

## Overview



## Key Budget Proposals and Amendments

### Union Budget 2017-2018



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## Contents

<b>Preface to the Union Budget 2017-2018 .....</b>	<b>3</b>
<b>1.1 Demonetisation .....</b>	<b>3</b>
<b>1.2 Agricultural Sector .....</b>	<b>4</b>
<b>1.3 Rural Sector .....</b>	<b>5</b>
<b>1.4 The Younger Generation .....</b>	<b>6</b>
<b>1.5 Health Care/Poor/Women .....</b>	<b>6</b>
<b>1.6 Infrastructure &amp; Railways.....</b>	<b>7</b>
<b>1.7 Energy Sector.....</b>	<b>8</b>
<b>1.8 Financial Sector .....</b>	<b>9</b>
<b>1.9 Fiscal Situation.....</b>	<b>10</b>
<b>1.10 Funding of political parties .....</b>	<b>11</b>
<b>1.11 Defence Sector .....</b>	<b>11</b>
<b>1.12 Income Tax .....</b>	<b>11</b>
<b>1.13 Personal Income Tax .....</b>	<b>12</b>
<b>Disclaimer .....</b>	<b>15</b>

## Preface to the Union Budget 2017-2018

In the last two and half year's administration has moved from discretionary, favouritism based to system and transparency based. Inflation brought under control. CPI-based inflation declined from 6% in July 2016 to 3.4% in December, 2016. Economy has moved on a high growth path. India's Current Account Deficit declined from about 1% of GDP last year to 0.3% of GDP in the first half of 2016-17. FDI grew 36% in H1 2016-17 over H1 2015-16, despite 5% reduction in global FDI



inflows. War against black money launched Government continued on path of fiscal consolidation, without compromising on public investment. The Indian economy has been robust to mild shocks and IMF forecasts, India to be one of the fastest growing major economies in 2017. World economy faces considerable uncertainty, in the aftermath of major economic and political developments during last year. Owing to uncertainty around commodity prices especially that of crude oil, has great implications for the fiscal situation of emerging economies.

The **2017 Union Budget**, presented by **Finance Minister Arun Jaitley** broadly focused on the farming sector, the rural population, the youth, the poor and underprivileged health care, infrastructure, the financial sector for stronger institutions, speedy accountability, public services, prudent fiscal management and tax administration for the honest.

Following are the highlights of Mr. Jaitley's Budget speech:

### 1.1 Demonetisation

1.1.1 Demonetisation is expected to have a transient impact on the economy

1.1.2 It will have a great impact on the economy and lives of people

1.1.3 Demonetisation is a bold and decisive measure that will lead to higher GDP growth



1.1.4 The effects of demonetisation will not spillover to the next fiscal

1.1.5 Bold and decisive measure to curb tax evasion and parallel economy

1.1.6 The surplus liquidity in the banking system will lower borrowing costs and increase the access to credit.

## 1.2 Agricultural Sector

1.2.1 Sowing farmers should feel secure against natural calamities

1.2.2 A sum of Rs. 10 Lakh crore is allocated as credit to farmers, with 60 days interest waiver



1.2.3 NABARD fund will be increased to Rs. 40,000/- crore

1.2.4 Government will set up mini labs in Krishi Vigyan Kendras for soil testing

1.2.5 A dedicated micro irrigation fund will be set up for NABARD with Rs. 5,000/- crore initial corpus

1.2.6 Irrigation corpus increased from Rs. 20,000/- crore to Rs. 40,000/- crore.

- 1.2.7 Dairy processing infrastructure fund will be initially created with a corpus of Rs. 2,000/- crore
- 1.2.8 Issuance of soil cards has gained momentum
- 1.2.9 A model law on contract farming will be prepared and shared with the States.

### 1.3 **Rural Sector**

1.3.1 The government targets to bring 1 crore households out of poverty by 2019.

1.3.2 During 2017-2018, five lakh farm ponds will be taken up under the MGNREGA



1.3.3 Over Rs. 3 lakh crore will be spent for rural India. MGNREGA to double farmers' income

1.3.4 Will take steps to ensure participation of women in MGNREGA up to 55%

1.3.5 Space technology will be used in a big way to ensure MGNREGA works

1.3.6 The government proposes to complete 1 crore houses for those without homes

1.3.7 Will allocate Rs. 19,000 crore for Pradhan Mantri Gram Sadak Yojana in 2017-2018.

1.3.8 The country well on way to achieve 100% rural electrification by March 2018

1.3.9 Swachh Bharat mission has made tremendous progress; sanitation coverage has gone up from 42% in October 2013 to 60% now.



#### 1.4 The Younger Generation

- 1.4.1 Will introduce a system of measuring annual learning outcomes and come out with an innovation fund for secondary education
- 1.4.2 Focus will be on 3,479 educationally-backward blocks
- 1.4.3 Colleges will be identified based on accreditation
- 1.4.4 Skill India mission was launched to maximise potential. Will set up 100 India International centres across the country
- 1.4.5 Courses on foreign languages will be introduced
- 1.4.6 Will take steps to create 5,000 PG seats per annum
- 1.4.7 For the poor and under privilege health care
- 1.4.8 Rs. 500 crore allocated for Mahila Shakthi Kendras

#### 1.5 Health Care/Poor/Women

- 1.5.1 Under a nationwide scheme for pregnant women, Rs.



6,000/- will be transferred to each person

- 1.5.2 A sum of Rs. 1,84,632/- crore allocated for women and children
- 1.5.3 Affordable housing will be given infrastructure status
- 1.5.4 Owing to surplus liquidity, banks have started reducing lending rates for housing
- 1.5.5 Elimination of tuberculosis by 2025 targeted
- 1.5.6 Health sub centres, numbering 1.5 lakh, will be transformed into health wellness centres
- 1.5.7 Two AIIMS will be set up in Jharkhand and Gujarat
- 1.5.8 Will undertake structural transformation of the regulatory framework for medical education.
- 1.5.9 Allocation for Scheduled Castes is Rs. 52,393/- crore
- 1.5.10 Aadhaar-based smartcards will be issued to senior citizens to monitor health

## 1.6 **Infrastructure & Railways**

- 1.6.1 A total allocation of Rs. 39,61,354/- crore has been made for infrastructure
- 1.6.2 Total allocation for Railways is Rs. 1,31,000/- crore
- 1.6.3 No service charge on tickets booked through IRCTC
- 1.6.4 Raksha coach with a corpus of Rs. 1 lakh crore for five years (for passenger safety)



- 1.6.5 Unmanned level crossings will be eliminated by 2020
- 1.6.6 3,500 km of railway lines to be commissioned this year up from 2,800 km last year
- 1.6.7 SMS-based "clean my coach service" is put in place
- 1.6.8 Coach mitra facility will be introduced to register all coach related complaints
- 1.6.9 By 2019 all trains will have bio-toilets
- 1.6.10 Five-hundred stations will be made differently-abled friendly
- 1.6.11 Railways to partner with logistics players for front-end and back-end solutions for select commodities
- 1.6.12 Railways will offer competitive ticket booking facility
- 1.6.13 Rs. 64,000/- crore allocated for highways
- 1.6.14 High speed Internet to be allocated to 1,50,000 gram panchayats
- 1.6.15 New Metro rail policy will be announced with new modes of financing

## 1.7 **Energy Sector**

- 1.7.1 A strategic policy for crude reserves will be set up
- 1.7.2 Rs. 1.26,000 crore received as energy production based investments
- 1.7.3 Trade infra export scheme will be launched 2017-18



## 1.8 Financial Sector

- 1.8.1 FDI policy reforms - more than 90% of FDI inflows are now automated
- 1.8.2 Shares of Railway PSE like IRCTC will be listed on stock exchanges
- 1.8.3 Bill on resolution of financial firms will be introduced in this session of Parliament
- 1.8.4 Foreign Investment Promotion Board will be abolished
- 1.8.5 Revised mechanism to ensure time-bound listing of CPSEs
- 1.8.6 Computer emergency response team for financial sector will be formed
- 1.8.7 Pradhan Mantri Mudra Yojana lending target fixed at Rs 2.44 lakh crore for 2017-2018
- 1.8.8 Digital India - BHIM app will unleash mobile phone revolution. The government will introduce two schemes to promote BHIM App - referral bonus for the users and cash back for the traders
- 1.8.9 Negotiable Instruments Act might be amended
- 1.8.10 DBT to LPG consumers, Chandigarh is kerosene-free, 84 government schemes are on the DBT platform
- 1.8.11 Head post office as the central office for rendering passport service
- 1.8.12 Easy online booking system for Army and other defence personnel



1.8.13 For big-time offences - including economic offenders fleeing India, the government will introduce legislative change or introduce law to confiscate the assets of these people within the country

**1.9 Fiscal Situation**

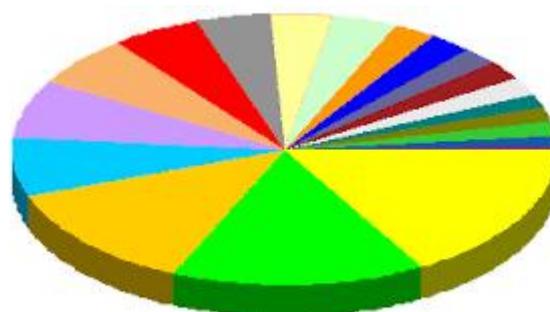
1.9.1 Total expenditure is Rs. 21, 47, 000/- crore

1.9.2 Plan, non-plan expenditure to be abolished; focus will be on capital expenditure, which will be 25.4 %

1.9.3 Rs. 3,000/- crore under the Department of Economic Affairs for implementing the Budget announcements

1.9.4 Expenditure for science and technology is Rs. 37,435/- crore

1.9.5 Total resources transferred to States and Union Territories is Rs. 4.11 lakh crore



1.9.6 Recommended 3% fiscal deficit for three years with a deviation of 0.5% of the GDP

1.9.7 Revenue deficit is 1.9 %

1.9.8 Fiscal deficit of 2017-2018 pegged at 3.2% of the GDP. Will remain committed to achieving 3% in the next year

### 1.10 Funding of political parties

1.10.1 The maximum amount of cash donation for a political party will be Rs. 2,000/- from any one source

1.10.2 Political parties will be entitled to receive donations by cheque or digital mode from donors

1.10.3 An amendment is being proposed to the RBI Act to enable issuance of electoral bonds. A donor can purchase these bonds from banks or post offices through cheque or digital transactions. They can be redeemed only by registered political parties



### 1.11 Defence Sector

The defence sector gets an allocation of Rs. 2.74,114 crore

### 1.12 Income Tax

1.12.1 India's Tax to GDP ratio is not favourable

1.12.2 Out of 13.14 lakh registered companies, only 5.97 lakh Companies have filed returns for 2016-17

1.12.3 Proportion of direct tax to indirect tax is not optimal

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



1.12.5 Out of 76 lakh individual assesseees declaring income more than Rs. 5 lakh, 56 lakh are salaried

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



1.12.7 Between November 8 to December 30, deposits ranging from Rs. 2 lakh and Rs. 80 lakh were made in 1.09 crore accounts

1.12.8 Net tax revenue of 2013-14 was Rs. 11.38 lakh crore

1.12.9 Out of 76 lakh individual assesseees declaring income more than Rs 5 lakh, 56 lakh are salaried.

1.12.10 1.95 crore individuals showed income between Rs. 2.5 lakh to Rs. 5 lakh

### 1.13 Personal Income Tax

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

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

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

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

1.13.5 10 % 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. 15% surcharge on individual income above Rs. 1 crore to remain

<b>Income</b>	<b>Tax rate</b>
<b>Individual Tax payers</b>	
Up to Rs. 2,50,000	No tax
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
More than Rs. 10,00,000	30%
<b>Senior citizens who are 60 years old and above but less than 80 years</b>	
Up to Rs. 3,00,000	No tax
Rs. 3,00,001 to Rs. 5,00,000	10%
Rs. 5,00,001 to Rs. 10,00,000	20%
More than Rs. 10,00,000	30%
<b>Senior Citizens who are 80 years old and above</b>	
Up to Rs 5,00,000	No tax
Rs 5,00,001 to Rs 10,00,000	20%
More than Rs 10,00,000	30%
<b>(Surcharge of 10 per cent on income of all individuals above Rs. 50 lakh and less than Rs. 1 crore and surcharge of 15 per cent on income above Rs. 1 crore).</b>	

**Abbreviations:**

Name	Particulars
<b>MGNREGA</b>	Mahatma Gandhi National Rural Employment Guarantee Act
<b>CPSES</b>	Central Public Sector Enterprises
<b>DBT</b>	Direct Benefit Transfer

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