



# **Union Budget 2017 - Key Points from India's Budget in PDF**

On 1st February 2017, Shri Arun Jaitley, the Hon'ble Finance Minister of India presented Union Budget 2017, to set out the government's policies for the next year. This follows the Economic Survey presented on 31st January in the Budget Session of the parliament. Here are the key-points from India's Union Budget 2017. This Union Budget will also include this year's Railway Budget. Find out how Demonetization and Aadhaar related programs will affect you!! You can download the **Union Budget 2017 - 2018 Key Points in PDF.** 

**Economic Survey 2017** 

**Basic Budget Concepts for Beginners** 

<u>Banks & Headquarters in India</u>

## **Key Highlights from Union Budget 2017**

- Agenda of this year's budget is: "Transform, energise and clean India" i.e.
  "TEC-India"
- Allocation for infrastructure stands at a record ₹3,96,135 crore.
- Total government expenditure is ₹21.47 lakh crore.

## **India** is Growing

- International Monetary Fund estimates that the world GDP will grow by 3.1% in 2016 and 3.4% in 2017.
  - The advanced economies are expected to increase their growth by 1.6%-1.9%. The emerging economies are expected to increase their growth by 4.1%-4.5%.
- IMF predicts India's GDP will grow by 7.2% in 2017 and by 7.7% in 2018.
- World Bank projects India's GDP growth rate as 7% in 2016-17, 7.6% in 2017-18 and 7.8% in 2017-19.













## **Indian Economy in Numbers**

- CPI inflation fell from 6% in July 2016 to 2.4% in December 2016.
- The Current Account Deficit has fallen to 0.3% of GDP from 1% In H1FY17.
- There has been a 36% increase in FDI flow.
- India's foreign exchange reserves are at \$361 billion as of January 2017. This is enough to cover 12 months needs.
- Fiscal Deficit for 2017-18 pegged at 3.2% of GDP.
- Revenue deficit will be reduced to 2.1% for 2017-18 from 2.3% in the previous year.
- FDI increased from ₹1.07 lakh crores in first half of last year to ₹1.45 lakh crores in first half of 2016-17.
- Net market borrowing would be ₹3.48 lakh crore in 2017-18 from 4.1% in the current fiscal, he said.
- FRBM Review Panel headed by former Revenue Secretary N K Singh had recommended debt to GDP ratio of 60 per cent by 2023 and fiscal deficit for next 3 years at 3%.

## **Demonetization in Union Budget 2017**

- Negative effects of demonetization not expected to be felt in 2017-18.
- Surplus liquidity due to demonetization will lower borrowing cost and increase access to credit. This will lead to growth.

## **Aadhar Pay & Transaction Related Info in Union Budget 2017**

- Black money SIT, headed by Justice MB Shah (retired), has suggested no cash transaction above ₹3 lakh. The government has accepted this recommendation, starting 1st April 2017.
- Aadhaar enabled payment service will be launched soon.
- Banks have targeted to introduce additional 10 lakh Point-of-Sale terminals by March of 2017. This number is set to hit 20 lakh by September 2017.
- Two new schemes will be launched to boost the adoption of BHIM (Bharat Interface for Money) digital payment app. These will be a referral bonus and a cash back scheme for merchants.
- Nearly 1.25 crore people have already adopted the BHIM app.















## Infrastructure & Development in Union Budget 2017

- Transport sector allocated ₹2.41 lakh crore.
- Bharat Net Project allocated ₹10,000 crore.
- Allocation for infrastructure stands at a record ₹3,96,135 crore.

#### Roads & Highways in Union Budget 2017

- ₹64,000 crore will be allocated for the development of National Highways.
- 133 kms of roads will be constructed per day in rural areas under Pradhan Mantri Gram Sadak Yojana. Compare this against 73 kms of road per day in the period from 2011-14 constructed in rural areas.
- ₹27,000 crore will be allocated for rural roads in the financial year 2017-18 against ₹19,000 crore in 2016-17.

#### Railways in Union Budget 2017

- A 22% rise in the Railways Budget was announced.
- Total capital and developmental expenditure of ₹1.31 lakh crore have been allocated for Railways in 2017-18, including ₹55,000 crore to be provided by the government.
- 3500 kms of railway lines will be constructed.
- Service charge on rail tickets booked through IRCTC will be withdrawn.
- A rail safety fund with corpus of ₹100,000 crore will be created over a period of 5 years.
- 500 rail stations to be made friendly to the differently abled by providing lifts and escalators.
- Steps will be taken to launch dedicated trains for pilgrimage and tourism.
- At least 25 train stations are expected to be awarded during 2017-18.
- By 2019, all coaches of the Indian Railways will be fitted with bio-toilets.
- Railways will integrate end to end transport solutions for selected commodities through partnerships.
- Unmanned railway level crossings to be eliminated by 2020.
- A new metro rail policy will be announced.

#### Agriculture & Allied Sectors and Rural Development in Union Budget 2017

• Agriculture sector is set to grow at 4.6%.















- Expenditure in agriculture is targeted at ₹10 lakh crore.
- Total allocation for rural, agricultural and allied sectors for 2017-18 is ₹1,87,223 crore. This is 24% more than the allocated amount last year.
- The government is committed to double farmers' incomes in 5 years.
- Target for agricultural credit in 2017-18 fixed at ₹10 lakh per person.
- The government will issue soil health cards and will setup a mini lab in Krishi Vigyan Kendras.
- Fasal Bima Yojana coverage will be increased to 40% in 2017-18 and 50% in 2018-19 from 30% of crop area in 2016-17. This for security against natural disasters.
- Budget provision for Fasal Bima Yojana of ₹5500 crore from Budget Estimate of 2016 was increased to ₹13,240 crore in 2016-17 to settle arrears claims.
- A dedicated micro-irrigation fund will be set up by NABARD to achieve the goal of 'Per Drop More Crop'. Its initial corpus will be ₹5000 crore.
- Dairy processing infrastructure fund will be set up under NABARD, with fund of ₹8000 crore.
- Infrastructure funds for dairy will generate extra rural income of ₹50,000 crore per annum.
- 100% electrification of villages will be achieved by May 1, 2019.
- 50,000 Gram Panchayats will be made "poverty free" in the next year.
- Mahila Shakti Kendra at village level for rural women empowerment will be initiated in this financial year.
- The Cabinet approved extension of tenure of loans under Credit Linked Subsidy Scheme of Pradhan Mantri Awas Yojana from 15 to 20 years.
- Pradhan Mantri Awas Yojana allocation raised from ₹15,000 crore to ₹23,000 crore.
- Open defecation free villages are now being given priority for pipe to water supply.
- 60 days interest waiver on loans from cooperative credit societies.
- Computerization of loan disbursal from primary agricultural societies by NABARD. Integration of 63000 functional PACs with core banking support and district cooperative banks over 3 years at a cost of ₹1900 crores. This will be done with support from state governments.

#### Manufacturing & Industries in Union Budget 2017

- India is the 6th biggest manufacturer this last fiscal, up 3 places from last FY.
- The country will be turned into an electronics hub.

#### Housing & Amenities in Union Budget 2017















- The government is targeting 1 crore houses for poor and homeless and those living in *kachcha* housing by 2019.
- ₹23,000 crore has been allocated for rural housing in 2017-18 against ₹15,000 crore allocated last year.
- The government will introduce safe drinking water to cover 28,000 arsenic and fluoride-affected habitations over the next four years.
- Affordable Housing has now been given 'Infrastructure' status.
- Instead of built up area, carpet area of 30 to 60 sq meters will be applicable for affordable housing.
- The holding period for capital gains tax for immovable property has been reduced from 3 years to 2 years.
- Real estate developers will now get tax relief on unsold stock as liability. They need to pay capital gains only from the year that the project is completed.

#### Health & Social Security in Union Budget 2017

- For senior citizens, Aadhar cards stating their health condition will be introduced.
- Two new All India Institute of Medical Sciences (AIIMS) to be set up. One in Jharkhand and another in Gujarat.
- The government has targeted to eliminate Kala Azar by 2017, Leprosy by 2018 and Tuberculosis by 2020 as part of the health policies.
- The government wants to bring down the MMR from 167 in 2011-13 to 100 between 2018-2020.
- Existing health sub centres will be converted into Health Wellness Centres.
- The government has decided to start DNB (Diplomate National Board) courses in many of the hospitals across the country.

#### Education in Union Budget 2017

- Government will focus on the true potential of the youth.
- Good quality institutions will be focused on which will possess better quality and education.
- Government will provide education through digital platform.
- Access to SWAYAM education portal online, which will be introduced with 350 online courses.
- Skill strengthening to be implemented from this year with a budget of Rs 2,200 crore.
- PM Kaushal Kendras to be extended to 600 districts.
- 3.5 crore youth to be trained under Sankalp programme launched by government.

















- Quality and market relevance will be noted in vocational training.
- National Testing Agency will be conducting major entrance examinations.
- CBSE will be freed from conducting examinations, and will focus majorly on academics.
- UGC will be reformed for higher education, whereas colleges and institutions will be given more autonomy. Greater autonomy will be provided to major institutes.

#### **Employment in Union Budget 2017**

- Allocation under MNREGA increased to ₹48,000 crore from ₹38,500 crore. This is highest ever allocation for this rural employment scheme.
- Under MNREGA sheme, participation of women has increased from 45% to 55%.
- Mahila Shakti Kendra at village level for rural women empowerment will be initiated in this financial year.
- For better monitoring, geo-tagging of all MGNREGA assets is being done and space technology will be used for better transparency.
- 5 lakh farm ponds and 10 lakh pits were fully achieved in 2016-17 and about
  10 lakh farm ponds will be completed by March 2017 under MGNREGA.
- The new metro rail policy is expected to open up new jobs for the youth.
- Job-creating packages will be introduced for textile sector.
- 100 international centres will be launched across the country for the youth to seek jobs outside India.
- Big employment opportunities to come up in tourism sector. Additional opportunities for employment of women to open up through model shops and establishment bill

## **Startups in Union Budget 2017**

• Firms incorporated after 31 March 2016 could now avail of a three-year tax holiday in the first seven years of their existence.

## **Taxation in Union Budget 2017**

- The income tax rate for the tax slab of ₹250,000 to ₹500,000 from 10% to 5%.
- This is expected to reduce the tax liability of all persons earning up to ₹5 lakh, to zero with rebate or half.















- To avoid duplication of benefit, the existing rebate to the same group of beneficiaries will be reduced to ₹2500, available to assessees having income up to ₹3.5 lakh.
- Combined effect of these mean that there will be no tax liability of individuals earning up to ₹3 lakhs.
- Tax liability of only ₹2500 for those earning between ₹3-3.5 lakhs.
- Individuals earning up to ₹4.5 lakhs will have no tax if they use the full limit of ₹1.5 lakh in investment under Sec. 8oc.
- All other taxpaying individuals in subsequent brackets will get a uniform benefit of ₹12,500 per person.
- There will be a 10% surcharge for those whose annual income is ₹50 lakh to ₹1 crore.
- The existing 15% surcharge for those whose annual income is above ₹1 crore will continue.
- Small firms with turnover up to ₹50 crore will now only need to pay 25% tax instead of 30%.
- Firms incorporated after 31st March 2016 could now avail of a three-year tax holiday in the first seven years of their existence.
- Out of 3.7 crore who filed tax returns in 2015-16, only 24 lakh persons showed income above ₹10 lakh.
- Of 76 lakh individuals who reported income of over ₹5 lakh, 56 lakh are salaried.
- There is also a proposal to allow a carry forward of Minimum Alternative Tax for a period of 15 years up from the current 10 years now.

INCOME SLAB	TAX RATE
Upto ₹3 lakhs	Nil
₹3 lakhs to ₹5 lakhs	5%
₹5 lakh to ₹10 lakh	20%
₹10 lakh to ₹50 lakh	30%
₹50 lakh to ₹1 crore	30% + 10% surcharge
Above ₹1 crore	30% + 15% surcharge

#### **Energy in Union Budget 2017**

• The government proposes to set up strategic crude oil reserves in Odisha and Rajasthan.

















- The government has allocated ₹4,843 crore for electrification in financial year 2017-18.
- 100% electrification of villages will be achieved by May 1, 2019.

## **Defense in Union Budget 2017**

- Defence budget is getting a 11% hike over last year.
- Defence expenditure **excluding** pension is set at ₹2.74 lakh crore.
- The allocation is about 12.78 percent of the total government expenditure of ₹21.47 lakh crore.
- The capital acquisition component of the defence allocation for the coming fiscal is just over ₹86,400 crore, compared to about ₹78,500 crore last year. However, the Defence Ministry had returned close to ₹36,000 crore of the funds allocated to it for capital acquisition last year.

## **Miscellaneous in Union Budget 2017**

- The Foreign Investment Promotion Board (FIPB) will be abolished.
- Trade Infrastructure Export Scheme to be launched in 2017-18.
- The government is considering introduction of a new law to confiscate assets of offenders who escape the country.
- Maximum cash donation that any party can receive from one source will be set at ₹2000. Political parties will be entitled to receive donations by cheques or digital modes. An amendment is being proposed to RBI Act to enable the issuance of electoral bonds for political funding.

## **Risks to Indian Economy**

- Oil Prices
- Rising Dollar Value
- Volatile Commodity Prices

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