"...you have no boundaries in what you can achieve in life!"
Politics trumps ideology

The economic rationale of the Budget is taut. The highlight is a greater than 25% increase in capital spending and a substantial increase in the transfer to the States.

A fine balance

The Budget is a fine balance between stability and growth. It targets a fiscal deficit of 3% of GDP and a revenue and capital expenditure of Rs. 25 trillion each. The government aims to achieve these targets through increased taxation and expenditure.

The message in the median

The fiscal stance is neutral, but the Budget lacks measures to revitalize the economy.

The perspective

A Budget few can quarrel over

While the Budget aims to address economic challenges, it is unlikely to be universally praised. The government needs to strategize carefully to ensure that the measures are effective and sustainable.
Budget represented the philosophy of his Transform, Energise and Clean’ India, the Finance government to Minister has presented a Budget that is in many ways quite impressive.

However, the budgetary allocations are intelligent and do add up to a reasonable vision of what the economy needs at the moment.

In fact, after having presented three Budgets in a row Mr. Jaitley appears to have learned on the job.

His presentation was businesslike and knowledgeable and specific about the interventions that he had in mind- Not Like Me

India is the sole “bright spot” in the world economy is beside the point.

>>> Difference b/w budget & economic survey

The constitution of India neither uses word budget or economic survey.

Article 112 says that every year the president of India shall cause to be laid in parliament an “annual financial statement”.

This statement and some other documents are commonly called budget.

Thus, budget is a constitutional obligation for Union government.

Economic Survey is not a constitutional or statutory obligation.

Further, while budget is prepared in utmost secrecy in the North Block, which houses finance ministry

Economic Survey is printed outside in one of the government presses- Most of its data is already in public domain.
The Budget broadly focussed on 10 themes

1) The farming sector,
2) The rural population,
3) The youth,
4) The poor and underprivileged health care,
5) Infrastructure,
6) The financial sector for stronger institutions,
7) Speedy accountability,
8) Public services,
9) Prudent fiscal management,
10) Tax administration for the honest,
Demonetisation

1. Demonetisation is expected to have a transient impact on the economy.
2. It will have a great impact on the economy and lives of people.
3. Demonetisation is a bold and decisive measure that will lead to higher GDP growth.
4. The effects of demonetisation will not spillover (spreading into another area) to the next fiscal.
Agriculture sector

1. Sowing (बोवाई) farmers should feel secure against natural calamities.
2. Rs. 10 lakh crore is allocated as credit to farmers-with 60 days interest waiver-छूट.
3. NABARD [Q-HQ-Estb] fund will be increased to Rs. 40,000 crore.
4. Government will set up mini labs in Krishi Vigyan Kendras for soil testing.
5. A dedicated micro irrigation fund will be set up for NABARD with Rs 5,000 crore initial corpus.
6. Irrigation corpus increased from Rs 20,000 crore to Rs 40,000 crore.
7. Dairy processing infrastructure fund willl be initially created with a corpus of Rs. 2000 crore.
8. Issuance of soil cards has gained momentum.
9. A model law on contract farming will be prepared and shared with the States.
Rural population

1. The government targets to bring 1 crore households out of poverty by 2019.
2. During 2017-18, five lakh farm ponds will be taken up under the MGNREGA.
3. Over Rs 3 lakh crore will be spent for rural India-MGNREGA to double farmers' income.
4. Will take steps to ensure participation of women in MGNREGA up to 55%.
5. Space technology [Q-GPS+ satellite] will be used in a big way to ensure MGNREGA works.
6. The government proposes to complete 1 crore houses for those without homes.
7. Will allocate Rs. 19,000 crore for Pradhan Mantri Gram Sadak Yojana in 2017-18.
8. The country well on way to achieve 100% rural electrification by March 2018.
9. Swachh Bharat mission has made tremendous progress; sanitation coverage has gone up from 42% in Oct 13 to 60% now.
For youth

1. Will introduce a system of measuring annual learning outcomes and come out with an innovation fund for secondary education.
2. Focus will be on 3,479 educationally-backward blocks.
3. Colleges will be identified based on accreditation.
4. Skill India mission was launched to maximise potential- Will set up 100 India International centres across the country.
5. Courses on foreign languages will be introduced.
6. Will take steps to create 5000 PG seats per annum.
For the poor and underprivileged health care

1. Rs. 500 crore allocated for Mahila Shakthi Kendras.
2. Under a nationwide scheme for pregnant women, Rs. 6000 will be transferred to each person.
3. A sum of Rs. 1,84,632 crore allocated for women and children.
4. Affordable housing will be given infrastructure status.
5. Owing to surplus liquidity, banks have started reducing lending rates for housing.
7. Health sub-centres, numbering 1.5 lakh, will be transformed into health wellness centres.
8. Two AIIMS will be set up in Jharkhand and Gujarat.
10. Allocation for Scheduled Castes is Rs. 52,393 crore
11. Aadhaar-based smartcards will be issued to senior citizens to monitor health.
1. A total allocation of Rs. 39,61,354 crore has been made for infrastructure.
2. Total allocation for Railways is Rs. 1,31,000 crore.
3. No service charge on tickets booked through IRCTC.
4. Raksha coach with a corpus of Rs. 1 lakh crore for five years (for passenger safety).
5. Unmanned level crossings will be eliminated by 2020.
6. 3,500 km of railway lines to be commissioned this year up from 2,800 km last year.
7. SMS-based "clean my coach service" is put in place.
8. Coach mitra facility will be introduced to register all coach related complaints.
9. By 2019 all trains will have bio-toilets.
10. Five-hundred stations will be made differently-abled friendly.
11. Railways to partner with logistics players for front-end and back-end solutions for select commodities.
12. Railways will offer competitive ticket booking facility.
13. Rs. 64,000 crore allocated for highways.
14. High speed Internet to be allocated to 1,50,000 gram panchayats.
15. New Metro rail policy will be announced with new modes of financing.
Energy sector

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

> FDI policy reforms - more than 90% of FDI inflows are now automated.
> Shares of Railway PSE/PSU like IRCTC will be listed on stock exchanges.
> Foreign Investment Promotion Board will be abolished.
> Computer emergency response team for financial sector will be formed.
> Pradhan Mantri Mudra Yojana lending target fixed at Rs 2.44 lakh crore for 2017-18.
> 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.
> Negotiable Instruments Act might be amended.
> DBT to LPG consumers, Chandigarh is kerosene-free, 84 government schemes are on the DBT platform.
> Head post office as the central office for rendering passport service.
> For big-time offences - Vijay Mallya - including economic offenders fleeing India, the government will introduce legislative change or introduce law to confiscate the assets of these people within the country.
Fiscal situation

- Total expenditure is Rs. 21,47,000 crore.
- Plan, non-plan expenditure to be abolished; focus will be on capital expenditure, which will be 25.4%.
- Expenditure for science and technology is Rs. 37,435 crore.
- Total resources transferred to States and Union Territories is Rs 4.11 lakh crore.
- Recommended 3% fiscal deficit for three years with a deviation of 0.5% of the GDP.
- Revenue deficit is 1.9%
- Fiscal deficit of 2017-18 pegged at 3.2% of the GDP- Will remain committed to achieving 3% in the next year.
Funding of political parties

1. The maximum amount of cash donation for a political party will be Rs. 2,000 from any one source.
2. Political parties will be entitled to receive donations by cheque or digital mode from donors.
3. An amendment is being proposed to the RBI Act [Q-?] 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.
Tax proposals

> India’s tax to GDP ratio is not favourable- 15-16%
> Out of 13.14 lakh registered companies, only 5.97 lakh firms have filed returns for 2016-17.
> Proportion of direct tax to indirect tax is not optimal.
> Individuals numbering 1.95 crore showed an income between Rs. 2.5 lakh to Rs. 5 lakh.
> Out of 76 lakh individual assesseses declaring income more than Rs. 5 lakh- 56 lakh are salaried.
> Only 1.72 lakh people showed income of more than Rs. 50 lakh a year.
> Between November 8 to December 30, deposits ranging from Rs. 2 lakh and Rs. 80 lakh were made in 1.09 crore accounts.
> Net tax revenue of 2013-14 was Rs. 11.38 lakh crore.
> Rate of growth of advance tax in Personal I-T is 34.8% in the last three quarters of this financial year.
> Proposal to have a carry-forward of MAT for 15 years.
Under the corporate tax, in order to make MSME companies more viable, there is a proposal to reduce tax for small companies with a turnover of up to Rs 50 crore to 25%.

About 67 lakh companies fall in this category - 96 % of companies to get this benefit.

The government proposes to reduce basic customs duty for LNG- Liquefied natural gas [Q- mixture-?] to 2.5% from 5%.

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

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

Net revenue loss in direct tax could be Rs. 20,000 crore.

Personal income tax

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

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

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

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

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.
<table>
<thead>
<tr>
<th>Income</th>
<th>Tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual tax payers</strong></td>
<td></td>
</tr>
<tr>
<td>Up to Rs 2,50,000</td>
<td>No tax</td>
</tr>
<tr>
<td>Rs 2,50,001 to Rs 5,00,000</td>
<td>5%</td>
</tr>
<tr>
<td>Rs 5,00,001 – 10,00,000</td>
<td>20%</td>
</tr>
<tr>
<td>More than Rs 10,00,000</td>
<td>30%</td>
</tr>
<tr>
<td><strong>Senior citizens who are 60 years old and above but less than 80 years</strong></td>
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</tr>
<tr>
<td>Up to Rs 3,00,000</td>
<td>No tax</td>
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<tr>
<td>Rs 3,00,001 to Rs 5,00,000</td>
<td>10%</td>
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<tr>
<td>Rs 5,00,001 to Rs 10,00,000</td>
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<td>30%</td>
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<tr>
<td><strong>Senior Citizens who are 80 years old and above</strong></td>
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<td>Up to Rs 5,00,000</td>
<td>No tax</td>
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</tr>
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<td>More than Rs 10,00,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

(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.)
Traditions

Time of Budget announcement

- Until the year 1999, the Union Budget was announced at 5:00 pm on the last working day of the month of February.
- This practice was inherited from the Colonial Era, when the British Parliament would pass the budget in the noon followed by India in the evening of the day.
- It was Mr. Yashwant Sinha, the then Finance Minister of India in the NDA government of Atal Bihari Vajpayee, who changed the ritual by announcing the 2001 Union Budget at 11 am.

Date of Budget announcement

- Also again in 2017, departing from the colonial-era tradition of presenting the Union Budget on the last working day of February, Minister of Finance (India) Mr. Arun Jaitley, in the NDA government of Narendra Modi government announced that it will now be presented on 1 February.
- Additionally Rail Budget, presented separately for 92 Years, merged with union budget.

Halwa Ceremony

- The printing of budget documents starts roughly a week ahead of presenting in the Parliament with a customary 'Halwa ceremony' in which halwa (a sweet dish) is prepared in large quantities and served to the officers and support staff involved.
- They remain isolated and stay- North Block office until the Budget is presented- Halwa is also served by the FM.
- This ceremony is performed as a part of the Indian tradition of having something sweet before starting an important work.
National Bank for Agriculture and Rural Development (NABARD) is an apex development bank in India, headquartered at Mumbai with branches all over India. The Bank has been entrusted with "matters concerning policy, planning and operations in the field of credit for agriculture and other economic activities in rural areas in India". NABARD is active in developing financial inclusion policy and is a member of the Alliance for Financial Inclusion.

The Foreign Investment Promotion Board (FIPB) was a national agency of Government of India, with the remit to consider and recommend foreign direct investment (FDI) which does not come under the automatic route. It used to act as a single window clearance for proposals on foreign direct investment (FDI) in India. FIPB is now abolished as announced by Finance Minister Arun Jaitley during 2017-2018 budget speech in Lok Sabha. Secretaries of different ministries with Secretary, Department of Economic Affairs, Ministry of Finance being the chairman.

Liquefied natural gas (LNG) is natural gas (predominantly methane, CH₄, with some mixture of ethane C₂H₆) that has been converted to liquid form for ease of storage or transport. It takes up about 1/600th the volume of natural gas in the gaseous state. It is odorless, colorless, toxic and non-corrosive.

Additional Customs Duty (Countervailing Duty (CVD)): This duty is levied on imported items under Section 3 of Customs Tariff Act, 1975. It is equal to the Central Excise Duty that is levied on similar goods produced within India. This duty is calculated on the aggregate value of goods including BDC and landing charges.

capital expenditure - money spent by a business or organization on acquiring or maintaining fixed assets, such as land, buildings, and equipment.
A fiscal deficit occurs when a government’s total expenditures exceed the revenue that it generates, excluding money from borrowings. Deficit differs from debt, which is an accumulation of yearly deficits.

 Reserve Bank of India Act, 1934 is the legislative act under which the Reserve Bank of India was formed. This act along with the Companies Act, which was amended in 1936, were meant to provide a framework for the supervision of banking firms in India.

 The total revenue foregone by India in tax exemptions in 2014-15 was more than the amount the Indian government needed to borrow from the market in 2015 to be able to fully fund its budget. The tax-to-GDP ratio for the central government is 10% and state plus centre is about 15-16%. The OECD average is 35%.

 Now, all companies having book profits under the Companies Act shall have to pay a minimum alternate tax at 18.5%. MAT is a way of making companies pay minimum amount of tax. It is applicable to all companies except those engaged in infrastructure and power sectors.