

Union Budget 2017-18



Union Budget
2017-18
New Delhi, India

Hon'ble Finance Minister's
Presentation of Union
Budget in the Parliament
on 01st Feb 2017

KEY HIGHLIGHTS

REVENUE AND EXPENDITURE ESTIMATES

- ✎ Pegs FY18 nominal GDP growth at 11.75%
- ✎ FY18 fiscal deficit aim 3.2% of GDP
- ✎ FY18 revenue deficit pegged at 1.9% of GDP
- ✎ FY18 net market borrow pegged at 3.48 trln rupees post buyback
- ✎ FY18 net market borrowing pegged at 4.23 trln rupees
- ✎ FY18 gross market borrowing pegged at 5.8 trln rupees
- ✎ FY18 gilt repayments 1.56 trln rupees
- ✎ FY18 gilt buyback pegged at 750 bln rupees
- ✎ To switch 405 bln rupees of gilts maturing in FY18 by Mar
- ✎ Without buyback, FY18 net mkt borrow 4.23 trln rupees
- ✎ FY18 total expenditure pegged at 21.47 trln rupees
- ✎ FY18 divestment receipts pegged at 725 bln rupees
- ✎ Capital expenditure allocation up 25.4% in FY18
- ✎ Transfer of resources to states, UTs at 4.11 trln rupees
- ✎ Allocate 2.74 trln rupees for defence, excluding pension
- ✎ Outlay for scientific ministries at 374.35 bln rupees
- ✎ FY18 PSU divestment receipts pegged at 465 bln rupees
- ✎ FY18 strategic sale receipts pegged at 150 bln rupees

INDUSTRY ALLOCATIONS

- ✎ Propose to create integrated public sector oil major
- ✎ To set up strategic crude oil reserves in Rajasthan, Odisha
- ✎ Total strategic oil reserve capacity to rise to 15.3 mln tn
- ✎ To focus on infrastructure development
- ✎ To launch Incredible India phase-2 across the world
- ✎ Textile, leather, footwear to get cluster development plan
- ✎ To have special job scheme for leather, footwear sector
- ✎ Got 250 proposals for electronic manufacturing worth 1.26 trln rupee
- ✎ Trade export infrastructure scheme to be launched FY18
- ✎ 190 bln rupees allotted for PM rural road plan FY18
- ✎ PM road plan built 133 km/day in FY17
- ✎ Propose to create 10 mln houses for the houseless by 2019
- ✎ To achieve 100% rural electrification by May 1, 2018
- ✎ PM housing plan allocation raised to 230 bln rupees FY18
- ✎ Rural road plan outlay along with states 270 bln rupees
- ✎ National Housing Bank to refinance 200-bl-rupee loans
- ✎ Allocate 2.41 trln rupees for overall transport sector

Please refer to important disclosures at the end of this report

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ALLOCATIONS AND SUBSIDIES

- ✍ FY18 food subsidy pegged at 1.45 trln rupees
- ✍ FY18 petroleum subsidy seen at 250 bln rupees
- ✍ FY18 revenue deficit pegged at 3.21 trln rupees
- ✍ FY18 major subsidies pegged at 2.4 trln rupees
- ✍ FY18 total subsidies pegged at 2.72 trln rupees
- ✍ Allocates 649 bln rupees for road transport ministry
- ✍ Allocates 68.87 bln rupees for water ministry, Ganga plan
- ✍ Allocates 342.12 bln rupees for urban development ministry
- ✍ Allocates 54.73 bln rupees for renewable energy ministry
- ✍ Allocates 64.06 bln rupees for housing ministry
- ✍ Allocates 271.31 bln rupees for National Health Mission
- ✍ Allocates 60.50 bln rupees for rural drinking water plan
- ✍ Allocates 295.56 bln rupees for National Education Mission
- ✍ Allocates 22.5 bln rupees for National Ganga plan
- ✍ Allocates 180 bln rupees for metro rail projects
- ✍ Allocates 35 bln rupees for price stabilization for pulses
- ✍ Allocates 6 bln rupees for Sagarmala project
- ✍ * Allocates 25 bln rupees for LPG connection for poor
- ✍ Allocates 100 bln rupees for National mid-day meal scheme
- ✍ Allocates 90-bln-rupee for smart cities, urban renewal plan
- ✍ Allocates 162.5 bln rupees for Swachh Bharat plan
- ✍ Allocates 207.6 bln rupees for integrated child dev plan
- ✍ 480 bln rupees for MGNREGA Fy18

TAXATION

- ✍ Halves income tax for 250,000-500,000 rupee slab to 5%
- ✍ 10% surcharge on taxable income of 5-10 mln rupees
- ✍ 15% surcharge on taxable income above 10 mln rupee remains
- ✍ Net revenue loss on direct tax at 200 bln rupee FY18
- ✍ To set up one Advance Ruling body for direct, indirect tax
- ✍ Committed to make tax rates reasonable, expand tax base
- ✍ Extend concessional withholding tax for debt until June 2020
- ✍ To allow carry-forward of MAT for 15 years from 10 years now
- ✍ Long-term capital gain period for land, building 2 years now

- ✍ Cash transactions above 300,000 rupees banned
- ✍ Cash donation limit for charity trusts cut to 2,000 rupees
- ✍ Announces tax sops for manufacture of digital pay devices
- ✍ Efforts needed to clean political funding system
- ✍ Removes 5% tax deduction at source for insurance agents
- ✍ To reduce levies on point-of-sale machines
- ✍ GST Council has finalised almost all recommendations
- ✍ Not many changes in indirect tax due to upcoming GST
- ✍ No significant gain or loss on indirect tax
- ✍ Ups excise duty on pan masala to 9% from 6%
- ✍ Ups excise duty on un manufactured tobacco to 8.3% from 4.2%
- ✍ Ups excise on handmade paper-rolled bidi to 28 rupee/1000
- ✍ Ups excise on machine made paper-roll bidi to 78 rupee/1000
- ✍ Cuts excise duty on raw material for solar-tempered glass
- ✍ Levies 6% excise duty on solar-tempered glass
- ✍ Ups additional excise duty on some cigarette categories
- ✍ Ups additional excise on gutkha, chewing tobacco to 12%
- ✍ Ups customs duty on cashew nut to 45% from 30%
- ✍ Scraps customs duty on nickel
- Levies 12.5% countervailing duty on silver medallion, coin

FINANCIAL MARKETS AND BANKS

- ✍ FPIs exempt from category I, II of indirect transfer norms
- ✍ To introduce Bill for resolution of financial firms in FY18
- ✍ Expert panel for integrated spot, futures commodity market
- ✍ Moots amendment to RBI Act for issuance of electoral bonds
- ✍ Draft bill to curb illegal deposit scheme ready
- ✍ To revise norms for time-bound listing of central PSUs
- ✍ Released mechanism for time-bound listing of PSUs
- ✍ Listing of PSUs to unlock true value of enterprises
- ✍ IRCTC, IRCON, IRFC to be listed
- ✍ To create a new ETF with diverse PSUs FY18
- ✍ To continue use of ETFs for divestment
- ✍ Allots 100 bln rupees to recapitalize PSU banks as per plan Fy18
- ✍ PM Mudra Yojana lending target doubled to 2.44 trln rupees
- ✍ Exceeded Mudra Yojana FY17 lending aim of 1.22 trln rupee
- ✍ India on the cusp of massive digital revolution
- ✍ Banks to set up 1 mln new point-of-sale terminals by March

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