

CURRENT ECONOMIC SCENARIO

The 85th annual budget presented by Finance Minister of India Arun Jaitley can be called a growth oriented one putting major thrust on Agriculture and infrastructure. The government with its proposals showed its intent to stick to the roadmap for fiscal consolidation with next year's fiscal deficit target at 3.5 per cent of the GDP, but that remains a herculean task in the face of an additional burden on account of the recommendations of the 7th Central Pay Commission and the implementation of Defence OROP. Government as expected tried to maintain a balance between the sagging rural growth and high expectations of the industry. Also there were lots of social reforms like massive mission to provide LPG connection to poor households, a new health protection scheme, increased outlay for infrastructure, Rs. 2.87 Lakh crore Grant in Aid to Gram Panchayats and Municipalities, setting up of 1500 Multi Skill Training Institutes and incentives for jobs creation. The BE 2015-16 envisaged a tax to GDP ratio of 10.3 per cent, non-debt receipts to GDP ratio of 8.7 per cent and total expenditure to GDP ratio of 12.6 per cent. The envisaged growth for gross tax revenue was 15.8 per cent over Revised Estimates (RE) 2014-15. The total expenditure in BE 2015-16 was estimated to increase by 5.7 per cent over RE 2014-15. At the end of December 2015, there was a significant shortfall in non-debt capital receipts, mainly on account of the shortfall in disinvestment receipts, as only Rs 12866 crore of the budgeted amount of Rs 69,500 crore was realized. Major subsidies decreased by 1.7 per cent during April-December 2015, as compared to April- December 2014 due to a decline in petroleum subsidy by Rs 22,545 crore, as compared to the corresponding period in 2014-15, due to fuel pricing reforms and steep decline in the global prices of petroleum products. Fiscal deficit at 87.9 per cent of BE in the year 2015-16 (April-December) was higher than the five year average of 82.3 per cent, but lower than the corresponding figure of 100.2 per cent in the previous year.



AGRICULTURE

- ✎ Total allocation for agriculture and farmer welfare at Rs 35984 crores .
- ✎ Rs 60,000 crore for recharging of ground water recharging as there is urgent need to focus on drought hit areas cluster development for water conservation.
- ✎ Dedicated irrigation fund in NABARD of Rs.20.000 cr
- ✎ Nominal premium and highest ever compensation in case of crop loss under the PM Fasal Bima Yojna.
- ✎ 28.5 lakh heactares of land will be brought under irrigation.
- ✎ 5 lakh acres to be brought under organic farming over a three year period
- ✎ Farmers' income to be doubled by 2022.
- ✎ 2,000 model retail otlets of fertilizer companies with soil and seed testing facilities, will be opened in the next three years.
- ✎ Rs. 27,000 crore including State's share to be spent on PMGSY in 2016-17. Target date of completion of PMGSY advanced from 2021 to 2019.
- ✎ Unified Agricultural Marketing E Platform to be dedicated to the Nation on the Birthday of Dr. Ambedkar on 14th April, 2016.



TAXATION

- ✎ Infrastructure and agriculture cess to be levied.
- ✎ Excise duty raised from 10 to 15 per cent on tobacco products other than beedis
- ✎ SUVs, Luxury cars to be more expensive. 4% high capacity tax for SUVs.
- ✎ Excise 1 per cent imposed on articles of jewellery, excluding silver.
- ✎ 1 per cent service charge on purchase of luxury cars over Rs. 10 lakh and in-cash purchase of goods and services over Rs. 2 lakh.
- ✎ Companies with revenue less than Rs 5 crore to be taxed at 29% plus surcharge
- ✎ Excise 1 per cent imposed on articles of jewellery, excluding silver.
- ✎ Limited tax compliance window from Jun 1 - Sep 30 for declaring undisclosed income at 45% incl. surcharge and penalties
- ✎ Pollution cess of 1 per cent on small petrol, LPG and CNG cars; 2.5 per cent on diesel cars of certain specifications; 4 per cent on higher-end models.
- ✎ Dividend in excess of Rs. 10 lakh per annum to be taxed at additional 10 per cent.
- ✎ Companies with revenue less than Rs 5 crore to be taxed at 29% plus surcharge



INFRASTRUCTURE

- ✎ Shops to be given option to remain open all seven days in a week across markets.
- ✎ India's highest-ever production of motor vehicles was recorded in 2015
- ✎ Total outlay for infrastructure in Budget 2016 now stands at Rs. 2,21,246 crore
- ✎ New greenfield ports to be developed on east and west coasts
- ✎ Revival of underserved airports. Centre to Partner with States to revive small airports for regional connectivity
- ✎ Rs. 27,000 crore to be spent on roadways
- ✎ 65 eligible habitats to be connected via 2.23 lakh kms of road. Current construction pace is 100 kms/day
- ✎ Rs. 55,000 crore for roads and highways. Total allocation for road construction, including PMGSY, - Rs 97,000 crore
- ✎ Total outlay for infrastructure in Budget 2016 now stands at Rs. 2,21,246 crore
- ✎ Revival of underserved airports. Centre to Partner with States to revive small airports for regional connectivity
- ✎ 100 per cent FDI in marketing of food products produced and marketed in India



RENEWABLE ENERGY

- ✎ Govt drawing comprehensive plan to be implemented in next 15-20 years for exploiting nuclear energy .
- ✎ Deepwater gas new disc to get calibrated market freedom, pre-determined ceiling price based on landed price of alternate fuels.
- ✎ Govt to provide incentive for deepwater gas exploration .
- ✎ Rs. 3000 crore earmarked for nuclear power generation .

HEALTH

- ✎ 2.2 lakh renal patients added every year in India. Basic dialysis equipment gets some relief.
- ✎ A new health protection scheme for health cover upto 1 lakh per family.
- ✎ National Dialysis Service Prog with funds thru PPP mode to provide dialysis at all district hospitals.
- ✎ Senior citizens will get additional healthcare cover of Rs 30,000 under the new scheme
- ✎ PM Jan Aushadhi Yojana to be strengthened, 300 generic drug store to be opened



WELFARE SCHEME

- ✍ Rs. 38,500 crore for Mahtma Gandhi MGNREGA for 2016-17 .
- ✍ LPG connections to be provided under the name of women members of family: Rs 2000 crore allocated for 5 years for BPL families.
- ✍ Swacch Bharat Abhiyan allocated Rs.9,500 crores.
- ✍ Hub to support SC/ST entrepreneurs
- ✍ Government is launching a new initiative to provide cooking gas to BPL families with state support.
- ✍ Rs. 2.87 lakh crore grants to gram panchayats and municipalities - a quantum jump of 228%.
- ✍ Four schemes for animal welfare..
- ✍ 300 urban clusters to be set up under Shyama Prasad Mukherji Rurban Mission .
- ✍ Scheme to get Rs.500 cr for promoting entrepreneurship among SC/ST

EDUCATION

- ✍ Digital repository for all school leaving certificates and diplomas. Rs. 1,000 crore for higher education financing.
- ✍ Rs. 1,700 crore for 1500 multi-skill development centres.
- ✍ 62 new navodaya vidyalayas to provide quality education .
- ✍ Digital literacy scheme to be launched to cover 6 crore additional rural households.



WELFARE

FINANCE

- ✎ No changes have been made to existing income tax slabs
- ✎ Govt. will pay EPF contribution of 8.33% for all new employees for first three years
- ✎ Rs 1,000 crore allocated for new EPF (Employees' Provident Fund) scheme
- ✎ Deduction for rent paid will be raised from Rs 20,000 to Rs 60,000 to benefit those living in rented houses.
- ✎ Additional exemption of Rs. 50,000 for housing loans up to Rs. 35 lakh, provided cost of house is not above Rs. 50 lakh.
- ✎ Service tax exempted for housing construction of houses less than 60 sq. meter.
- ✎ 15 per cent surcharge on income above Rs. 1 crore .
- ✎ Banks get a big boost: Rs 25,000 crore towards recapitalisation of public sector banks. Jaitley says: Banking Board Bureau will be operationalised, we stand solidly behind public sector banks.
- ✎ Target of disbursement under MUDRA increased to 1,80,000 crore .
- ✎ Process of transfer of government stake in IDBI Bank below 50% started .
- ✎ General Insurance companies will be listed in the stock exchange .
- ✎ Govt to increase ATMs, micro-ATMs in post offices in next three years



Data Source : ACE Equity

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