

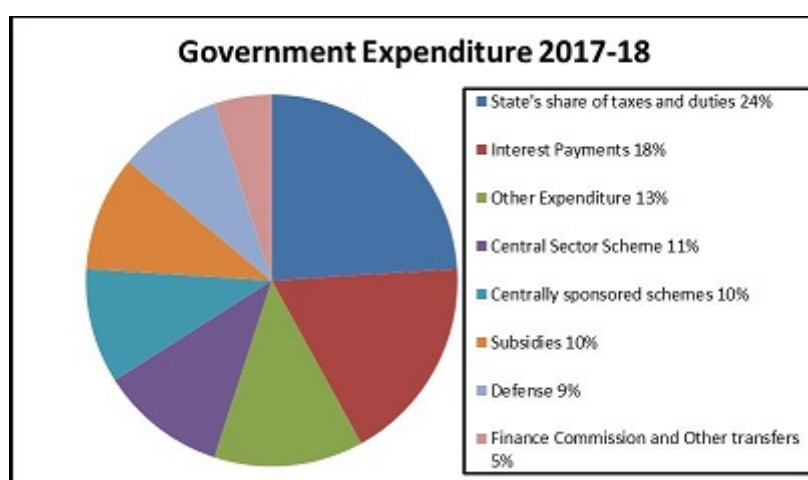
Key Features of Budget 2017-2018

Why in news?

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The 2017 Union Budget was presented by Finance Minister Arun Jaitley on February 1st, which is a month earlier than it is usually done.

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What were the key features?

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- Finance Minister introduced the budget by listing out the achievements of the government at the end of the half term, followed by pointing out the challenges in the upcoming year and finally presented the roadmap for the next year.

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- **Achievements** - According to him, during the 1st of 2016-17 -

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1. CPI-based inflation declined from 6% to 3.4%

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2. GDP grew at 7.2 %

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3. India's Current Account Deficit declined from about 1% of GDP to 0.3% of GDP
 4. FDI grew 36%, despite 5% reduction in global FDI inflows.
 5. Foreign exchange reserves have reached 361 billion US Dollars as on January, 2017
 6. Measures against black money launched
 7. Fiscal consolidation efforts were taken

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- **Reforms during last year -**

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1. Passage of the Constitution Amendment Bill for GST
 2. Demonetisation
 3. Enactment of the Insolvency and Bankruptcy Code.
 4. Amendment to the RBI Act for inflation targeting.

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- **Budget Reforms -**

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1. Presentation of Budget advanced to 1st February
 2. Merger of Railways Budget with General Budget
 3. Removal of classification of plan and nonplan expenditure to facilitate a holistic view of allocations for sectors and ministries.

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- **Challenges in 2017-18 -**

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1. Economic and political developments like **Brexit & change of administration in US**
2. Plans to **increase US Federal Reserve rate** that may lead to lower FDI and higher outflows of funds.
3. Uncertainty of **price of crude oil** and other commodities
4. Growing **protectionism** i.e against globalization

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- **Roadmap & Priorities**

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1. Agenda for 2017-18 - "**Transform, Energise and Clean India**" (TEC India)
2. TEC India seeks to transform the quality of governance and quality of life of our people, energise various sections of society, especially the youth and the vulnerable, clean the country from corruption, black money and non-transparent political funding
3. **Ten distinct themes** are formulated to bring out this agenda.

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- **Farmers -**

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1. A sum of Rs. 10 lakh crore is allocated as credit to farmers, with 60 days interest waiver.
2. NABARD fund will be increased to Rs. 40,000 crore.

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3. Government will set up mini labs in **Krishi Vigyan Kendras for soil testing**.
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4. A dedicated **micro irrigation fund** will be set up for NABARD with Rs 5,000 crore initial corpus.
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5. Irrigation corpus increased from Rs 20,000 crore to Rs 40,000 crore.
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6. **Dairy processing infrastructure fund** will be initially created with a corpus of Rs. 2000 crore.
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7. Issuance of **soil cards** has gained momentum.
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8. A model law on contract farming will be prepared and shared with the States.
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9. Coverage of National Agricultural Market (e-NAM) to be expanded from 250 markets to 585 APMCs.
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- **Rural Population -**

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1. The government targets to bring 1 crore households out of poverty by 2019.
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2. 5 lakh farm ponds will be taken up under the MGNREGA.
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3. Over Rs 3 lakh crore will be spent for rural India.
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4. MGNREGA to double farmers' income.
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5. Steps to ensure participation of women in MGNREGA up to 55%.
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6. **Space technology** will be used in a big way to ensure MGNREGA works.
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7. The government proposes to complete 1 crore houses for those without homes via Pradhan Mantri Awaas Yojana.
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8. Will allocate Rs. 19,000 crore for Pradhan Mantri Gram Sadak Yojana in 2017-18
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9. The country well on way to achieve 100% rural electrification by March 2018.

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• **Youth -**

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1. Will introduce a system of **measuring annual learning outcomes** and come out with an innovation fund for secondary education.

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2. Focus will be on 3,479 educationally-backward blocks.

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3. **Innovation Fund** for Secondary Education to encourage local innovation

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4. Colleges will be identified based on accreditation.

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5. **SWAYAM platform** to enable students to virtually attend courses taught by the best faculty.

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6. National Testing Agency to conduct all entrance examinations for higher education institutions.

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7. Pradhan Mantri Kaushal Kendras to be extended to more than 600 districts across the country.

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8. Skill Acquisition and Knowledge Awareness for Livelihood Promotion programme (**SANKALP**) to provide market relevant training to 3.5 crore youth

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9. Skill India mission was launched to maximise potential by setting up 100 India International centres.

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10. **Incredible India 2.0 Campaign** to promote tourism and employment.

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• **Poor and Underprivileged -**

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1. Rs. 500 crore allocated for Mahila Shakthi Kendras.
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 2. Under Maternity Benefit Scheme, Rs. 6000 will be transferred to pregnant women who undergo institutional delivery and vaccinate their children.
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 3. A sum of Rs. 1.8 lakh crore allocated for women and children.
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 4. Elimination of tuberculosis by 2025 targeted.
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 5. Health sub centres, numbering 1.5 lakh, will be transformed into health wellness centres.
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 6. Two AIIMS to be set up in Jharkhand and Gujarat.
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 7. Will undertake structural transformation of the regulator framework for medical education.
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 8. Allocation of around Rs. 52,000 crore for Scheduled
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 9. Aadhaar-based smartcards to senior citizens to monitor health.
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 10. National Housing Bank to refinance individual housing loans of about Rs. 20,000 crore
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- **Infrastructure -**

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1. A total allocation of around Rs. 40 lakh crore for infrastructure.
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2. Total allocation for Railways is Rs. 1,3 lakh crore.
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3. **No service charge** on tickets booked through IRCTC.
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4. **Raksha coach** with a corpus of Rs. 1 lakh crore for five years (for passenger safety).
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5. Unmanned level crossings will be eliminated by 2020.
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6. 3,500 km of railway lines to be commissioned this year up from 2,800 km last

year.

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7. **SMS-based** "clean my coach service" is put in place.
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8. **Coach mitra** facility will be introduced to register all coach related complaints.
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9. By 2019 all trains will have bio-toilets.
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10. 500 stations to be made differently-abled friendly.
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11. Railways will offer competitive ticket booking facility.
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12. Rs. 64,000 crore allocated for highways.
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13. **High speed Internet** to be allocated to 1,50,000 gram panchayats.
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14. **New Metro rail policy** will be announced with focus on innovative models of financing.
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15. **A DigiGaon initiative** to provide tele-medicine, education and skills through digital technology.
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16. Incentive schemes like M-SIPS and EDF for creating an eco-system to make India a global hub for electronics manufacturing.
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17. A new and restructured Central scheme with a focus on export infrastructure, namely, **Trade Infrastructure for Export Scheme (TIES)** will be launched in 2017-18.
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- **Energy sector -**

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1. A strategic **policy for crude reserves** will be set up.
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2. Rs. 1.26,000 crore received as energy production based investments.
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3. Trade infra export scheme will be launched 2017-18.
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- **Financial sector -**

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1. Bill on resolution of financial firms will be introduced in this session of Parliament.
2. The shares of Railway PSEs like IRCTC, IRFC and IRCON will be listed in stock exchanges.
3. Foreign Investment Promotion Board (**FIPB**) **will be abolished.**
4. A Computer Emergency Response Team for our Financial Sector (CERT-Fin) will be established
5. Pradhan Mantri Mudra Yojana lending target fixed at Rs 2.44 lakh crore for 2017-18.

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- **Digital Economy -**

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1. The government will introduce two schemes to promote BHIM App - referral bonus for the users and cash back for the traders.
2. **Negotiable Instruments Act** might be amended.
3. DBT to LPG consumers, Chandigarh is kerosene-free, 84 government schemes are on the DBT platform.
4. To introduce law to confiscate the within the country assets of the **economic offenders who flee India.**
5. Proposed to create a **Payments Regulatory Board** in the Reserve Bank of India.
6. **Aadhar Pay**, a merchant version of Aadhar Enabled Payment System, will be launched shortly.

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- **Public Service -**

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1. Head post office as the central office for rendering passport service.
2. A Centralised Defence Travel System to help our soldiers and officers in online ticket booking
3. Web based interactive Pension Disbursement System for Defence Pensioners.

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- **Affordable Housing And Real Estate Sector -**

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1. Under the scheme for profit-linked income tax deduction for promotion of affordable housing, carpet area instead of built up area of 30 and 60 Sq.mtr. will be counted.
2. For builders for whom constructed buildings are stock-in-trade, tax on notional rental income will only apply after one year of the end of the year in which completion certificate is received
3. For Joint Development Agreement signed for development of property, the liability to pay capital gain tax will arise in the year the project is completed

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- **Transparency In Electoral Funding -**

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1. Maximum amount of cash donation, a political party can receive, will be **Rs.2000/- from one person.**
2. Political parties, however, will be entitled to receive donations by cheque or

digital mode from their donors.

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3. Amendment to the Reserve Bank of India Act to enable the issuance of electoral bonds in accordance with a scheme that the Government of India would frame in this regard.

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4. Exemption from payment of income-tax to the political parties would be available only if they fulfil these conditions.

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- **Tax proposals -**

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1. India's tax to GDP ratio is not favourable.

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2. Only 45% of registered companies have filed returns for 2016-17.

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3. Proportion of direct tax to indirect tax is not optimal.

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4. Individuals numbering 1.95 crore showed an income between Rs. 2.5 lakh to Rs. 5 lakh.

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5. Only 1.72 lakh people showed income of more than Rs. 50 lakh a year.

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6. Holding period for long term capital gain lowered to two years

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7. Proposal to have a carry-forward of MAT for 15 years.

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8. Capital gains tax to be exempted for persons holding land from which land was pooled for creation of the state capital of Andhra Pradesh.

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9. In order to make MSME companies more viable, income tax for companies with annual turnover upto Rs.50 crore is reduced to 25%.

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10. Basic customs duty on LNG reduced from 5% to 2.5%

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11. The Income Tax Act to be amended to ensure that no transaction above Rs 3 lakh is permitted in cash.

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12. The limit of **cash donation by charitable trusts** is reduced to Rs 2,000 from Rs 10,000.

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13. Allowable provision for Non-Performing Asset of Banks increased from 7.5% to 8.5%.

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14. Maximise efforts for e-assessment in the coming year through RAPID (Revenue, Accountability, Probity, Information and Digitisation)

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- **Personal income tax -**

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1. Existing rate of tax for individuals between Rs. 2.5- Rs 5 lakh is reduced to 5% from 10%.

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2. All other categories of tax payers in subsequent brackets will get a benefit of Rs 12,500.

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3. Simple one page return for people with an annual income of Rs. 5 lakh other than business income.

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4. People filing I-T returns for the first time will not come under any government scrutiny.

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5. Ten % surcharge on individual income above Rs. 50 lakh and up to Rs 1 crore to make up for Rs 15,000 crore loss due to cut in personal I-T rate.

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6. 15 surcharge on individual income above Rs. 1 crore to remain.

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