

YEAR END REVIEW – 2018- MINISTRY OF FINANCE

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

Ministry of Finance

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The Indian Government has made significant strides in the last 4 years in taking India to new heights in terms of the welfare of the citizenry, the overall structure & growth of the economy, and creating a strong presence as an emerging global power.

To fuel such achievements, the Government has worked tirelessly for shouldering a number of bold and important socio-economic reforms. The Government has undertaken its reform drive with the spirit of inclusiveness of the marginalized and hitherto socio-economically neglected classes in the overall development process. To this end, right at the beginning of its term, the Government came-up with the Pradhan Mantri Jan Dhan Yojana (PMJDY) in August 2014, for giving space to the deprived classes into the formal banking system and making Financial Inclusion as its prime goal. Pradhan Mantri Jan Dhan Yojana's success has led to the creation of the much needed financial infrastructure, which serves as a runway for taking-off other Social Security Schemes like Atal Pension Yojana (APY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY).

Taking a step further towards up-liftment of the neglected, the Government recognized the need for targeted welfare reforms to cater to special needs of certain sections of the society. In this direction, the Government came-up with Pradhan Mantri Sukanya Samridhi Yojana, which provides financial security to the girl child when she grows up.

Not only financial security, but also the financial independence of the women was taken care of through Stand Up India Scheme, which expands its ambit to Schedule Castes and Schedule Tribes. Stand Up India gives subsidized loans to harness and ignite the latent entrepreneurial zeal of the hitherto disadvantaged communities.

Financial needs of all the stakeholders ranging from the budding entrepreneurs to the hard-working farmers have also been catered to through various initiatives. An important initiative in this direction is the Pradhan Mantri MUDRA Yojana. During the Financial Year 2018-19, the number of loans sanctioned are 2,81,08,814 with total amount sanctioned worth Rs.1,48,503.57 Crore, with total amount disbursed Rs.1,42,009.91 Crore.

Alongside the farmer's needs have also been addressed. The Kisan Credit Card Scheme (KCC) was strengthened for contributing towards the liberation of peasantry from the shackles of exploitative money lenders by improving their access to formal credit.

Reforms and initiatives like GST, Demonetization, Operation Clean Money and Insolvency and Bankruptcy Code have made the Indian economy more efficient and transparent and have ensured financial discipline along with better compliance.

The success of Government's policies is further reaffirmed and underscored when the International Organizations like the World Bank and IMF recognize India as the fastest growing Emerging Economy in the world and applaud the resilient and stable growth India has witnessed.

According to a recent World Bank report, India is a top improver in the Ease of Doing Business Rankings for the second year in a row. India has improved 65 places from 142 to 77 in span of last 4 years which is a remarkable achievement in itself.

A Department-wise description of the Major Activities undertaken during the year 2018 is as follows.

I. Department of Economic Affairs (DEA)

Ø Overall fundamentals of the economy remained strong for the Year 2018-19

Macroeconomic Indicator	For Year 2018-19
GDP Growth Rate (%)	7.1 (Up to Q2)
CPI	3.9% (Q2)
WPI	4.64% (over November, 2017)
Current Account Deficit (CAD)	US\$ 15.8 billion (Q1)
Trade Deficit	US\$ 45.7 billion (Q1)
External Debt to GDP Ratio (%)	20.5% (till March, 2018)
FDI Inflows	US \$16,868 million (April –June, 2018)
Foreign Exchange Reserves	US\$ 393.7 billion (As on November 30, 2018)

(Source; RBI Bulletin, PIB Website)

Ø GDP and the Economy

The Indian Economy is on track to maintain a high growth rate in the current global environment.

The share of Indian economy in world (measured as a ratio of India's GDP to world's GDP at current US\$) increased from 2.6 percent in 2014 to 3.2 percent in 2017 (as per World Development Indicators database). The average share of Indian economy in world during 1960 to 2013 was 1.8 percent. The average growth of the Indian economy during 2014-15 to 2017-18 was 7.3 per cent, fastest among the major economies in the world.

Indian economy is projected to be the fastest growing major economy in 2018-19 and 2019-20 (International Monetary Fund October 2018 database). This is borne by GDP growth of 7.6 per cent in the first half of 2018-19.

The Second Quarter has seen a reasonable overall GDP growth of 7.1%. The H-1 2018-19 growth of the GDP is 7.6% and the H-1 GVA growth is 7.4%. The Growth in the Second Quarter is on higher base compared to the growth of the First Quarter.

The Manufacturing Growth on a base of 7.1% in Q2 2017-18 has been 7.4% in Q2 of 2018-19. The Construction Sector has grown by 7.8%. The Gross Fixed Capital Formation as a ratio of GDP has increased by almost 1.3 percentage points over Q2 of last year. The Exports for Q-2 have grown by 13.4%. The Government consumption for the Quarter has also significantly increased by 12.7%.



This is ratified in the reports of International Organizations like World Economic Forum.

As per the World Economic Situation and Prospects 2018 Report of the United Nations, the outlook for India remains largely positive, underpinned by robust private consumption and public investment as well as ongoing structural reforms.

According to the World Bank's Ease of Doing Business 2018 Report, India's ranking improved by 65 positions to 77th rank in 2018.

The Government of India has taken various initiatives to improve the confidence in the Indian economy and boost the growth of the economy and which, *inter-alia*, include; fillip to manufacturing, concrete measures for transport and power sectors as well as other urban and rural infrastructure, comprehensive reforms in the foreign direct investment policy, special package for textile industry, push to infrastructure development by giving infrastructure status to affordable housing and focus on coastal connectivity.

Inflation during 2017-18 Averaged to the Lowest in the Last Six Years

Inflation in the country continued to moderate during 2017-18. Consumer Price Index(CPI) based headline inflation averaged 3.3 per cent during the period which is the lowest in the last six financial years. This has been stated in the Economic Survey 2017-18 placed in Parliament by the Union Minister for Finance and Corporate Affairs, Shri Arun Jaitley.

This progress is a result of a number of initiatives and reforms undertaken by the government which follows in the subsequent pages.

Ø Curbing Black Money

The Government first targeted the black money outside India. Asset holders were asked to bring this money back on payment of penal tax. Those who failed to do so are being prosecuted under the Black Money Act. Details of all accounts and assets abroad which have reached the Government resulted in action against the violators.

Steps for Curbing the Black Money stashed abroad has led to Positive Results

The Government of India has taken various steps for curbing the black money stashed abroad, which has led to positive results. These steps include the following:

1. India has been a leading force in the efforts to forge a multi-lateral regime for proactive sharing of Financial Information known as Automatic Exchange of Information (AEOI) which will greatly assist the global efforts to combat tax evasion. The AEOI based on Common Reporting Standard (CRS) has commenced from 2017 enabling India to receive financial account information of Indian residents in other countries.
2. India has also entered into information sharing agreement with the USA under the Foreign Account Tax Compliance Act (FATCA) of USA. The exchanges under FATCA have taken place for the financial years 2014, 2015 and 2016.
3. Indian Money in Swiss Bank: The data collected by Swiss National Bank in collaboration with Bank for International Settlements (BIS) shows that the loans and deposits of Indians, other than Banks, in the Swiss banks decreased by 34.5% in the year 2017 as compared to 2016. Further, there has been significant reduction in Swiss non-bank loans and deposits of Indians by 80.2% between 2013 and 2017.

Unearthing Benami Property

§ Income Tax Department steps-up actions under Prohibition of Benami Property Transactions Act : Benami properties of more than Rs. 3,500 crore in more than 900 cases attached

Cabinet approves appointment of Adjudicating Authority and establishment of Appellate Tribunal under Prohibition of Benami Property Transactions Act, 1988. The approval will result in effective and better administration of cases referred to the Adjudicating Authority and speedy disposal of appeals filed against the order of the Adjudicating Authority before the Appellate Tribunal.

§ New Benami Transactions Informants Reward Scheme, 2018 was launched by the Income Tax Department'

Under the **Benami Transactions Informants Reward Scheme, 2018**, a person can get reward up to Rs. One crore for giving specific information in prescribed manner to the Joint or Additional Commissioners of Benami Prohibition Units (BPUs) in Investigation Directorates of Income Tax Department about benami transactions and properties as well as proceeds from such properties which are actionable under Benami Property Transactions Act, 1988, as amended by Benami Transactions (Prohibition) Amendment Act, 2016.

§ Fugitive Economic Offenders Bill

With the assent of the President of India, the Fugitive Economic Offenders Ordinance, 2018 was promulgated; New law laid down the measures to empower Indian authorities to attach and confiscate the proceeds of crime associated with economic offenders and the properties of the

economic offenders.

The Union Cabinet chaired by Prime Minister Shri Narendra Modi, has approved the proposal of the Ministry of Finance to introduce the **Fugitive Economic Offenders Bill, 2018** in Parliament. The Bill would help in laying down measures to deter economic offenders from evading the process of Indian law by remaining outside the jurisdiction of Indian courts.

The cases where the total value involved in such offences is Rs.100 crore or more, will come under the purview of this Bill.

The infographic features the Ministry of Finance logo and the title 'PARLIAMENT PASSES FUGITIVE ECONOMIC OFFENDERS BILL'. Below this, a section titled 'MAIN FEATURES OF THE BILL' is highlighted with a red border. On the left of this section is an image of a wooden gavel. The features are listed in three yellow boxes: 1) 'This bill lays down the measures to empower Indian authorities to attach and confiscate proceeds of crime associated with economic offenders and their properties, thereby deterring them from evading the process of Indian law by remaining outside the jurisdiction of Indian courts'. 2) 'Only the cases where the total value involved in such offences is 100 crore rupees or more, are within the purview of this Bill'. 3) 'The Bill is expected to re-establish the Rule of Law as offenders would be forced to return to India to face trial for scheduled offences'. At the bottom, there are social media links for Twitter (Finmin.goi), Facebook (Finmin.India), and the website (www.finmin.nic.in).

Impact:

The Bill is expected to re-establish the rule of law with respect to the fugitive economic offenders as they would be forced to return to India to face trial for scheduled offences. This would also help the banks and other financial institutions to achieve higher recovery from financial defaults committed by such fugitive economic offenders, improving the financial health of such institutions.

§ Shell Companies

Task Force on Shell Companies took pro-active and coordinated steps to check the menace of shell companies: The major achievements of the Task Force include the compilation of a database of shell companies by SFIO. This database, as on date, comprises of 3 lists, viz the Confirmed List, Derived List and Suspect List. The Confirmed List has a total of 16,537 confirmed shell companies on the basis of the information received from the various Law Enforcement Agencies of the companies found to be involved in illegal activities.

Ø Push to MSME sector:

Prime Minister Shri Narendra Modi launched historic Support and Outreach Initiative for MSME Sector

- 59 minute loan portal to enable easy access to credit for MSMEs
- Mandatory 25 percent procurement from MSMEs by CPSEs
- Ordinance for simplifying procedures for minor offences under Companies Act

The Prime Minister, Shri Narendra Modi, launched a historic support and outreach programme for the Micro, Small and Medium Enterprises (MSME) sector. As part of this programme, the Prime Minister unveiled 12 key initiatives which will help the growth, expansion and facilitation of MSMEs across the country.

The Prime Minister said that the success of economic reforms launched by the Union Government can be gauged from the rise in India's "Ease of Doing Business Rankings," from 142 to 77 in four years.

The Prime Minister said that there are five key aspects for facilitating the MSME sector. These include access to credit, access to market, technology upgradation, ease of doing business, and a sense of security for employees. He said that as a Diwali gift for the sector, the 12 announcements he is making, will address each of these five categories.

12 historic decisions by PM Modi for the MSME Sector

Loan in 59 minutes.	Interest benefits for GST registered MSMEs.	CPSEs and Corporates more than Rs. 500 crore to join Trade Receivables e-Discounting System or the TReDS Platform.
Tech support to MSMEs via 20 hubs and 100 Spokes.	Mandatory 25% procurement from MSMEs by CPSEs.	Now, returns due to 8 Labour Laws and 10 rules to be filed only once instead of the earlier twice.
Pharma Clusters where 70% cost borne by Centre.	All CPSEs to join Government e-Marketplace (GeM).	Of the 25% mandatory procurement, 3% to be done only from women-led MSMEs.
Ending Inspector Raj and ensuring transparency.	Ordinance for simplifying levy of penalties for minor offences.	Easier process for Environmental Clearances and 'Consent to Establish.'

Access to Credit

As the First Announcement, the Prime Minister announced the launch of the 59 minute loan portal to enable easy access to credit for MSMEs. He said that loans upto Rs. 1 crore can be granted in-principle approval through this portal, in just 59 minutes. He said a link to this portal will be made available through the GST portal. The Prime Minister asserted that in New India, no one should be compelled to visit a bank branch repeatedly.

The Prime Minister mentioned the Second Announcement as a 2 percent interest subvention for all GST registered MSMEs, on fresh or incremental loans. For exporters who receive loans in the pre-shipment and post-shipment period, the Prime Minister announced an increase in interest rebate from 3 percent to 5 percent.

The Third Announcement made by the Prime Minister was that all companies with a turnover more than Rs. 500 crore, must now compulsorily be brought on the Trade Receivables e-Discounting System (TReDS). He said that joining this portal will enable entrepreneurs to access credit from banks, based on their upcoming receivables. This will resolve their problems of cash cycle.

Access to Markets

The Prime Minister said that on access to markets for entrepreneurs, the Union Government has taken a number of steps already. In this context, he made his Fourth Announcement that Public Sector Companies have now been asked to compulsorily procure 25 percent, instead of 20 percent of their total purchases, from MSMEs.

The Prime Minister said his Fifth Announcement is related to women entrepreneurs. He said that out of the 25 percent procurement mandated from MSMEs, 3 percent must now be reserved for women entrepreneurs.

The Prime Minister said that more than 1.5 lakh suppliers have now registered with GeM, out of which 40,000 are MSMEs. He said transactions worth more than Rs. 14,000 crore have been made so far through GeM. He said the Sixth Announcement is that all Public Sector Undertakings of the Union Government must now compulsorily be a part of GeM. He said they should also get all their vendors registered on GeM.

Technology Upgradation

Coming to technological upgradation, the Prime Minister said that tool rooms across the country are a vital part of product design. His seventh announcement was that 20 hubs will be formed across the country, and 100 spokes in the form of tool rooms will be established.

Ease of Doing Business

On Ease of Doing Business, the Prime Minister's Eighth Announcement was related to pharma companies. He said clusters will be formed of pharma MSMEs. He said 70 percent cost of establishing these clusters will be borne by the Union Government.

The Prime Minister's Ninth Announcement on Simplification of Government Procedures was that the return under 8 labour laws and 10 Union regulations must now be filed only once a year.

The Prime Minister's Tenth Announcement was that now the establishments to be visited by an Inspector will be decided through a computerised random allotment.

The Prime Minister noted that as part of establishing a unit, an entrepreneur needs two clearances namely, environmental clearance and consent to establish. His Eleventh Announcement was that under air pollution and water pollution laws, now both these have been merged as a single consent. He further said that the return will be accepted through self-certification.

As the Twelfth Announcement, the Prime Minister mentioned that an Ordinance had been brought, under which, for minor violations under the Companies Act, the entrepreneur will no longer have to approach the Courts, but can correct them through simple procedures.

Social Security for MSME Sector Employees

The Prime Minister also spoke of social security for the MSME sector employees. He said that a mission will be launched to ensure that they have Jan Dhan Accounts, Provident Fund and Insurance.

The Prime Minister said that these decisions would go a long way in strengthening the MSME sector in India. He said the implementation of this Outreach Programme will be intensively monitored over the next 100 days.

Ø **SIDBI launched a National Level Entrepreneurship Awareness Campaign, UdyamAbhilasha ()** in 115 Aspirational Districts identified by NITI Aayog in 28 States and reaching to around 15,000 youth.

Ø **Sovereign Gold Bond Scheme 2018 -19:** The Government of India, in consultation with the Reserve Bank of India, has decided to issue Sovereign Gold Bonds-2018-19. The Sovereign Gold Bonds will be issued every month from October 2018 to February 2019.

Ø **Fifteenth Finance Commission constituted a High Level Group to examine the strengths and weaknesses for enabling balanced expansion of Health Sector**

The Fifteenth Finance Commission has constituted a High Level Group consisting of eminent experts from across the country in Health Sector. Dr. Randeep Guleria, Director, AIIMS, New Delhi will be its Convenor.

Ø **International Agreements and Engagements**

There have been a number of International Agreements and Engagements that has helped India to increase and enhance its Global Presence.

Some of the International appointments and engagements are as under:

- **India became the Vice Chair of the Asia Pacific Region of World Customs Organisation (WCO)** for a period of two years, from July, 2018 to June, 2020.
- **Asian Infrastructure Investment Bank (AIIB)** concluded its 3rd Annual Meeting on an optimistic note to raise its lending capacity to boost prosperity and security in the region. AIIB decided to invest \$140M to improve Rural Connectivity in India.

Some Important Loan Agreements:

1. Government of India and Asian Development Bank (ADB) signed \$80 million loan agreement to help boost youth employability in the state of Himachal Pradesh.
2. The Government of India and World Bank signed \$100 million project to boost rural economy of Tamil Nadu.
3. The Government of India and Asian Development Bank (ADB) signed \$250 million loan to improve rural connectivity in the 5 states of Assam, Chhattisgarh, Madhya Pradesh, Odisha and West Bengal under PMGSY.
4. Government of India and Asian Development Bank (ADB) signed \$75 million loan to improve urban services in 4 Karnataka towns
5. Government of India and Asian Development Bank (ADB) signed \$200 million loan to improve State Highways in Bihar
6. Government of India and the World Bank signed \$310 million loan agreement for Jharkhand Power System Improvement Project to provide reliable, quality, and affordable 24x7 electricity to the citizens of Jharkhand
7. Government of India and the Asian Development Bank (ADB) signed \$105 million loan to Support Hydropower Transmission in Himachal Pradesh
8. Government of India and the Asian Development Bank (ADB) signed \$300 million loan to support India Infrastructure Finance Company Limited (IIFCL) in India
9. Government of India and the Asian Development Bank (ADB) signed \$169 million loan to provide water and sanitation services in Tamil Nadu
10. India and Japan signed a loan agreement worth Rs. 1817 crore for the 'Project for the Construction of Turga Pumped Storage (I)' contributing to the industrial development and living standard improvement in the state of West Bengal.
11. Indo- Japanese agreements for bilateral currency swap arrangement of seventy five billion dollars
12. Cabinet approved Memorandum of Understanding between India and Singapore on setting up of a Joint Working Group on FinTech
13. Cabinet approved signing of bilateral investment agreement between India Taipei Association in Taipei and the Taipei Economic and Cultural Center in India
14. India and ADB signed \$110 Million Loan to improve rural connectivity in Madhya Pradesh
15. Government of India and The Asian Development Bank (ADB) signed \$100 million loan agreement to expand sewerage and drainage coverage in Kolkata

16. Government of India and the Asian Development Bank (ADB) signed \$ 150 million loan agreement to support India's first global skills park in state of Madhya Pradesh
17. India and ADB signed \$240 million loan to provide safe drinking water service in 3 West Bengal districts
18. The Asian Development Bank (ADB) and India signed \$150 million loan to improve regional connectivity
19. India and Japan signed loan agreement for construction of Mumbai-Ahmedabad high speed rail project (I) and Kolkata East West Metro Project (III) with Japan International Cooperation Agency (JICA)
20. India signed financing loan agreement with the World Bank for US\$ 74 million for Uttarakhand Workforce Development Project (UKWDP)
21. Cabinet approved MoU on collaborative research on distributed ledger and block chain technology in the context of development of digital economy by Exim Bank under BRICS Interbank Cooperation Mechanism
22. Government of India and ADB signed \$346 million loan to improve state highways in Karnataka
23. Government of India and ADB signed \$375 million loan to improve irrigation efficiency in Madhya Pradesh
24. Cabinet approved Memorandum of Understanding between India and USA in insurance regulatory sector
25. Government of India and the World Bank signed \$300 million agreement to help scale-up India's Energy Efficiency Program
26. The Government of India, Government of Rajasthan and World Bank signed a \$250 million agreement to support electricity distribution sector reforms in Rajasthan
27. Indo-German Government to Government Umbrella agreements worth Euro 653.7 million (approx. Rs. 5253 crore) on Financial Cooperation and Technical Cooperation 2017 were signed.
28. India signed loan agreement with the World Bank for USD 21.7 million for strengthening the Public Financial Management in Rajasthan Project;
29. Cabinet approved MoU between India and Turkey on trade in poppy seeds to ensure quick and transparent processing for import of poppy seeds from Turkey'
30. CBDT notified the protocol amending the Double Taxation Avoidance Agreement (DTAA) between India and Kuwait
31. India signed loan agreement with World Bank for US\$ 125 million for "Innovate in India for Inclusiveness Project"
32. Government of India and World Bank signed agreement to improve rural road network in Madhya Pradesh

33. India signed loan agreement with World Bank for USD 48 million for Meghalaya community - led Landscapes Management Project
34. Government of India, Government of Maharashtra and the World Bank signed a new project to benefit over 25 million small and marginal farmers in Maharashtra.
35. India and ADB signed \$120 million loan to improve rail infrastructure
36. Cabinet approved agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion between India and Iran
37. Cabinet approved agreement between India and Jordan on cooperation and mutual administrative assistance in customs matters
38. Asian Development Bank (ADB) and the Government of India signed \$ 84 million loan for improvement and expansion of water supply in the state of Bihar
39. Government of India signed a MoU with Canada's International Development Research Centre (IDRC) in national capital.
40. India and Iran signed in New Delhi an agreement for the Avoidance of Double Taxation (DTAA) and the Prevention of Fiscal Evasion with respect to taxes on income.
41. Cabinet approved signing and ratification of protocol amending the agreement between India and China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion
42. Cabinet approved signing of India-Australia Memoranda of Understanding (MoUs) for Secondment Programme.

II . Department of Revenue

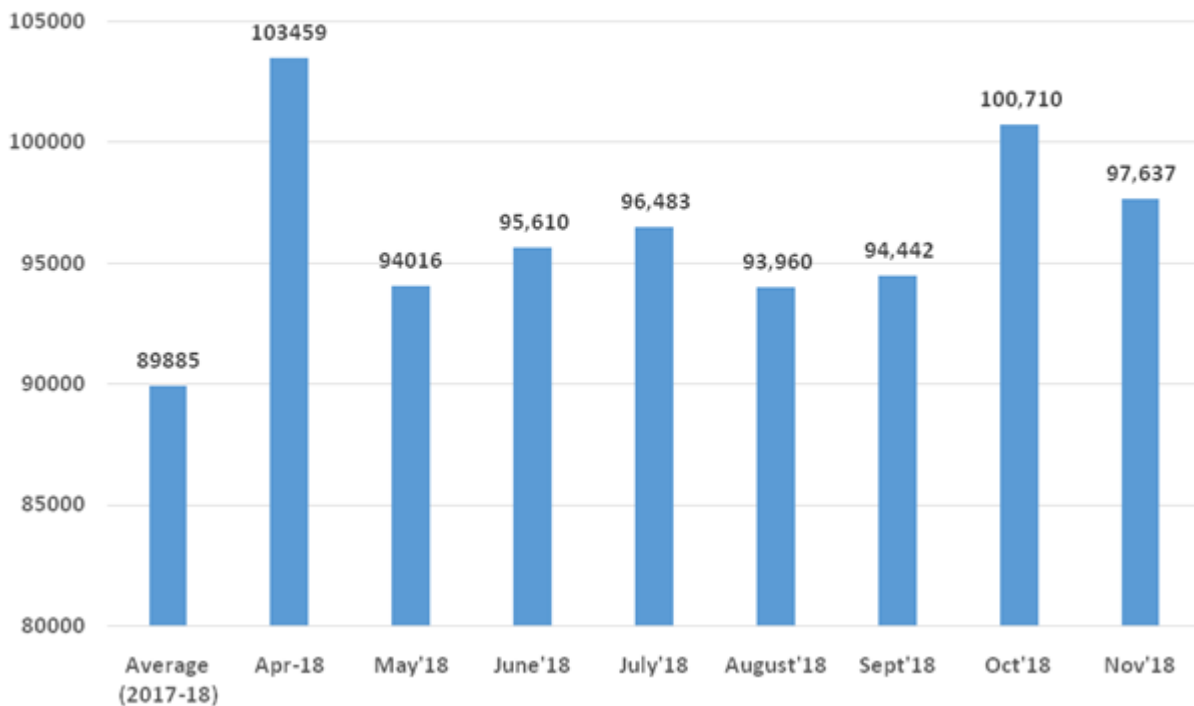
Ø GST

This year on 1st July 2018, the Government of India celebrated the 1st GST Day.

GST Revenue Collections:

The GST Revenue collection for the month of November 2018 has crossed Ninety-Seven Thousand Crore rupees. The total gross GST revenue collected in the month of November, 2018 is Rs. 97,637 crore of which CGST is Rs. 16,812 crore, SGST is Rs. 23,070 crore, IGST is Rs. 49,726 crore (including Rs. 24,133 crore collected on imports) and Cess is Rs. 8,031 crore (including Rs. 842 crore collected on imports).

Comparison of Gross GST Revenue (Average 2017-18 & April'18 to Nov'18)
(Figures in Rs. crore)



Ø **GST Council: Important decisions**

GST Council 31st Meeting:

GST Rate Cuts on Goods

GST Council in the **31st Meeting** held on 22nd December, 2018 at New Delhi took following major decisions relating to changes in GST rates, and clarification (on goods). The decisions of the GST Council have been presented for easy understanding. The same would be given effect to through Gazette notifications/ circulars which shall have force of law.

THE 31ST GST COUNCIL MEETING
GST rate reduced from 28% to 18%

- Pulleys, transmission shafts and cranks, gear boxes (HS Code 8483)
- Monitors and TVs (upto screen size of 32 inches)
- Re-treaded or used pneumatic tyres of rubber
- Power banks of lithium ion batteries
- Digital cameras and video camera recorders
- Video game consoles and other games and sports requisites (HS Code 9504)

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THE 31ST GST COUNCIL MEETING
Policy Recommendations

- 01** Single cash ledger for each tax head
- 02** Single authority for disbursement of refund scheme (sanctioned by either the Centre and State authorities) - pilot basis
- 03** Introducing new return filing system -trial basis from **01.04.2019** & mandatory basis from **01.07.2019**
- 04** Due date for the annual returns in **FORM GSTR-9, FORM GSTR-9A** and reconciliation statement in **FORM GSTR-9C** for the Financial Year 2017 - 2018 to be extended till **30.06.2019**

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I. GST rate reduction on goods which were attracting GST rate of 28% :

A. 28% to 18%

- Pulleys, transmission shafts and cranks, gear boxes etc., falling under HS Code 8483
- Monitors and TVs of upto screen size of 32 inches
- Re-treaded or used pneumatic tyres of rubber;
- Power banks of lithium ion batteries. Lithium ion batteries are already at 18%. This will bring parity in GST rate of power bank and lithium ion battery.
- Digital cameras and video camera recorders
- Video game consoles and other games and sports requisites falling under HS code 9504.

B. 28% to 5%

- Parts and accessories for the carriages for disabled persons

II. GST rate reduction on other goods,-

A. 18% to 12%

- Cork roughly squared or debugged
- Articles of natural cork
- Agglomerated cork

B. 18% to 5%

- Marble rubble

C. 12% to 5%

- Natural cork
- Walking Stick
- Fly ash Blocks

D. 12% to Nil:

- Music Books

E. 5% to Nil

- Vegetables, (uncooked or cooked by steaming or boiling in water), frozen, branded and put in a unit container
- Vegetable provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption.

F. Miscellaneous

- Exemption from GST on supply of gold by Nominated Agencies to exporters of article of gold Jewellery.
- Exemption from GST on proceeds received by Government from auction of gifts received by President, Prime Minister, Governor or Chief Minister of a State and public servants, the proceeds of which is used for public or charitable cause.
- Exemption from IGST/Compensation cess on vehicles imported for temporary purposes under the Customs Convention on the Temporary importation of Private Road Vehicles (carnet de passages-en-douane).
- Rate of 5%/18% to be applied based on transaction value of footwear
- Uniform GST rate of 12% on Flexible Intermediate Bulk Container (FIBC) from existing 5%/12% (depending on the value)

III. GST on solar power generating plant and other renewable energy plants

- GST rate of 5% rate has been prescribed on renewable energy devices & parts for their manufacture (bio gas plant/solar power based devices, solar power generating system (SGPS) etc) [falling under chapter 84, 85 or 94 of the Tariff]. Other goods or services used in these plants attract applicable GST.
- Certain disputes have arisen regarding GST rates where specified goods attracting 5% GST are supplied along with services of construction etc and other goods for solar power plant.
- To resolve the dispute the Council has recommended that in all such cases, the 70% of the gross value shall be deemed as the value of supply of said goods attracting 5% rate and the remaining portion (30%) of the aggregate value of such EPC contract shall be deemed as the value of supply of taxable service attracting standard GST rate.

GST Rate Cuts on Services

GST Council in the **31st meeting** held on 22nd December, 2018 at New Delhi took following decisions relating to changes in GST rates, ITC eligibility criteria, exemptions and clarifications on connected issues. The decisions of the GST Council have been presented in this note in simple language for easy understanding. The same would be given effect to through Gazette notifications/ circulars which shall have force of law.

Reduction in GST rates/exemptions on Services:

1. GST rate on cinema tickets above Rs. 100 shall be reduced from 28% to 18% and on cinema tickets upto Rs. 100 from 18% to 12%.
2. GST rate on third party insurance premium of goods carrying vehicles shall be reduced from 18% to 12%
3. Services supplied by banks to Basic Saving Bank Deposit (BSBD) account holders under Pradhan Mantri Jan Dhan Yojana (PMJDY) shall be exempted.
4. Services supplied by rehabilitation professionals recognized under Rehabilitation Council of India Act, 1992 at medical establishments, educational institutions, rehabilitation centers established by Central Government / State Government or Union Territories or entity registered under section 12AA of the Income-tax Act shall be exempted.
5. Services provided by GTA to Government departments/local authorities which have taken registration only for the purpose of deducting tax under Section 51 shall be excluded from payment of tax under RCM and the same shall be exempted.
6. Exemption on services provided by Central or State Government or Union Territory Government to their undertakings or PSUs by way of guaranteeing loans taken by them from financial institutions is being extended to guaranteeing of such loans taken from banks.
7. Air travel of pilgrims by non-scheduled/charter operations, for religious pilgrimage facilitated by the Government of India under bilateral arrangements shall attract the same rate of GST as applicable to similar flights in Economy class (i.e. 5% with ITC of input services).

Rationalization

8. Parliament and State legislatures shall be extended the same tax treatment with regard to payment of tax under RCM (reverse charge mechanism) as available to Central and State

Governments.

9. Security services (supply of security personnel) provided to a registered person, except Government Departments which have taken registration for TDS and entities registered under composition scheme, shall be put under RCM.
10. Services provided by unregistered Business Facilitator (BF) to a bank and agent of Business correspondent (BC) to a BC shall be put under RCM.

GST Council's 30th Meeting:

During the **30th Meeting** of the GST Council, the proposal of the State of Kerala for imposition of Cess on SGST for rehabilitation and flood affected works was discussed in detail. The Council decided to constitute a 7-Member Group of Ministers (GoM) to examine this issue in depth. Accordingly, the Union Finance Minister, Shri Arun Jaitley, had approved the constitution of a Group of Ministers on 28th September, 2018 to examine the issue regarding 'Modalities for Revenue Mobilization in case of Natural Calamities and Disasters'

GST Council :28th Meeting:

The GST Council in its **28th Meeting** took the following decisions on GST Rate on Goods and Services.

GST Rate on Goods:

I. GST rates reduction on 28% items:

A. 28% to 18%

- Paints and varnishes (including enamels and lacquers)
- Glaziers' putty, grafting putty, resin cements
- Refrigerators, freezers and other refrigerating or freezing equipment including water cooler, milk coolers, refrigerating equipment for leather industry, ice cream freezer etc.
- Washing machines.
- Lithium-ion batteries
- Vacuum cleaners
- Domestic electrical appliances such as food grinders and mixers & food or vegetable juice extractor, shaver, hair clippers etc
- Storage water heaters and immersion heaters, hair dryers, hand dryers, electric smoothing irons etc
- Televisions upto the size of 68 cm
- Special purpose motor vehicles. e.g., crane lorries, fire fighting vehicle, concrete mixer lorries, spraying lorries

- Works trucks [self-propelled, not fitted with lifting or handling equipment] of the type used in factories, warehouses, dock areas or airports for short transport of goods.
- Trailers and semi-trailers.
- Miscellaneous articles such as scent sprays and similar toilet sprays, powder-puffs and pads for the application of cosmetics or toilet preparation.

B. 28% to 12%

- Fuel Cell Vehicle. Further, Compensation cess shall also be exempted on fuel cell vehicle.

II. Refund of accumulated credit on account of inverted duty structure to fabric manufacturers: Fabrics attract GST at the rate of 5% subject to the condition that refund of accumulated ITC on account of inversion will not be allowed. However, considering the difficulty faced by the Fabric sector on account of this condition, the GST Council has recommended for allowing refund to fabrics on account of inverted duty structure. The refund of accumulated ITC shall be allowed only with the prospective effect on the purchases made after the notification is issued.

III. GST rates were recommended to be brought down from,-

A. 18%12%/5% to Nil:

- o Stone/Marble/Wood Deities
- o Rakhi [other than that of precious or semi-precious material of chapter 71]
- o Sanitary Napkins,
- o Coir pith compost
- o Sal Leaves siali leaves and their products and Sabai Rope
- o PhoolBhariJhadoo [Raw material for Jhadoo]
- o Khali dona.
- o Circulation and commemorative coins, sold by Security Printing and Minting Corporation of India Ltd [SPMCIL] to Ministry of Finance.

B. 12% to 5%:

- o Chenille fabrics and other fabrics under heading 5801
- o Handloom dari
- o Phosphoric acid (fertilizer grade only).
- o Knitted cap/topi having retail sale value not exceeding Rs. 1,000

C. 18% to 12%:

- o Bamboo flooring.

- o Brass Kerosene Pressure Stove.
- o Hand Operated Rubber Roller.
- o Zip and Slide Fasteners.

D. 18% to 5%:

- o Ethanol for sale to Oil Marketing Companies for blending with fuel
- o Solid bio fuel pellets

IV. Rate change made in respect of footwear

- o 5% GST is being extended to footwear having a retail sale price up to Rs. 1000 per pair
- o Footwear having a retail sale price exceeding Rs. 1000 per pair will continue to attract 18%

V. GST rates were recommended to be brought down for specified handicraft items [as per the definition of handicraft, as approved by the GST council]

A. 18% to 12%:

- o Handbags including pouches and purses; jewellery box
- o Wooden frames for painting, photographs, mirrors etc
- o Art ware of cork [including articles of sholapith]
- o Stone art ware, stone inlay work
- o Ornamental framed mirrors
- o Glass statues [other than those of crystal]
- o Glass art ware [including pots, jars, votive, cask, cake cover, tulip bottle, vase]
- o Art ware of iron
- o Art ware of brass, copper/ copper alloys, electro plated with nickel/silver
- o Aluminium art ware
- o Handcrafted lamps (including panchloga lamp)
- o Worked vegetable or mineral carving, articles thereof, articles of wax, of stearin, of natural gums or natural resins or of modelling pastes etc, (including articles of lac, shellac)
- o Ganjifa card

B. 12% to 5%:

- o Handmade carpets and other handmade textile floor coverings (including namda/gabba)
- o Handmade lace
- o Hand-woven tapestries
- o Hand-made braids and ornamental trimming in the piece
- o Toran

VI. Miscellaneous Change relating to valuation of a supply

- o IGST @5% on Pool Issue Price (PIP) of Urea imported on Government account for direct agriculture use, instead of assessable value plus custom duty.
- o Exemption from Compensation cess to Coal rejects from washery [arising out of cess paid coal on which ITC has not been taken].

GST Rate on Services

The GST Council in its 28th meeting took following decisions relating to exemptions / changes in GST rates / ITC eligibility criteria, rationalization of rates / exemptions and clarification on levy of GST on services.

It would be noted that multiple reliefs from GST taxation have been provided to following categories of services –

- (i) Agriculture, farming and food processing industry,
- (ii) Education, training and skill development,
- (iii) Pension, social security and old age support.

Hotel industry has been given major relief by providing that the rate of tax on accommodation service shall be based on transaction value instead of declared tariff.

Services provided in sectors like banking, IT have been provided relief by exempting services supplied by an establishment of a person in India to any establishment of that person outside India [related party].

As a green initiative, GST on supply of e-books has been reduced from 18 to 5%.

EXEMPTIONS / CHANGES IN GST RATES AND SERVICES

Sector –Farmers/ Agriculture/ Food Processing

1. Exempted services by way of artificial insemination of livestock (other than horses).
2. Exempted warehousing of minor forest produce in line with exemptions provided to the agricultural produce.

3. Exempted the works of installation and commissioning undertaken by DISCOMS/ electricity distribution companies for extending electricity distribution network upto the tube well of the farmer/ agriculturalist for agricultural use.
4. Exempted services provided by FSSAI to food business operators.

Education/ Training/ Skill Development

5. Reduced rate of GST from 18% to 5% on supply only of e-books for which print version exist.

Social Security/ Pension Security/ Senior Citizens

6. Exempted services provided by Coal Mines Provident Fund Organisation to the PF subscribers from the applicability of GST on the lines of EPFO.
7. Exempted supply of services by an old age home run by State / Central Government or by a body registered under 12AA of Income Tax Act) to its residents (aged 60 years or more) against consideration upto Rupees Twenty Five Thousand per month per member provided consideration is inclusive of charges for boarding, lodging and maintenance.
8. Exempted GST on the administrative fee collected by National Pension System Trust.
9. Exempted services provided by an unincorporated body or a non-profit entity registered under any law for the time being in force, engaged in activities relating to the welfare of industrial or agricultural labour or farmer; or for the promotion of trade, commerce, industry, agriculture, art, science, literature, culture, sports, education, social welfare, charitable activities and protection of environment, to own members against consideration in the form of membership fee up to an amount of one thousand rupees per member per year.

Banking/ Finance/ Insurance

10. Exempted Reinsurance Services provided to specified Insurance Schemes such as Pradhan Mantri Rashtriya Swasthya Suraksha Mission (PMRSSM) (Ayushman Bharat), funded by Government.

Government Services

11. Exempted services provided by Government to ERCC by way of assigning the right to collect royalty, DMFT etc. from the mining lease holders.
12. Exempted the guarantees given by Central/State Government/UT administration to their undertakings/PSUs.

Miscellaneous

13. Exempted GST on import of services by Foreign Diplomatic Missions/ UN & other International Organizations based on reciprocity.
14. Exempted services supplied by an establishment of a person in India to any

establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation I in section 8 of the IGST Act provided the place of supply is outside the taxable territory of India in accordance with section 13 of IGST Act

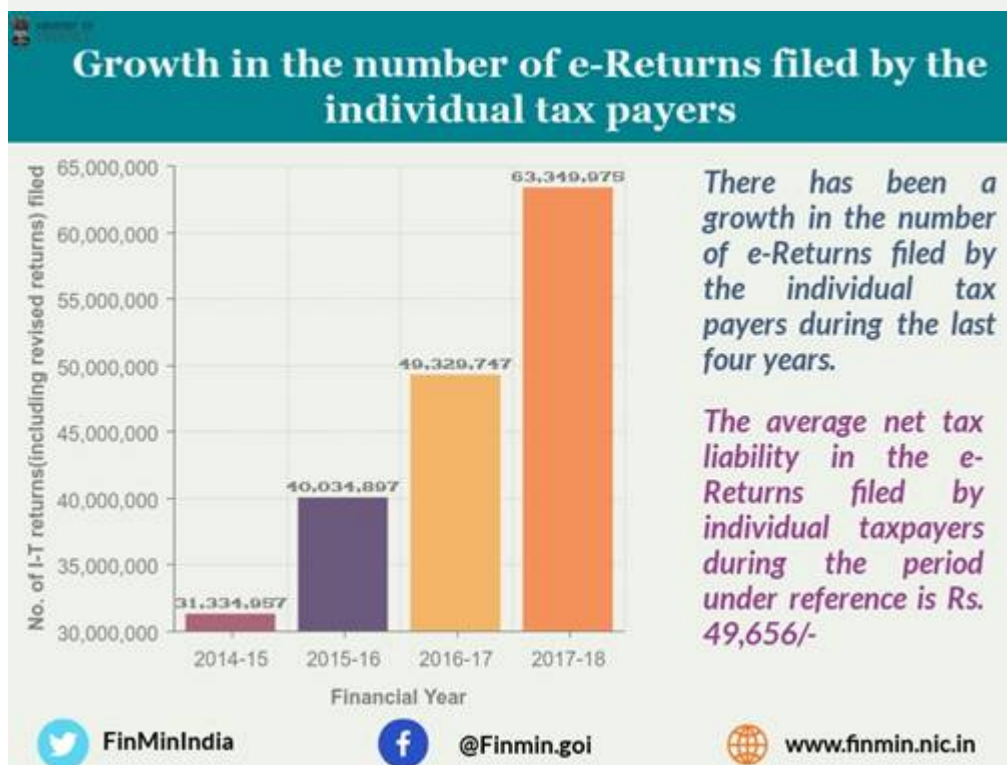
15. Prescribed GST rate slabs on accommodation service based on transaction value instead of declared tariff which is likely to provide major relief to the hotel industry.

16. Prescribed GST rate of 12% with full ITC under forward charge for composite supply of multimodal transportation.

17. Rationalized thenotificationentry prescribing reduced GST rate on composite supply of works contract received by the Government or a local authority in the course of their sovereign functions.

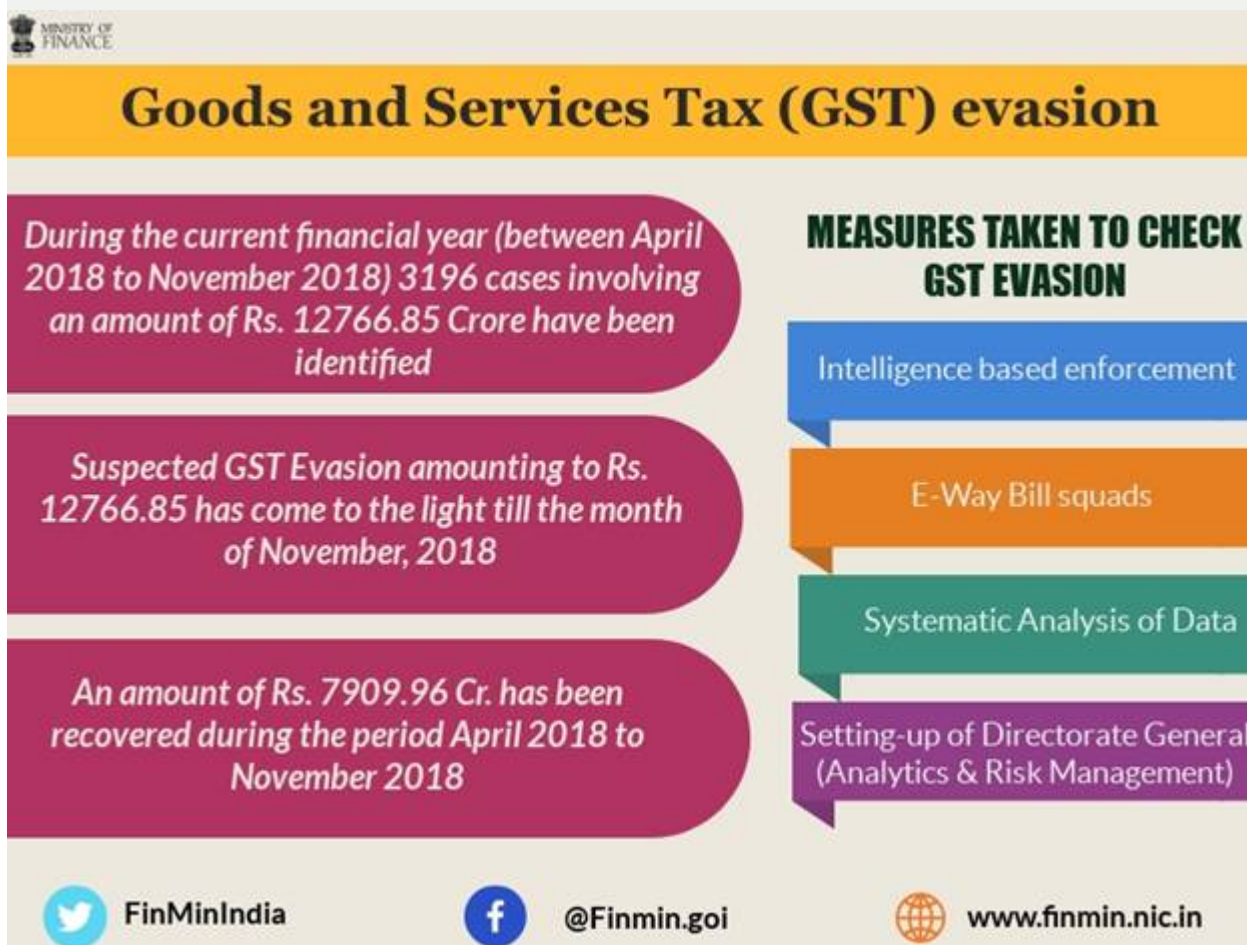
18. Rationalized entry relating to composite supply of food and drinks in restaurant, mess, canteen, eating joints and such supplies to institutions (educational, office, factory, hospital) on contractual basis at GST rate of 5%; and making it clear that the scope of outdoor catering under 7(v) is restricted to supplies in case of outdoor/indoor functions that are event based and occasional in nature.

Also, the GST Council in its 28th Meeting had approved the New Return Formats and associated changes in law. It may be recalled that in the 27th Meeting held on 4th of May, 2018, the Council had approved the basic principles of GST return design and directed the law committee to finalize the return formats and changes in law. The formats and business process approved in 28th meeting were in line with the basic principles with one major change i.e., the option of filing quarterly return with monthly payment of tax in a simplified return format by the small tax payers.



Total GST refunds to the tune of Rs 91,149 crores have been disposed by CBIC and State authorities out of the total refund claims of Rs 97,202 crores received so far. Thus, the disposal rate of 93.77 per cent has been achieved. The pending GST refund claims amounting to Rs 6,053 crores are being expeditiously processed so as to provide relief to eligible claimants. Refund claims without any deficiency are being cleared expeditiously.

GST Evasion



Ø **E-way Bill System**

The E-way Bill System had been introduced nation-wide for inter-State movement of goods with effect from 1st April, 2018 while the States were given the option to choose any date till 3rd June, 2018 for the introduction of the E-way bill system for intra-State supplies. The objectives of E-way bill system are as below:

- single and unified E-way bill for inter-State and intra-State movement of goods for the whole country in self-service mode,
- enabling paperless and fully online system to facilitate seamless movement of goods across all the States,

- c. improve service delivery with quick turnaround time for the entire supply chain and provide anytime anywhere access to data/services,
- d. to facilitate hassle free movement of goods by abolishing inter-State check posts across the country

Ø **Demonetization and Unearthing Black Money**

The larger purpose of demonetisation was to move India from a Tax Non-compliant society to a compliant society. This necessarily involved the formalization of the Economy and a blow to the black money.

Demonetization compelled holders of cash to deposit the same in the banks. The enormity of cash deposited and identified with the owner resulted in suspected 17.42 lakh account holders from whom the response has been received online through non-invasive method. Larger deposits in banks improved lending capacity for the banks. A lot of this money was diverted to the Mutual Funds for further investments. It became a part of the formal system.

The impact of demonetization has been felt on collection of personal income tax. Its collections were higher in Financial Year 2018-19 (till 31-10-2018) compared to the previous year by 20.2%. Even in the corporate tax the collections are 19.5% higher. From two years prior to demonetization, direct tax collections have increased 6.6% and 9% respectively. In the next two years, post demonetization the increase by 14.6% (part of the year before impact of demonetization in 2016-17) and an increase of 18% in the year 2017-18.

Appropriate action by the Income-tax Department (ITD) and other Law Enforcement Agencies has been taken against those involved in the misuse of the Scheme of Demonetization.

During the period November 2016 to March, 2017, ITD conducted searches in 900 groups, involved in various activities and business, leading to seizure of Rs. 900 crores, including cash seizure of Rs. 636 crores. During the same period, 8239 surveys were conducted leading to detection of undisclosed income of Rs. 6745 crores.

With the objective of obtaining people's participation in the Income Tax Department's efforts to unearth black money and reduce tax evasion, a new reward scheme titled "**Income Tax Informants Reward Scheme, 2018**" has been issued by the Income Tax Department, superseding the earlier reward scheme issued in 2007.

Central Board of Direct Taxes (CBDT)

The Central Board of Direct Taxes (CBDT) has entered into nine more Unilateral Advance Pricing Agreements (UAPAs) during the month of July, 2018. With the signing of these Agreements, the **total number of APAs entered into by the CBDT has gone up to 232, which includes 20 Bilateral Advance Pricing Agreements (BAPAs).**

Ø **Direct Tax**

There has been continuous increase in the amount of income declared in the returns filed by all categories of taxpayers over the last three Assessment Years (AYs). For AY 2014-15,

corresponding to FY 2013-14 (base year), the return filers had declared gross total income of Rs.26.92 lakh crore, which has increased by **67%** to Rs.44.88 lakh crore for AY 2017-18, showing higher level of compliance resulting from various legislative and administrative measures taken by the Government, including effective enforcement measures against tax evasion.

Refunds amounting to Rs.1.23 lakh crore have been issued during April, 2018 to November, 2018, which is 20.8% higher than refunds issued during the same period in the preceding year.

So far as the Growth Rate for Corporate Income Tax (CIT) and Personal Income Tax (PIT) is concerned, the Growth Rate of Gross Collections for CIT is 17.7% while that for PIT (including STT) is 18.3%.

According to the Direct Tax Statistics released by CBDT:

- There is a **constant growth in direct tax-GDP** ratio over last three years and the ratio of 5.98% in FY 2017-18 is the **best DT-GDP ratio in last 10 years**.
- There is a **growth of more than 80%** in the number of returns filed in the last four financial years from 3.79 crore in FY 2013-14 (base year) to 6.85 crore in FY 2017-18.
- The number of **persons filing Return of Income has also increased by about 65%** during this period from 3.31 crore in FY 2013-14 to 5.44 crore in FY 2017-18.

III. Department of Financial Services

Ø Reforms for addressing the Non-Performing Assets (NPAs) of Public Sector Banks (PSBs):

The government has strongly come out with key measures and reforms in order to address the increase in NPAs, which are detailed as under.

1. Recapitalization of Public Sector Banks (PSBs):

Government moved proposal in Parliament for enhanced bank re-capitalisation outlay from Rs.65,000 crore to Rs.1,06,000 crore in the current financial year to propel economic growth, cementing India's position as the fastest growing economy of the world. This would enable infusion of over Rs.83,000 in Public Sector Banks (PSBs).

The enhanced provision is aimed at:

- (1) Meeting regulatory capital norms
- (2) Providing capital to better-performing PCA Banks to achieve 9% Capital to Risk-weighted Asset Ratio (CRAR); 1.875% Capital Conservation Buffer and the 6% Net NPA threshold,

facilitating them to come out of PCA

- (3) Facilitating non-PCA banks that are in breach of some PCA thresholds to not be in breach
- (4) Strengthen amalgamating banks by providing regulatory and growth capital

Following comprehensive clean-up of the banking system under Government's 4R's approach of Recognition, Resolution, Recapitalisation and Reforms, the envisaged recapitalisation would equip banks financially at levels higher than the global norms. In this connection, it is pertinent that India's capital norms for banks are 1% higher than the norms recommended under the global Basel-III framework. Further, unlike the early intervention regime of other major economies, India's PCA framework for weaker banks has more onerous thresholds, viz., higher capital thresholds and a Net NPA threshold that further embeds capital requirement on account of provisioning of NPAs. Today's proposal is an expression of Government's commitment that each PSB is an article of faith, and aims at securing compliance even for the higher regulatory norms.

2. One market place for Public Sector Bank loans

The reforms agenda aimed at Enhanced Access & Service Excellence (EASE), encapsulates a synergistic approach to ensuring prudential and clean lending, better customer service, enhanced credit availability, focus on Micro, Small and Medium Enterprises (MSMEs), and better governance.

3. Consolidation of Regional Rural Banks (RRBs)

With a view to enable Regional Rural Banks (RRBs) to minimize their overhead expenses, optimize the use of technology, enhance the capital base and area of operation and increase their exposure, the Government has sought comments of respective State Governments and Sponsor Banks on a roadmap for Amalgamation of RRBs within a State.

Apart from these measures, a number of other measures have been undertaken. As a result, PSBs recovered an amount of Rs. 1,58,259 crore, during the financial years 2015-16 to 2017-18.

- A. To avoid recurrence and for stringent recovery, the Insolvency and Bankruptcy Code, 2016 (IBC) has been enacted to create a Unified Framework for resolving insolvency and bankruptcy matters.
- B. The Banking Regulation Act, 1949 was amended, to provide for authorization to RBI to issue directions to banks to initiate the insolvency resolution process under IBC. Under this, by adopting a creditor-in-saddle approach, with the interim resolution professional taking over management of affairs of Corporate Debtor at the outset, the incentive to resort to abuse of the legal system was taken away. This coupled with debarment of wilful defaulters and persons associated with NPA accounts from the resolution process, has effected a fundamental change in the creditor-debtor relationship.
- C. Further, as per RBI's directions, cases have been filed under IBC in the National Company Law Tribunal (NCLT) in respect of 39 large defaulters, amounting to about Rs. 2.69 lakh crore funded exposure (as of December 2017).
- D. In addition, recapitalisation of PSBs, announced and initiated by the Government, has enabled upfront provisioning, easing apprehensions in actively pursuing resolution.
- E. Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest

Act, 2002 (SARFAESI Act) has been amended for faster recovery with a provision for three months imprisonment in case the borrower does not provide asset details and for the lender to get possession of mortgaged property within 30 days. Also, six new Debts Recovery Tribunal have been established to expedite recovery.

- F. PSB Reforms Agenda announced by the Government, PSBs have committed to strengthen recovery mechanism by setting-up Stressed Asset Management Verticals for focussed recovery, clean and effective post-sanction follow-up on large-value accounts by tying up with Agencies for Specialized Monitoring for loans of Rs. 250 crore and above, and strict segregation of pre- and post-sanction roles for enhanced accountability.
- G. To reduce incidence of default on account of and to effect recovery from wilful defaulters, as per RBI's instructions, wilful defaulters are not sanctioned any additional facilities by banks or financial institutions, their unit is debarred from floating new ventures for five years, and lenders may initiate criminal proceedings against them, wherever necessary.
- H. Securities and Exchange Board of India (SEBI) Regulations have been amended to debar wilful defaulters and companies with wilful defaulters as promoters/directors from accessing capital markets to raise funds.
- I. Further, the Insolvency and Bankruptcy Code has been amended to debar wilful defaulters from participating in the insolvency resolution process.




Ø Global Recognition of Government's Reform Drive




The reform drive undertaken by the government has been recognized by International Organizations like Standard & Poor's which states, inter-alia, that "the worst is almost over for India's banks". It states that the Government is working on a four-pronged strategy to improve the health of the banking sector: recognition, resolution, recapitalisation and reform ("**4Rs**"), and that their stable outlook on the banks reflect their view that the "4Rs" and other initiatives taken by the Government and RBI will strengthen the banking system over the next couple of years.

Ø Streamlining of National Pension System (NPS)

MINISTRY OF FINANCE

Streamlining of National Pension System (NPS)

-  Enhancement of the mandatory contribution by the Central Government for its employees covered under NPS Tier-I from the existing 10% to 14%
-  Tax exemption limit for lump sum withdrawal on exit has been enhanced to 60%. With this, the entire withdrawal will now be exempt from income tax
-  Approximately 18 lakh central government employees covered under NPS would be benefitted from the streamlining of the National Pension System.

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The Union Cabinet in its Meeting on 6th December, 2018 has approved the following

Ø Financial Inclusion

Finance Ministry launches Mobile Application “Jan DhanDarshak” as a part of Financial Inclusion

Department of Financial Services (DFS), Ministry of Finance and National Informatics Centre (NIC) has jointly developed a mobile app called Jan DhanDarshak as a part of financial inclusion (FI) initiative . As the name suggests, this app will act as a guide for the common people in locating a financial service touch point at a given location in the country.

Ø Major Schemes and their Improvements:

Issue of Kisan Credit Cards

There is positive growth in terms of both individual policies as well as first year premium during 2017-18. Apart from interest rates, there are other factors which affect the life insurance growth such as overall economic growth, sales force, product portfolio, level of competition with other financial products etc.

The infographic is titled "KISAN CREDIT CARD (KCC) SCHEME" and is presented by the Ministry of Finance. It explains that the KCC scheme was introduced for farmers to use for purchasing agricultural inputs and drawing cash. It lists four key features: ATM-enabled RuPay Debit Cards, one-time documentation, built-in cost escalation in the limit, and multiple withdrawals within the limit. Contact information for FinMinIndia, @Finmin.goi, and www.finmin.nic.in is provided at the bottom.

MINISTRY OF FINANCE

KISAN CREDIT CARD (KCC) SCHEME

KCC Scheme was introduced for issue of KCC to farmers so that they may use them to readily purchase agriculture inputs such as seeds, fertilizers, pesticides etc. and draw cash for their production needs.

The KCC scheme has since been simplified and provides for :

- Issue of ATM enabled RuPay Debit Card
- Facilities of one-time documentation
- Built-in cost escalation in the limit
- Any number of withdrawals within the limit etc.

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Pradhan Mantri Jan DhanYojana (PMJDY): Under Pradhan Mantri Jan DhanYojana 33.4 Crore beneficiaries banked so far 85,494.69 Crore balance in beneficiary accounts as on 17th December, 2018

Pradhan Mantri Vaya Vandana Yojana extended up to March 2020: Exemption of Interest Income on deposits increased to Rs 50,000. Existed limit on investment under PMVVY enhanced to Rs 15 lakhs.

Sukanya Samridhi Account Scheme: Until 30 June, 2018 more than 1.39 crore accounts have been opened across the country in the name of girl-child securing an amount of

Rs.25,979.62crore.

Atal Pension Scheme: The Subscriber base under APY has crossed 1.24 crore mark; More than 27 lacs new subscribers have joined the Scheme during the Current Financial Year 2018-19 (As on 2nd November,2018). The Scheme is very easy to understand and it is very transparent. States like Uttar Pradesh, Bihar, Andhra Pradesh, Maharashtra and Karnataka are the top contributors in APY enrollment. The Scheme allows any Indian Citizen between the age group of 18-40 years to join through the bank or post office branches where one has the savings bank account.

Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY)

- Pradhan Mantri Suraksha Bima Yojana: As per data uploaded by banks, the number of persons enrolled under Pradhan Mantri Suraksha Bima Yojana (PMSBY) as on 31.10.2018 is 14.27 Crores.
- Pradhan Mantri Jeevan Jyoti Bima Yojana: 5.47 crore subscribers under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) with 1.10 lakh claims, involving an amount of Rs. 2,206.28 crore settled so far. (As on 8th September,2018)

Pradhan Mantri Mudra Yojana

Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister on April 8, 2015 for providing loans upto 10 lakh to the non-corporate, non-farm small/micro enterprises. These loans are classified as MUDRA loans under PMMY. During the financial year 2018-19, the number of loan sanctioned are 2,92,30,665 with total amount sanctioned Rs. 1,53,783.83 Crores, with total amount disbursed Rs.1,47,115.20 Crores (As 14th December,2018)

Stand Up India Scheme

Progress around Stand-Up India Scheme is as under

		Performance under Stand Up India Scheme										(Amt. in Rs. Crore)					
		S		C		ST				W		Total					
Date		No Of		Sanctioned		No Of		Sanctioned		No Of		Sanctioned					
		A/Cs		Amt.		A/Cs		Amt.		A/Cs		Amt.					
31.10.201		9175		1		2		557.3		54135		12		660		14431.	

8			7 7 6 8 7		7 7 0	5				0 9 6 9 1		80		14

Rates of Small Saving Schemes was increased for Financial Year 2018-19.



Ø Public Financial Management System (PFMS) Achieves a Historical Record Breaking Volume of Digital Transaction

Public Financial Management System (PFMS) is an ambitious project of Government of India being implemented by Controller General of Accounts, Ministry of Finance. PFMS has proved as a robust digital platform towards Prime Minister’s vision of DIGITAL INDIA.

On 28th March, 2018, an historic amount of Rs. 71,633.45 crore has been digitally transacted/routed through PFMS Portal for 98, 19,026 transactions in a single day.

IV. Department of Disinvestment and Public Asset Management (DIPAM)

- As on 11th December, 2018, the Government had realized Rs. 34,005.05 crore as disinvestment proceeds against the BE of Rs. 80,000 crore during the current financial year (2018-19).
- The FFO 3 of CPSE-ETF in November 2018 was the biggest disinvestment transaction through ETF raising Rs. 17,000 crore.
- Total disinvestment proceeds during 2017-18 was Rs. 1,00,056.91 crore vis-a-vis the revised target of Rs. 1,00,000 crore.

- CPSEs constitute 8.81% and 8.89% of the total market capitalisation of companies listed at BSE and NSE respectively (as on 7th December, 2018)
- The Initial Public Offering (IPO) of CPSE IRCON** had been subscribed 9.5 times. The Government expected to raise Rs 466 crore from the issue. IRCON is the second CPSE to launch an IPO in the Current Fiscal besides being the second Railway CPSE to be listed on the stock markets after RITES in June this year.

NAME OF CPSES	% OF GOIS SHARES DISINVESTED	RECEIPTS (In Crores)	GOIS SHAREHOLDING POST DISINVESTMENT
<u>Mishra Dhatu Nigam Ltd. (MIDHANI)</u>	25	434.14	75%
<u>Bharat 22 ETF</u>	-	8325.26	-
<u>RITES</u>	12.60	460.51	87.40%
<u>Garden Reach Shipbuilders and Engineers Ltd.</u>	25.5	342.90	74.5%
<u>Coal India Ltd.</u>	3.19	5218.30	75.46%
<u>KIOCL Ltd.</u>	1.983	205.34	99.06%
<u>HSCC (India) Ltd.</u>	100	285.00	-
<u>CPSE - Exchange Traded Fund</u>	(FFO3)	17000.00	-
<u>National Aluminium Company Ltd.</u>	1.80	260.41	56.77%
<u>NLC India Ltd.</u>	-	989.86	-
<u>Coal India Ltd.</u>	0.01	17.33	75.12%

(Source – DIPAM site)

- Further Fund Offer of Bharat – 22 ETF had been a resounding success with strong participation of FII's.
- Also, the Cabinet Committee on Economic Affairs chaired by the Prime Minister, Shri Narendra Modi had given 'in principle' approval for strategic disinvestment of 100% Government of India's shares in DCIL to consortium of four ports namely, Vishakhapatnam Port Trust, Paradeep Port Trust, JawaharLal Nehru Port Trust and Kandla Port Trust.
- In January, The Government of India had also entered into an agreement with ONGC for the strategic sale of its 51.11% equity share-holding in HPCL at a consideration of Rs. 36,915 crore.

V . Department of Expenditure

- The Finance Minister said that in order to impart unquestionable credibility to the

Government's commitment for the revised fiscal glide path, he **proposed to accept key recommendations of the Fiscal Reform and Budget Management (FRBM) Committee relating to adoption of the Debt Rule** and to bring down the Central Government's **Debt to GDP ratio to 40%**. The **Government also accepted** the recommendation to use **Fiscal Deficit target** as the key operational parameter.

- Presenting the General Budget 2018-19 in Parliament here, the Union Minister for Finance and Corporate Affairs, Shri ArunJaitely said that the total **earmarked allocation for SCs in 279 programmes had been increased** from Rs.34,334 crore in 2016-17 to Rs.52,719 crore in RE 2017-18. Likewise, **for STs, earmarked allocation had been increased** from Rs.21,811 crore in 2016-17 to Rs.32,508 crore in RE 2017-18 in 305 programmes. The Finance Minister said that earmarked allocation had been further increased to Rs.56,619 crore for SCs and Rs.39,135 crore for STs in BE 2018-19.

- The Union Cabinet, chaired by the Prime Minister Shri NarendraModi has approved to release an additional installment of **Dearness Allowance (DA)** to Central Government employees and Dearness Relief (DR) to pensioners w.e.f. 01.07.2018 representing an **increase of 2% over the existing rate of 7% of the Basic Pay/Pension**, to compensate for price rise.

- **Direct Benefit Transfer (DBT)** had been made applicable across the country vide M/o Finance OM dated 12.12.2014. Till 15/02/2018, 366 such schemes/components were identified where cash was directly transferred to bank account of the beneficiaries. Till 15/02/2018, **Rs. 2,64,113 crore was transferred** to the beneficiaries in the Cash Schemes.

- Total **Agriculture Credit Disbursement increased** from Rs. 9,15,509.92 Crore in 2015-16 to Rs. 11,68,502.84 Crore in 2017-18

- To enhance their skills and keep pace with the changes in the World Global Environment, the Department of Expenditure took the lead role in the **capacity building of Financial Advisers**

DSM

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