect of a company.

This amendment will take effect from April 1, 2018.

- **Rationalisation of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015**

It is proposed to amend the section 46 (4) of the Black Money (Undisclosed Foreign Income and Assets) and

Imposition of Tax Act, 2015 providing that the Joint Director shall also be vested with the power to approve an order imposing a penalty. It is also proposed to amend clause (b) of the said sub-section so as to include reference to the Assistant Director and Deputy Director therein.

It is proposed to amend the section 55(2) of the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015 empowering the Principal Director General or the Director General also to issue instructions or directions to the tax authorities under the said sub-section. It is also proposed to amend the marginal heading of the said section accordingly so as to include the reference of Principal Director General or Director General.

These amendments will take effect from April 1, 2018.

- **Rationalisation of prima-facie adjustments during processing of return of income**

Section 143(1)(a) provides that at the time of processing of return, the total income or loss shall be computed after making the adjustments specified in sub-clauses (i) to (vi) thereof. Sub-clause (vi) of the said clause provides for adjustment in respect of addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the return.

It is proposed to insert a new proviso to the said clause to provide that no adjustment under sub-clause (vi) of the said clause shall be made in respect of any return furnished on or after the assessment year commencing on April 1, 2018.

This amendment will take effect from April 1, 2018 and will accordingly apply in relation to the assessment years 2018-2019 and subsequent years.

- **Deductions in respect of certain incomes not to be allowed unless return is filed by the due date**

It is proposed to extend the scope of section 80AC to provide that the benefit of deduction under the entire class of deductions under the heading "C.— Deductions in respect of certain incomes" in Chapter VIA shall not be allowed unless the return of income is filed by the due date.

This amendment will take effect from April 1, 2018 and will accordingly apply in relation to the assessment year 2018-19 and subsequent assessment years.

- **Penalty for failure to furnish statement of financial transaction or reportable account**

Section 271FA of the Act provides that if a person who is required to furnish the statement of financial transaction or reportable account under section 285BA(1), fails to furnish such statement within the prescribed time, he shall be liable to pay penalty of INR 100 for every day of default. The proviso to the said section further provides that in case such person fails to furnish the statement of financial transaction or reportable account within the period specified in the notice issued under section 285BA(5), he shall be liable to pay penalty of INR 500 for every day of default.

It is proposed to amend the section 271FA so as to increase the penalty leviable from INR 100 to INR 500 and from INR 500 to INR 1,000, for each day of continuing default.

These amendments will take effect from April 1, 2018.

- **Appeal against penalty imposed by Commissioner (Appeals) under section 271J**

It is proposed to amend Section 253(1)(a) so as to also make an order passed by a Commissioner (Appeals) under section 271J appealable before the Appellate Tribunal.

This amendment will take effect from April 1, 2018.

MISCELLANEOUS PROVISIONS

- **Tax deduction at source and manner of payment in respect of certain exempt entities**

Section 10(23C) of the Act provides for exemption in respect of income of certain entities in a case where such income is applied or accumulated during the previous year for certain purposes in accordance with the relevant provisions. Section 11 of the Act also contains provisions relating to income from property held for charitable or religious purposes.

It is proposed to insert a new Explanation to the section 11 to provide that for the purposes of determining the application of income under the provisions of sub-section (1) of the said section, the provisions of section 40(a)(ia), and of section 40A(3) and section 40A(3A), shall, mutatis mutandis, apply as they apply in computing the income chargeable under the head "Profits and gains of business or profession". It is also proposed to insert a similar proviso in section 10(23C) so as to provide similar restriction as above on the entities exempt under sub-clauses (iv), (v), (vi) or (via) of said clause in respect of application of income.

These amendments will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent years.

- **Deduction in respect of income of Farm Producer Companies**

Section 80P provides for 100 % deduction in respect of profit of cooperative society which provide assistance to its members engaged in primary agricultural activities. It is proposed to extend similar benefit to Farm Producer Companies, having a total turnover up to INR 1 billion, whose gross total income includes any income from the marketing of agricultural produce grown by its members, or the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or the processing of the agricultural produce of its members. The benefit shall be available for a period of 5 years from the financial year 2018-19.

This amendment will take effect from April 1, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

- **Tax treatment of transactions in respect of trading in agricultural commodity derivatives**

Section 43(5) defines speculative transaction. The proviso to the said clause, however, stipulates certain transactions to be non-speculative nature even though the contracts are settled otherwise than by the actual delivery or transfer of the commodity or scraps. The clause (e) to the said proviso provides that trading in commodity derivatives carried out in a recognised stock exchange, which is chargeable to commodity transaction tax, is a non-speculative transaction.

It is proposed to amend the provisions of section 43(5) to provide that a transaction in respect of trading of agricultural commodity derivatives, which is not chargeable to CTT (Commodity Transaction Tax), in a registered stock exchange or registered association, will be treated as non-speculative transaction.

These amendments will take effect from April 1, 2019 and will, accordingly, apply in relation to assessment year 2019-20 and subsequent assessment years.

- **Rationalisation of the provisions relating to Commodity Transaction Tax**

It is proposed to amend section 116(7) so as to include "options in commodity futures" in the definition of "taxable commodities transactions". It is proposed to amend the provisions of section 117 so as to prescribe the rate at which sale of an option on commodity derivative shall be chargeable and such tax shall be payable by the seller. It is further proposed to amend the provisions of section 117 so as to prescribe the rate at which sale of an option on commodity derivative, where option is exercised, shall be chargeable and such tax shall be payable by the purchaser.

Further, it is proposed to amend the provisions of section 118 so as to include the value of taxable commodities transaction, being option on commodities, chargeable under section 117 of the Finance Act, 2013, in the said section.

These amendments will take effect from April 1, 2018, and will, accordingly, apply in relation to the assessment year 2018-2019 and subsequent years.

- **Rationalisation of the provisions of section 115BBE**

Section 115BBE(2) provides that no deduction in respect of any expenditure or allowance or set-off of any loss shall be allowed to the assessee under any provision of the Act in computing his income referred to in sub-section (1)(a). It is proposed to amend the said sub-section (2) so as to also include income referred to in clause (b) of sub-section (1).

This amendment will take effect retrospectively from April 1, 2017 and will, accordingly, apply in relation to the assessment year 2017-2018 and subsequent years.

- **Exemption to specified income of class of Body, Authority, Board, Trust or Commission in certain cases**

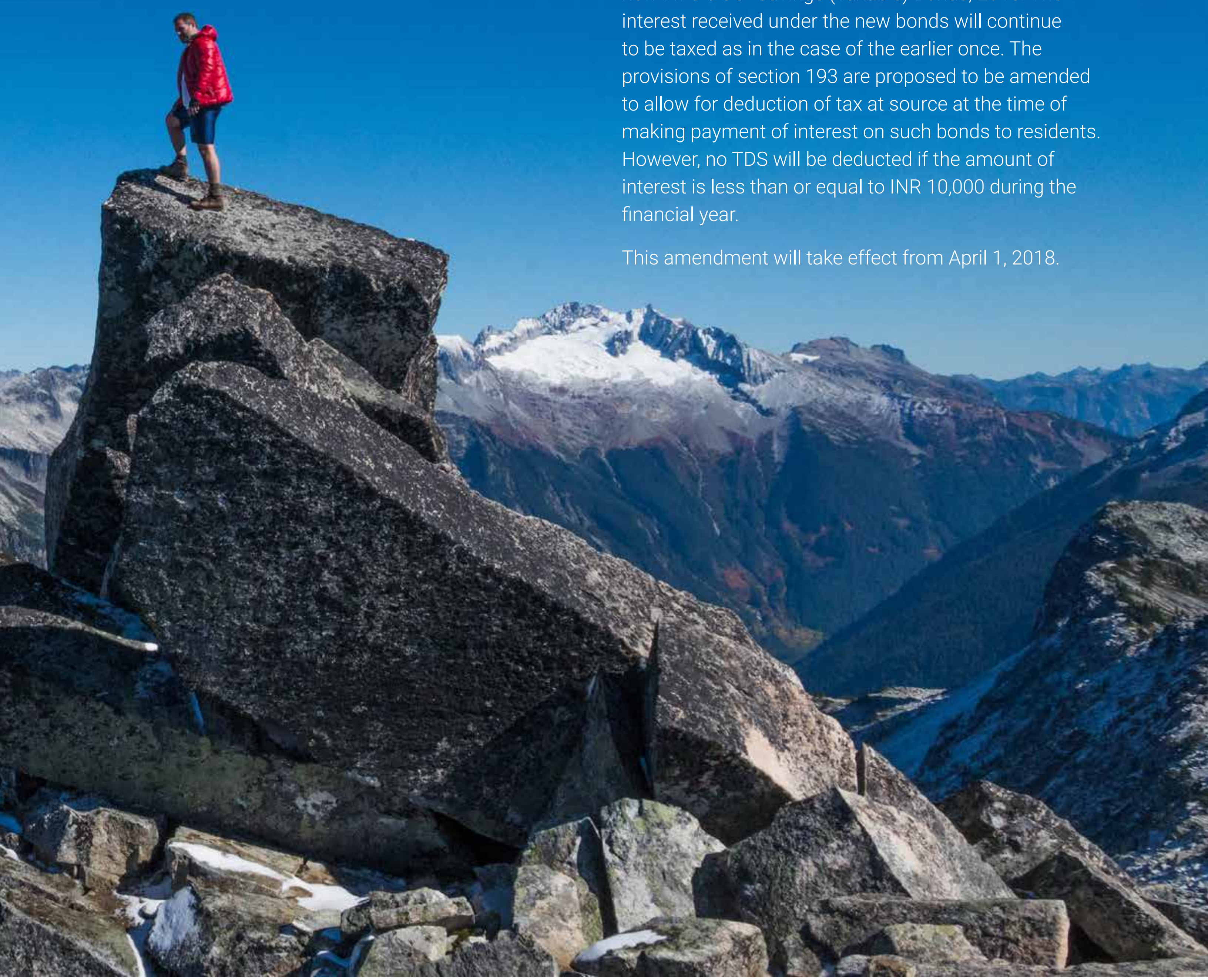
Section 10 (46) of the Act empowers the Central Government to exempt, by notification, specified income arising to a Body or Authority or Board or Trust or Commission. Under the existing provisions, the Central Government is required to notify each case separately even if they belong to the same class of cases. It is proposed to amend the said clause so as to enable the Central Government to also exempt, by notification, a class of such Body or Authority or Board or Trust or Commission (by whatever name called).

This amendment will take effect from April 1, 2018.

- **Tax deduction at source on 7.75% GOI Savings (Taxable) Bonds, 2018**

The Government of India introduced 8% Savings (Taxable) Bonds, 2003 in 2003. Under the existing law, the interest received by the investor is taxable. Further, the payer is liable to deduct tax at source under section 193 of the Act at the time of payment or credit of such interest in excess of INR 10,000 to a resident. Th Government has now decided to discontinue the existing 8% Savings (Taxable) Bonds, 2003 with a new 7.75% GOI Savings (Taxable) Bonds, 2018. The interest received under the new bonds will continue to be taxed as in the case of the earlier once. The provisions of section 193 are proposed to be amended to allow for deduction of tax at source at the time of making payment of interest on such bonds to residents. However, no TDS will be deducted if the amount of interest is less than or equal to INR 10,000 during the financial year.

This amendment will take effect from April 1, 2018.



INDIRECT TAX

CUSTOMS

- **LEGISLATIVE CHANGES IN THE CUSTOMS ACT, 1962**

  - Scope of Customs Act, 1962 expanded to include any offence or contravention being committed outside India by any person;
  - Definition of "assessment" amended to include determination of the dutiability of any goods and the amount of duty, tax, cess or any other sum payable, with reference to tariff classification, valuation under the Customs Tariff Act, 1975, exemptions or concessions under Customs Tariff Act ,1975 or any other law in force and other factors affecting such amounts
  - "Indian customs waters" extended to the limit of 'Indian Customs Waters' into the sea from the existing 'Contiguous zone of India' to the 'Exclusive Economic Zone (EEZ)' of India
  - Central Government empowered to exempt import of goods for the purpose of repair, further processing or manufacture and re-import after being exported for the purpose of repair, further processing or manufacture, respectively, from the whole or any part of duty of customs leviable subject to specified conditions.
  - Definition of 'activity' in relation to advance ruling defined under the Customs Act omitted. "Advance ruling" defined as a written decision on any of the questions referred to in Section 28H of the Customs Act raised by the applicant in his application in respect of any goods prior to its importation or exportation;
  - The time period for pronouncement of advance ruling reduced to three months from the earlier period of six months;
  - Mechanism provided for appeal (by any authorised officer or the applicant) to the Appellate Authority against any ruling or order passed by the Authority for Advance Rulings within 60 days from the date of communication of such ruling or order;

- o Provisions relating to clearance of goods for export, permission for removal of goods for deposit in warehouse, clearance of warehoused goods for home consumption/export have been amended to provide for clearance of goods by Customs Automated System in addition to existing clearance by the proper officer;
- o Provisions introduced for payments through electronic cash ledger (for advance deposit) which would enable payment of duties, taxes, fee, interest, and penalty through electronic cash ledger. Suitable regulations in this regard would be prescribed in due course;
- o Provisions relating to drawback allowable on re-export of duty-paid goods extended to goods imported or exported through courier;
- o Provisions relating to drawback on imported materials used in the manufacture of goods which are exported have been extended to goods imported or exported through courier
- o Provisions relating to audit of assessment of imported goods or export goods of an auditee introduced;
- o Commissioner (Appeals) allowed to remand matters to original adjudicating authority in specified cases such as cases where an order or decision has been passed without following the principles of natural justice, or, where no order or decision has been passed after re-assessment, or where an order of refund has been issued crediting the amount to the fund without recording any finding on the evidence produced by the applicant;
- o Provisions on reciprocal arrangement for exchange of information inserted for enforcing the provisions of the Customs Act and exchange of information for trade facilitation, effective risk analysis, verification of compliance and prevention, combating and investigation of offences under the provisions of this Act or under the corresponding laws in force in that country
- o Exemption from integrated tax (leviable under the Customs Tariff Act, 1975) extended to aircrafts, aircraft engines and other aircraft parts imported under cross-border lease during the period from the 1 July, 2017 to the 7 July, 2017 subject to the payment of Integrated tax leviable under the Integrated GST Act, 2017 on the said supply.
- o "Central Board of Excise and Customs" renamed as "Central Board of Indirect Taxes and Customs";
- o Education cess and Secondary and Higher Education cess abolished on imported goods;
- o Social Welfare Surcharge imposed on the goods specified in the First Schedule to the Customs Tariff Act @10% on the aggregate of duties, taxes and cesses which are levied and collected by the Central government, but not including -
  - the safeguard duty referred to in sections 8B and 8C of the Customs Tariff Act;
  - the countervailing duty referred to in section 9 of the Customs Tariff Act;
  - the anti-dumping duty referred to in section 9A of the Customs Tariff Act;
  - the Social Welfare Surcharge on imported goods levied under sub-section(1).

Social Welfare Surcharge on imported goods would be in addition to any other duties of customs or tax or cess chargeable on such goods, under the Customs Act, 1962 or any other law for the time being in force. Goods not attracting Education Cess and Secondary and Higher Education cess earlier not to attract Social Welfare Surcharge. Further, Social Welfare Surcharge would not apply on Integrated tax and Goods and Services Compensation Cess leviable under the Customs Tariff Act.

CHANGES IN THE CUSTOMS TARIFF ACT, 1975

1. Provisions introduced for valuation of goods when sold within the warehousing period for calculation of Integrated Tax and Goods and Services tax compensation cess;
2. General rate of BCD remains at 10 percent;

3. AMENDMENTS IN THE FIRST SCHEDULE TO THE CUSTOMS TARIFF ACT, 1975

AMENDMENTS AFFECTING RATES OF BCD

S.No.	Tariff item	Commodity	Rate of Duty	
			From	To
		Food Processing		
1	2009	Fruit juices and vegetable juices including cranberry juice	30%	50%
		Perfumes and toiletry preparations		
2	3303	Perfumes and toilet waters	10%	20%
3	3304	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or sun tan preparations; manicure or pedicure preparations	10%	20%
4	3305	Preparations for use on the hair	10%	20%
5	3306	Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages	10%	20%

6	3307	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties	10%	20%
		Automobile parts		
7	4011	Truck and Bus radial tyres	10%	15%
8	8407, 8408, 8409, 8483, 8511, 8708, 8714	Specified parts/accessories of motor vehicles, motor cars, motor cycles	7.5%/ 10%	15%
		Footwear		
9	6401, 6402, 6403, 6404, 6405	Footwear	10%	20%
10	6406	Parts of footwear	10%	15%
		Jewellery		
11	7117	Imitation Jewellery	15%	20%
		Electronics / Hardware		
12	8517	Cellular mobile phones	15%	20%
13	3919, 3920, 3926, 4016, 7318, 7326, 8504, 8506, 8507, 8517, 8518, 8538, 8544	Specified parts and accessories including lithium ion battery of cellular mobile phones	7.5%/ 10%	15%
14	8517	Smart watches / wearable devices	10%	20%
15	8529	LCD/LED/OLED panels and other parts of LCD/LED/OLED TVs	7.5%/ 10%	15%
		Furniture		
16	9401	Seats and parts of seats [other than aircraft seats and their parts]	10%	20%
17	9403	Other furniture and parts	10%	20%
18	9404	Mattresses supports; articles of bedding and similar furnishing	10%	20%
19	9405	Lamps and lighting fitting, illuminated signs, illuminated name plates and the like [except solar lanterns or solar lamps]	10%	20%
		Watches and Clocks		
20	9101, 9102	Wrist watches, pocket watches and other watches, including stop watches	10%	20%

21	9103	Clocks with watch movements	10%	20%
22	9105	Other clocks, including alarm clocks	10%	20%
		Toys and Games		
23	9503	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys; puzzles of all kinds	10%	20%
24	9504	Video game consoles and machines, articles for funfair, table or parlor games and automatic bowling alley equipment	10%	20%
25	9505	Festive, carnival or other entertainment articles	10%	20%
26	9506 [except 9506 91]	Articles and equipment for sports or outdoor games, swimming pools and paddling pools [other than articles and equipment for general physical exercise, gymnastics or athletics]	10%	20%
27	9507	Fishing rods, fishing-hooks and other line fishing tackle; fish landing nets, butter fly nets and similar nets; decoy birds and similar hunting or shooting requisites	10%	20%
28	9508	Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses, traveling menageries and travelling theatres	10%	20%
		Miscellaneous items		
29	3406	Candles, tapers and the like	10%	25%
30	4823	Kites	10%	20%
31	9004	Sunglasses		
	10%	20%		
32	9611	Date, sealing or numbering stamps, and the like	10%	20%
33	9613	Cigarette lighters and other lighters, whether or not mechanical or electrical, and parts thereof other than flints and wicks.	10%	20%
34	9616	Scent sprays and similar toilet sprays, and mounts and heads therefor; powder-puffs and pads for the application of cosmetic or toilet preparations.	10%	20%

4. OTHER PROPOSALS INVOLVING CHANGES IN BCD

AMENDMENTS AFFECTING RATES OF BCD

S.No.	Tariff item	Commodity		Rate of Duty
			From	To
		Food Processing		
1	0801	Cashew nuts in shell [Raw cashew]	5%	2.5%
2	2009	Orange fruit juice	30%	35%
3	2009	Cranberry Juice	10%	50%
4	2106	Miscellaneous Food preparations (other than soya protein)	30%	50%
		Textiles		
5	5007	Silk Fabrics	10%	20%

		Capital goods and Electronics		
6	8504/ 3926	Printed Circuit Board Assembly (PCBA) of charger/ adapter and moulded plastics of charger/adapter of cellular mobile phones	Nil	10%
7	Any Chapter	Inputs or parts for manufacture of: PCBA, or moulded plastics of charger/adapter of cellular mobile phones of cellular mobile phones	Applicable Rate	Nil
8	8483, 8466 8537	Ball screws, linear motion guides, CNC systems for manufacture of all types of CNC machine tools falling under headings 8456 to 8463	7.5%	2.5%
9	70	Solar tempered glass or solar tempered [anti-reflective coated] glass for manufacture of solar cells panels/modules	5%	Nil
10	70	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	Nil	5%
11	8529/4016	12 specified parts for manufacture of LCD/LED TV panels	Nil	10%
		Automobile and automobile parts		
12	8702, 8703, 8704, 8711	CKD imports of motor vehicles, motor cars, motor cycles	10%	15%
13	8702, 8704	CBU imports of motor vehicles	20%	25%
		Diamonds and Precious stones		
14	71	Cut and polished colored gemstones;	2.5%	5%
15	71	Diamonds including lab grown diamonds-semi processed, half-cut or broken; non-industrial diamonds including lab-grown diamonds (other than rough diamonds), including cut and polished diamonds	2.5%	5%
		Medical Devices		
16	Any Chapter	Raw materials, parts or accessories for the manufacture of Cochlear Implants	2.5%	Nil
		Rationalization in Customs duty rates		
		Edible oils of vegetable origin		
17	1508, 1509, 1510,1512, 1513, 1515	Crude edible vegetable oils like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babassu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils.	12.5%	30%
18	1508, 1509, 1510,1512, 1513,1515, 1516, 1517, 1518	Refined edible vegetable oils, like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babassu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils, edible margarine of vegetable origin, Sal fat; specified goods of heading 1518	20%	35%
		Refractory Items		
19	6815	Other articles of stone containing magnesite, dolomite or chromite	10%	7.5%
20	6901	Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals or of similar siliceous earths	10%	7.5%

21	6902	Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths	5%	7.5%
22	6903	Other refractory ceramic goods	5%	7.5%

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

S.No.	Tariff item	Description	Rate of Duty	
			From	To
1	Any chapter	Levy of Social Welfare Surcharge on imported goods to finance education, housing and social security	-	10% of aggregate
2	Any chapter	Abolition of Education Cess and Secondary and Higher	3% of aggregate duties of customs [2% + 1%]	NIL
3	2710	Motor spirit commonly known as petrol and high speed diesel oil	-	3% of aggregate duties of customs
4	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured form, or in powder form	-	3% of aggregate duties of customs
5	7108	Gold (including gold plated with platinum), unwrought or in semi-manufactured form, or in powder form	-	3% of aggregate duties of customs
6	Any chapter	Specified goods hitherto exempt from Education Cess and Secondary and Higher Education Cess on imported goods	-	NIL

6. LEVY OF THE ROAD AND INFRASTRUCTURE CESS

S.No.	Tariff item	Description	Rate of Duty	
			From	To
1	2710	Levy of Road and Infrastructure Cess on imported motor spirit commonly known as petrol and high speed diesel oil	-	Rs. 8 per litre
2	2710	Exemption from additional duty of customs leviable under section 3(1) of the Customs Tariff Act, 1975 in lieu of the proposed Road and Infrastructure cess on domestically produced motor spirit commonly known as petrol and high speed diesel oil	-	NIL
3	2710	Abolition of Additional Duty of Customs [Road Cess] on imported motor spirit commonly known as petrol and high speed diesel oil	Rs. 6 per litre	NIL
		Additional duty of customs under sections 3(1) of the Customs Tariff Act, 1975 in lieu of basic excise duty		
4	2710	(i) Motor spirit commonly known as petrol	Rs. 6.48 per litre	Rs. 4.48 per litre
4	2710	(ii) High speed diesel oil	Rs. 8.33 per litre	Rs. 6.33 per litre

EXCISE DUTY

- **Changes in rates are mentioned below:**

S.No.	Commodity	From	To
	MOTOR SPIRIT COMMONLY KNOWN AS PETROL AND HIGH SPEED DIESEL OIL		
1	Levy of Road and Infrastructure Cess on- • motor spirit commonly known as petrol; • high speed diesel oil	NIL	Rs. 8 per litre
2	Abolition of Additional Duty of Excise [Road Cess] on motor spirit commonly known as petrol and high speed diesel oil	Rs. 6 per litre	Nil
3	Basic excise duty on: • Unbranded Petrol • Branded petrol • Unbranded diesel • Branded diesel	Rs. 6.48 per litre Rs. 7.66 per litre Rs. 8.33 per litre Rs. 10.69 per litre	Rs. 4.48 per litre Rs. 5.66 per litre Rs. 6.33 per litre Rs. 8.69 per litre

4	Infrastructure Cess on • 5% ethanol blended petrol, • 10% ethanol blended petrol and • bio-diesel, up to 20% by volume, subject to the condition that appropriate excise duties have been paid on petrol or diesel and appropriate GST has been paid on ethanol or bio-diesel used for making such blends	-	NIL
5	Road and Infrastructure Cess on petrol and diesel manufactured in and cleared from 4 specified refineries located in the North-East	-	Rs. 4 per litre

Note: "Basic Excise Duty" means the excise duty set forth in the First Schedule to the Central Excise Tariff Act, 1985.

SERVICE TAX

- **Retrospective Exemption**
    - o Exemption to services of life insurance provided by the Naval Group Insurance Funds to personnel of Coast Guard under the Group Insurance Schemes of the Central Government during the period September 10, 2004 to June 30, 2017. Application for claim of refund of service tax to be made in the manner prescribed;
    - o Exemption to services provided by the Goods and Service Tax Network to the Central Government or State Government or Union territories administration during the period March 28, 2013 to June 30, 2017. Application for claim of refund of service tax to be made in the manner prescribed;
    - o Exemption on consideration paid to the Government in the form of Government's share of profit petroleum payable for the services provided by government by way of grant of license or lease to explore or mine petroleum crude or natural gas or both during the period April 1, 2016 to June 30, 2017. Application for claim of refund of service tax to be made in the manner prescribed.

PARTICULARS	DATE FROM WHICH CHANGES WILL BE EFFECTIVE
Legislative changes	Date of enactment of the Finance Bill, 2018
New rates of Customs Duty	Midnight of February 1, 2018/ February 2, 2018
New rates of Excise Duty	Midnight of February 1, 2018/ February 2, 2018

SECTOR WISE IMPACT

INVESTMENT, EXPENDITURE AND POLICY INITIATIVES

Agriculture and Rural Economy

- In order to ensure generation of higher income for farmers, Minimum Support Price (MSP) is fixed for Rabi and Kharif crops like paddy by at least at one and a half times of the cost involved.

- NITI Ayog in consultation with Centre & State Govt. will put a mechanism in place for ensuring adequate price to farmers for their produce.

- Create an institutional mechanism for developing appropriate policies and practices for price and demand forecast, use of futures and options market, expansion of warehouse depository system and to take decisions about specific exports and imports related measures.

- To enable small and marginal farmers to directly transact at APMCs, it is proposed to develop and upgrade existing 22,000 rural haats into Gramin Agricultural Markets (GrAMs) by using MGNREGA and other Government Schemes.

- An Agri-Market Infrastructure Fund will be set up with a corpus of INR 20 billion for developing and upgrading agricultural marketing infrastructure in the 22000 Grameen Agricultural Markets and 585 APMCs.

- To facilitate farmers for making direct sale to consumers and bulk purchasers, Gramin Argicutural Markets (GrAMs) will be electronically linked to e-Nam and will also be exempted from APMCs regulations.
- Prime Minister Gram Sadak Yojana Phase III will now include linkages which connect habitations to agricultural and rural markets (GrAMs), higher secondary schools and hospitals.
- To develop a cluster based model in a scientific manner for identified agriculture produces in the same manner as that for industrial sector.
- Organic farming will be encouraged by Farmer Producer Organizations (FPOs) and Village Producers' Organizations (VPOs) in large clusters, preferably of 1000 hectares each.
- Women Self Help Groups (SHGs) will also be encouraged to take up organic agriculture in clusters under National Rural Livelihood Programme.
- In order to support cultivation of highly specialized medicinal and aromatic plants, it is proposed to allocate fund of INR 2 billion to small and cottage industry that manufacture perfumes, essential oils and other associated products.
- It is proposed to double the allocation to Ministry of Food Processing from INR 7.15 billion to INR 14 billion in BE 2018-19.
- "Operation Greens" will be launched for promotion of Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management with proposed allocation of INR 5 billion.
- To promote export of agri- commodity having potential of US $ 100 billion, it is proposed to set up state-of-the-art testing facilities in all the forty-two Mega Food Parks.
- Re-structured National Bamboo Mission will be launched with an outlay of INR 12.90 billion to promote bamboo sector.
- To introduce a mechanism for purchase of surplus solar power from farmers by the distribution companies or licencees at reasonably remunerative rates.
- It is proposed to set up Fisheries and Aquaculture Infrastructure Development Fund (FAIDF) for fisheries sector and an Animal Husbandry Infrastructure Development Fund (AHIDF) for financing infrastructure requirement of animal husbandry sector with total Corpus INR 100 billion.
- It is proposed to extend a favorable taxation treatment to Farmer Producers Organizations (FPOs) for helping farmers aggregate their needs of inputs,

farm services, processing and sale operations.

- To control air pollution in the Delhi-NCR region, a special Scheme is proposed to be implemented to support the efforts of the various state governments of Haryana, Punjab, Uttar Pradesh and the NCT of Delhi to address air pollution and to subsidize machinery required for in-situ management of crop residue.

Agriculture Credit

- Kishan Credit Cards facility is proposed to be extended to fisheries and animal husbandry farmers.

- To raise the volume of institutional credit for agriculture sector from INR 10,000 billion in 2017-18 to INR 11,000 billion for the year 2018-19.

Irrigation

- It is proposed to expand the scope of Long Term Irrigation Fund (LTIF) in NABARD to cover specified command area development projects.

- Ground water irrigation scheme under Prime Minister Krishi Sinchai Yojna- "Har Khet ko Pani" is proposed to be taken up in 96 deprived irrigation districts with an allocation of INR 26 billion.

Housing Sector

- It is proposed to establish a dedicated Affordable Housing Fund (AHF) in National Housing Bank, funded from priority sector lending shortfall and fully serviced bonds authorized by the Government of India.

- Under Prime Minister Awas Yojana, it proposed to construct more than 10 million houses exclusively in rural areas with 5.1 million houses in year 2017-18 and 5.1 million houses during 2018-19. In urban areas, the assistance has been sanctioned to construct 3.7 million houses.

SOCIAL & HEALTHCARE

Social

- To increase the target of Prime Minister's Ujjwala Scheme for providing free LPG connection to 80 million poor women as against the earlier target of 50 million poor women.

- To construct additional around 20 million toilets under Swachh Bharat Mission.

- Substantial increase in allocation of National Rural Livelihood Mission to INR 57.50 billion in 2018-19.

- Allocation on National Social Assistance Programme for 2018-19 has been kept at INR 99.75 billion.

Healthcare

- National Health Policy, 2017, a flagship programme for providing free essential drugs and diagnostic services has been allocated INR 12 billion for 2018-19.

- It is proposed to launch National Health Protection Scheme to cover over 100 million poor and vulnerable families (approximately 500 million beneficiaries) for providing coverage up to INR .5 million per family per year for secondary and tertiary care hospitalization.

- An additional allocation of INR 6 billion will be made for provide nutritional support to all TB patients at the rate of INR 500 per month for the duration of their treatment.

- It is proposed to set up 24 new Government Medical Colleges and Hospitals by upgrading existing district hospitals in the country in order to ensure at least 1 Medical College for every 3 Parliamentary Constituencies and at least 1 Government Medical College in each State of the country.

- Galvanizing Organic Bio-Agro Resources Dhan (GOBAR-DHAN) scheme will be launched for management and conversion of cattle dung and solid waste in farms to compost, fertilizer, bio-gas and bio-CNG.

- To expand the coverage of Prime Minister Jan Dhan Yojana by bringing all 600 million basic accounts

- Push to the digitization of education by upgrading the skills of teachers through the recently launched digital portal "DIKSHA".

- In order to focus on education in the tribal areas, Ekalavya Model Residential Schools are proposed to be set up which will be on par with the Navodaya Vidhyalas in every block with more than 50% ST population and at least 20,000 tribal population and will have special facilities for preserving local art and culture besides providing training in sports and skill development

- To set up two new Schools of Planning and Architecture along with 18 Schools of Planning and Architecture at the existing IITs and NITs that will have an autonomous existence.

- To launch Prime Minister's Research Fellows (PMRF)" Scheme for giving incentive/fellowship to 1000 best B.Tech students in the country for providing them facilities to do Ph.D in IITs and IISc.

- Launching of "Revitalising Infrastructure and Systems in Education (RISE) by 2022" with a total investment of INR 1,000 billion in next four years, in order to set up investments in research and related infrastructure in premier educational institutions, including health institutions.

MEDIUM, SMALL AND MICRO ENTERPRISES (MSMES) AND EMPLOYMENT

- Allocation of INR 37.94 billion to MSME sector for giving credit support, capital and interest subsidy and innovations.

- Proposal for onboard public sector banks and corporates on Trade Electronic Receivable Discounting System (TReDS) platform and its linkage with GSTN.

- To enforce measures for effectively addressing non-performing assets and stressed accounts of MSMEs which will enable larger financing of MSMEs and easing their cash flow challenges.

- It is proposed to set a target of INR 3,000 billion for lending under MUDRA for 2018-19.

- To review refinancing policy and eligibility criteria set by MUDRA for better refinancing of NBFCs.

- Additional measures will be taken to strengthen the growth of Venture Capital Funds & angel investors and successful operation of alternative investment funds in India.

- It has been proposed to contribute 12% of the wages of the new employees in the EPF for all the sectors for next three years.

- Proposal for amendment in Employees Provident Fund and Miscellaneous Provisions Act, 1952 to reduce women employees' contribution to 8% for first three years of their employment against existing rate of 12% or 10% with no change in employers' contribution.

- It is proposed to increase an outlay from INR 60 billion in 2016 to INR 71.48 billion in 2018-19 for comprehensive textile sector package.

INFRASTRUCTURE AND FINANCIAL SECTOR DEVELOPMENT

Infrastructure

- Construction of tunnel under Sela Pass is proposed for promoting tourism and emergency medical care.
- Necessary framework will be made for encouraging investment in sea plane activities.
- To leverage India Infrastructure Finance Corporation Limited (IIFCL) to help in financing major infrastructure projects, including investments in educational and health infrastructure, on strategic and larger societal benefit considerations.

Financial Sector Development

- To meet about one-fourth of financing needs from the bond market, SEBI will consider mandating, beginning with large Corporates.
- Necessary actions will be taken by the government and concerned regulators to move from 'AA' to 'A' grade ratings for corporate bonds investment grade.
- To establish a unified authority for regulating all financial services in International Financial Service Centres in India.
- An initiative to set up "Coalition on Disaster Resilient Infrastructure" for developing international good practices, appropriate standards and regulatory mechanism for resilient infrastructure development with a proposed allocation of INR 600 million in 2018-19.
- Necessary reform measures will be taken with respect to stamp duty regime on financial securities transactions in consultation with the States and make necessary amendments in the Indian Stamp Act.

Tourism Sector

- It is proposed to develop ten prominent tourist sites into Iconic Tourism destinations by following a holistic approach involving infrastructure and skill development, development of technology, attracting private investment, branding and marketing.
- Tourist amenities at 100 Adarsh monuments of the Archaeological Survey of India will be upgraded.

Road & Transport

- NHAI will consider organizing its road assets into Special Purpose Vehicles and use innovative monetizing structures like Toll, Operate and Transfer (TOT) and Infrastructure Investment Funds (InvITs).
- Proposed to introduce a policy on toll system on "pay as you use" basis.

Railway

- With major focus on strengthening the railway network and enhancing Railways' carrying capacity, Railways' Capex for the year 2018-19 has been pegged at INR 1485.28 billion with large portion of the capex is devoted to capacity creation.
- A major programme to be initiated for strengthening infrastructure at the Goods sheds and fast track commissioning of private sidings.
- A 'Safety First' policy, with allocation of adequate

funds under Rashtriya Rail Sanraksha Kosh is cornerstone of Railways' focus on safety.

- Maintenance of track infrastructure is given special attention with a target of over 3600 kms of track renewal along with other steps such as increasing use of technology like "Fog Safe" and "Train Protection and Warning System".

- Redevelopment of 600 major railway stations will be taken up by Indian Railway Station Development Co. Ltd. All stations with more than 25000 footfalls will have escalators.

- All railway stations and trains will be progressively provided with wi-fi. CCTVs will be provided at all stations and on trains to enhance security of passengers.

- Modern train-sets with state-of-the-art amenities and features are being designed at Integrated Coach Factory, Perambur with first such train-set to be commissioned during 2018-19.

- To expand and augment Mumbai's transport system by adding 90 kilometers of double line tracks at a cost of over INR 110 billion.

- 150 kilometers of additional suburban network is being planned at a cost of over INR 400 billion, including elevated corridors on some sections.

- To cater to the growth of the Bengaluru metropolis, a suburban network of approximately 160 kilometers is planned at an estimated cost of INR 170 billion.

- An Institute will be setup at Vadodara to train manpower required for high speed rail projects.

Aviation Sector

- A new initiative - NABH Nirman is proposed to expand airport capacity more than five times to handle a billion trips a year under.

Digital Economy

- Allocation on Digital India programme will be doubled to INR 30.73 billion in 2018-19.

- NITI Aayog will initiate a national program to direct efforts in the area of artificial intelligence, including research and development of its applications.

- A Mission on Cyber Physical Systems will be launched to support establishment of centres of excellence.

Telecom

- It is proposed to setup 0.5 million wi-fi hotspots which will provide broadband access to 50 million rural citizens.

- For creation and augmentation of Telecom infrastructure INR 100 billion will be provided in 2018-19.

- The Department of Telecom will support establishment of an indigenous 5G Test Bed at IIT, Chennai to harness the benefit of 'Fifth Generation' (5G) technologies and its adoption.

Crypto-currencies

- Measures will be taken to eliminate use of crypto-assets such crypto currencies legal tender or coin in financing illegitimate activities or as part of the

payment system.

- Government will explore use of block chain technology proactively for ushering in digital economy.

BUILDING INSTITUTIONS AND IMPROVING PUBLIC SERVICE DELIVERY

- Measures will be taken to develop two defence industrial production corridors in the country.
- To bring out an industry friendly Defence Production Policy 2018 for promoting domestic production by public sector, private sector and MSMEs.
- Evolving a Scheme to assign every individual enterprise in India a unique ID.
- Restructuring of capital of the Food Corporation of India to enhance equity and to raise long-term debt for meeting its standing working capital requirement.
- A National Logistics Portal will be developed by Department of Commerce as a single window online market place to link all stakeholders.
- Initiating the process of strategic disinvestment in 24 CPSEs including strategic privatization of Air India.
- Merger of three public sector general insurance companies National Insurance Company Ltd., United India Assurance Company Limited and Oriental India Insurance Company Limited into a single insurance entity which will be subsequently listed.
- Bank recapitalization program has been launched with bonds of INR 800 billion being issued in 2018-19.
- National Housing Bank Act is being amended to transfer its equity from the Reserve Bank of India to the Government.
- Formulation of a comprehensive Gold Policy to develop gold as an asset class.
- Gold Monetization Scheme will be revamped to enable people to open a hassle-free Gold Deposit Account.
- Separate policy to be evolved for hybrid instruments.
- It is proposed to revise emoluments to INR 0.5 million for the President, INR 0.4 million for the Vice President and to INR 0.35 million per month for the Governors.

GLOSSARY

5G	Fifth Generation
AHF	Affordable Housing Fund
AHIDF	Animal Husbandry Infrastructure Development Fund
APMCs	Agricultural Produce Market Committee
ARE	Alternative Reporting Entity
AUM	Assets Under Management
BCD	Basic Customs Duty
BE	Budgeted Estimates
BOP	Balance of Payments
BSE	Bombay Stock Exchange
Capex	Capital Expenditure
CbCR	Country-by-Country Report
CCTV	Closed-Circuit Television
CKD	Completely Knocked Down
CPI	Consumer Price Index
CPSE	Central Public Sector Enterprises
CTT	Commodity Transaction Tax
DDT	Dividend Distribution Tax
EEZ	Exclusive Economic Zone
e-Nam	Electronic National Agriculture Market
EPF	Employees Provident Fund
FAIDF	Fisheries and Aquaculture Infrastructure Development Fund
FII	Foreign Institutional Investor
FPOs	Farmer Producer Organizations
FTS	Fee for Technical Services
GDP	Gross Domestic Product
GOBAR-DHAN	Galvanizing Organic Bio-Agro Resources Dhan
GrAMs	Gramin Agricultural Markets
GST	Goods & Service Tax
GSTN	Goods and Services Tax Network
GVA	Gross Value Added
ICDS	Income Computation & Disclosure Standards
ID	Identity document
IFSC	International Financial Services Centre
IIFCL	India Infrastructure Finance Corporation Limited
IISc	Indian Institute of Science
IIT	Indian Institute of Technology
INR	Indian National Rupee
InvITs	Infrastructure Investment Funds
LTCG	Long Term Capital Gains
LTIF	Long Term Irrigation Fund
MAT	Minimum Alternate Tax
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MLI	Multilateral Instrument
MSMEs	Medium, Small and Micro Enterprises
MSP	Minimum Support Price
MUDRA	Micro Units Development and Refinance Agency Bank
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non Banking Financial Company
NCT	National Capital Territory
NHAI	National Highways Authority of India
NIT	National Institutes of Technology
NITI Aayog	National Institution for Transforming India Aayog
NPA	Non-Performing Assets
NPS	National Pension Scheme
NSE	National Stock Exchange
NTRO	National Technical Research Organisation
PAN	Permanent Account Number
PE	Permanent Establishment
PMFBY	Pradhan Mantri Fasal Bima Yojna
PMRF	Prime Minister’s Research Fellows
RE	Revised Estimates
RISE	Revitalising Infrastructure and Systems in Education
SCs	Scheduled Castes
SEBI	Securities and Exchange Board of India
SHGs	Self Help Groups
SPAs	Schools of Planning and Architecture
STs	Scheduled Tribe
STT	Securities Transaction Tax
TOT	Toll, Operate and Transfer
TReDS	Trade Electronic Receivable Discounting System
UAE	United Arab Emirates
UK	United Kingdom
USA	United States of America
USD	US Dollars
VPOs	Village Producers Organizations

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