UNION BUDGET 2017

BUDGET DOES NOT HAVE PLAN AND NON-PLAN CLASSIFICATION

**APPROACH:**
Spend more in rural areas, on Infrastructure and poverty alleviation while maintaining fiscal prudence.

**DIRECT TAX PROPOSALS:**
- Corporate income tax to be reduced from 30% to 25%
- First Time, a consolidated Outcome Budget

**ELECTORAL FUNDING:**
Individual donations limited to Rs.2000 and measures to promote transparency.

**RURAL AREAS:**
- PMAY-G to complete 1 Crore houses by 2019;
- Mahila Shakti Kendra will be setup;
- Affordable Housing will be given infrastructure status.

**EDUCATION & SKILL DEVELOPMENT:**
- Pradhan Mantri Kaushal Kendras will be extended
- SANKALP & SWAYAM for online education
- Establishment of Innovation Fund
- National Testing Agency

**ENERGY:**
New Strategic crude oil reserve in Chandikhole and Bikaner; Trade Infrastructure for export Scheme (TIES).

**AGRICULTURE:**
A Long-Term Irrigation Fund; Model law on Contract Farming; Reoriented MGNREGA aimed to double farmers’ income; expansion of E–NAM.

**HEALTH:**
Action Plan to Eliminate Kala-Azar, Filariasis, Leprosy, Measles and TB; new AIIMS for Gujarat and Jharkhand; Additional 5000 Post Graduate seats per annum.

**RAILWAYS:**
Rashtriya Rail Sanrakshan kosh for passenger safety; New Metro Rail policy; Station Redevelopment using solar power; Swachh Rail – SMS Based ‘Clean My Coach Service’ & Bio Toilets; DigiGaon initiative.

**DIGITAL ECONOMY:**
No Transaction above Rs 3 lakh will be permitted in cash; BHIM app, Aadhar enabled Payment System; Payments regulatory Board will be established in RBI

**AGENDA:**
Transform, Energies and Clean India

**EASE OF DOING BUSINESS:**
Process of opening bank account simplified.

**PERSONAL INCOME TAX:**
Tax to be reduced to 5% for income slab of 2.5 - 5 lakhs; FIPB will be abolished; Surcharge of 10% for income bracket (Rs 50 lakh- 1 crore).

**DEMONETIZATION:**
To create a new “Normal” where GDP would become bigger, cleaner and real; Long term Benefits: greater digitization and formalization of the economy

TOLL FREE NO.: 1800-274-5005

www.chanakyaiasacademy.com  | enlargement enquiry@chanakyaiasacademy.com
Approach – Spend more in rural areas, on Infrastructure and poverty alleviation while maintaining fiscal prudence

Agenda is” Transform, Energise and Clean India” (TEC).

- First Time, a consolidated Outcome Budget, covering all Ministries and Department was laid along with the General Budget
- Revenue Deficit for Next year is pegged at 1.9% as against 2% mandated by FRBM Act
- Fiscal Deficit for 2017-18 pegged at 3.2% of GDP

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.
- The Budget has recommended 3% fiscal deficit for three years with a deviation of 0.5% of the GDP.
- Total resource transfer to States and UTs with legislature at Rs 4.11 lakh crore up from Rs 3.6 lakh crore in BE 16-17
- For 2017-18, total allocation for rural, agricultural & allied sectors has gone up by record 24%.
- Total expenditure of this year's budget is 21 lakh 47 thousand crore rupees

Tax proposals

- India is performing poorly on the front of tax collections indicated by its unfavorable tax to GDP ratio.
- Out of 13.14 lakh registered companies, only 5.97 lakh firms or 45% have filed returns for 2016-17.
- Proportion of direct tax to indirect tax is not up to the desired level.
- As much as 1.95 crore individuals showed an income between Rs. 2.5 lakh to Rs. 5 lakh.
- Out of 76 lakh individual declaring income more than Rs. 5 lakh, 56 lakh or nearly 75% are salaried.
- Only 1.72 lakh people showed income of more than Rs. 50 lakh a year.
- Collections made during Demonetization drive: Between November 8 to December 30, deposits ranging from Rs. 2 - 80 lakhs were made in 1.09 crore accounts.
- Net tax revenue of 2013-14 was Rs. 11.38 lakh crore.
- In the last three quarters of this financial year, rate of growth of advance tax in Personal IT reached 34.8%.
- Holding period for long term capital gain lowered to two years.
There is a proposal to have a carry-forward of MAT for 15 years.

Persons holding land from which land was pooled for creation of the state capital of Andhra Pradesh will receive tax exemption in Capital gains tax.

In order to make MSME companies more viable, there is a proposal to reduce Corporate 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 benefit from this proposal.

The government proposes to reduce basic customs duty for LNG to 2.5% from 5%.

No transaction above Rs 3 lakh will be permitted in cash after enacting a suitable amendment to Income Tax Act.

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.

Direct Tax Proposals

- **Start-Ups- two Relaxations under scheme of Income Tax Holidays**
  a) Exemption available for three years out of any 7 years from the date of establishment instead of 3 out of 5 years
  b) The condition of continuous holding of 51 per cent. Voting rights to be relaxed as long as the original investment of promoter is not diluted.

Electoral Funding

- **Cash donation from one person limited to Rs 2000**
- **Electoral Bond to be introduced for facilitating donation**
- **Amendments proposed to RBI Act to enable issuance of electoral bonds.**
- A donor could purchase bonds from **Authorized Bank against Cheque and digital payments only**
- **Political Parties will need to file their returns in time limit prescribed in the Income Tax Act.**

Ease of Doing Business

- **No requirement to keep books of accounts for Individuals and HUFs if their turnover is up to Rs.25 Lakhs or income is up to Rs. 2.5 Lakhs.**
- Investment in Category 1 and 2 FPI that are registered with SEBI, exempted from Provision of Indirect Transfer.
- **Threshold Limit for audit of business entities that opt for presumptive income scheme is changed from Rs.1 crore to Rs. 2 crore**
- A **Common Application from for Registration, opening of bank & demat accounts, and issue of PAN for Foreign Portfolio investors.**

Personal Income Tax

- **For People with income in the slab 2.5 lakh to 5 lakhs, tax will be reduced to 5% instead of 10%**.
- **Surcharge of 10% will be applicable for individuals with income between Rs 50 lakh to Rs 1 crore.**
- **All other categories of tax payers in subsequent brackets will get a benefit of Rs 12,500.**
- Decided to abolish the **Foreign Investment Promotion Board-FIPB in 2017-18 (90% under automatic route).**
• **Exchange Trade fund**, comprising shares of ten CPSEs received overwhelming response in recent Further Fund Offering (FFO).
• Will continue to use ET F for Further Fund Offering (FFO).
• Will continue to use ETF for Further Disinvestment of shares.
• A new ETF with diversified CPSE stocks will be launched in 2017-18.

### Income Tax Rate

<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 to Rs. 10,0,000</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>
<td></td>
</tr>
<tr>
<td>Up to Rs. 3,00,000</td>
<td>No tax</td>
</tr>
<tr>
<td>Rs. 3,00,001 to Rs. 5,00,000</td>
<td>5%</td>
</tr>
<tr>
<td>Rs. 5,00,001 to Rs. 10,0,000</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 80 years old and above</strong></td>
<td></td>
</tr>
<tr>
<td>Up to Rs. 5,00,000</td>
<td>No tax</td>
</tr>
<tr>
<td>Rs. 5,00,001 to Rs. 10,0,000</td>
<td>20%</td>
</tr>
<tr>
<td>More than Rs. 10,00,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

(Surcharge of 10% on income of all individuals above Rs. 50 lakh and less than Rs. 1 crore and surcharge of 15% on income above Rs. 1 crore)

### Financial Sector

• **Computer Emergency Response Team for our financial Sector (CERT-Fin)** will be established to work in close coordination with all financial sector regulators.
• Presently Institutions such as **bank and insurance companies that are categorized as qualified Institutional buyers by SEBI** are eligible for participation in IPOs.
• **Budget has also proposed to allow systemically important NBFCs regulated By RBI** that are above a certain net worth, to be categorized as QIBs.
• Negotiable Instruments Act might be amended.
• Listing and trading of security receipt issued by a securitization company or a reconstruction company under **SARFAESI Act** will be permitted in SEBI registered Stock Exchanges. This will,
  1. Enhance capital flow in securitization industry
  2. Help in dealing with Bank NPAs

### Agriculture

• A Micro Irrigation Fund with initial corpus of Rs. 5000 Crore besides a **Long-Term Irrigation Fund** with total Corpus to Rs 40,0000 crores.
UNION BUDGET HIGHLIGHTS (2017-18)

- Model law on Contract Farming would be prepared.
- Dairy Processing and Infrastructure Development Fund- Corpus of Rs. 8000 cores over 3 year in NABARD. Initially, the Fund Is to start with a Corpus of Rs. 2000 cores.
- Reoriented MGNREGA which is aimed to double farmers’ income by creating farm ponds. This helps in Drought Proofing.
- Ensuring Adequate Credit to under serviced areas, Eastern States and J & K.
- **60 Days’ Interest Waiver** of Loans taken from Cooperative structure (About 40% of small and marginal farmers borrow from the cooperative structure).
- Committed to Support NABARD for computerization and integration of all Functional Primary Agriculture Credit Societies with core banking system of District Central Cooperative Bank. This will be done in 3 years.
- E –NAM will be expanded.

Rural Areas

- Reoriented MGNREGA.
- Pradhan Mantri Awaas Yojana-gram – Complete 1 Crore housed by 2019 for the housless and those living in Kutcha houses.
- Allocation for Prime Minister’s Employment Generation Programme increased.
- Mahila Shakti Kendra – at the village level in Anganwadi centre’s- one stop support service for skill development, employment, digital literacy, etc.
- Participation of women in MNREGA has increased to 55%.
- Space technology will be used in a big way to ensure MGNREGA works.
- **Affordable Housing** will now be given Infrastructure status.
- Mission Anityodaya – one crore household out of poverty.
- Make 50,000 Gram Panchayayat poverty free by 2019.
- India is well on way to achieve the target of 100% rural electrification by March 2018.
- Swachh Bharat mission has made tremendous progress; Sanitation coverage in rural areas has gone up to 60% now.

Education & skill Development

- **Pradhan Mantri Kaushal Kendras**- presently promoted in more than 60 district, proposed to be extended to more than 600 districts.
- SANKALP- Skill Acquisition and Knowledge Value Enhancement (STRIVE) - launched in 2017-18 to improve the quality of vocational training provided in ITIs.
- SWAYAM- teaches at least 350 courses by the best faculty online.
- Innovation Fund to encourage local innovation with initial focus on educationally backwards blocks.
- System for measuring annual learning outcomes is proposed.
- National Testing Agency- an Autonomous and self-sustained agency, to conduct all entrance examinations for Higher education.
- System for measuring annual learning outcomes is proposed.
- Colleges will be identified based on accreditation.
- Skill India mission was launched to maximize potential. Will set up 100 India International centers across the country.
- Courses on foreign languages will be introduced.
HEALTH

- 27% increase in outlay for Health Budget.
- New AIIMS proposed in Jharkhand and Gujarat.
- Additional 5000 Post Graduate seats per annum in secondary& tertiary health care.
- Transformation of the regulatory framework of Medicinal Education and practice in India.
- Amend Drug and Cosmetics Rules to make drugs available at a reasonable price & promote generic medicines.

Railways

- No service charge on tickets booked through IRCTC.
- Five-hundred stations will be made differently-abled friendly.
- Unmanned level crossings will be eliminated by 2020.
- 3,500 km of railway lines to be commissioned this year up from 2,800 km last year.
- Rashtriya Rail Sanrakshan kosh – with a corpus of Rs. 1 lakh crores over a period of 5 years, for passenger safety.
- New Metro Rail policy with focus on innovative models.
- New Metro Rail Act will be enacted by rationalizing existing laws to facilitate greater private participation.
- Modernization and upgradation of Identified Corridors.
- Station Redevelopment using solar power.
- Swachh Rail – SMS Based ‘Clean My Coach Service’.
- Bio Toilets.
- Shares of Railways PSEs will be listed on Stock Exchanges.
- Infrastructure & Energy.
- Airport Authority of India act will be amended to enable monetization of land assets.
- Operation and maintenance of select airport in tier 2 Cities under PPP mode.
- High Speed broadband connectivity through optical fiber will be provided in 150,000 gram panchayats.
- ‘DigiGaon’ initiative – Provide telemedicine, education and skills.
- Disinvestment policy will continue.
- Will put in place a revised procedure to ensure time bound listing of identified CPSEs on Stock Exchanges.

Energy

- Second phase of solar park development.
- Rs. 1.26,000 crore received as energy production based investments.
- Trade infra export scheme will be launched 2017-18.
- Set up two more strategic crude oil reserves one in chandikhole in Odisha and other in Bikaner in Rajasthan besides tree set up.
- Trade Infrastructure for export Scheme (TIES) will be restructured and launched.
- Reduction in basic custom duty on LNG, DBT to LPG consumers, Chandigarh is kerosene-free, 84 government schemes are on the DBT platform.
• Creation of an Integrated Public Sector ‘Oil Major’ to integrate the oil sector PSU and Enhance Capacity of Oil PSUs to Bear Higher Risk.

Defence sector

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

Digital Economy

• Excise duty on miniaturized POS card reader will be exempted.
• To encourage domestic manufacturing of devices will be exempted from excise duty.
• No Transaction above Rs 3 lakh will be permitted in cash.
• Cash expenditure allowable as deduction, both for revenue as well as capital expenditure limit up to Rs 10,000.
• Limit of cash donation which can be received by a charitable trust is reduced to Rs 2000 from Rs 10,000.
• BHIM app, Aadhar enabled Payment System.
• Proposal to create Payments regulatory Boards in RBI by replacing existing Boards for regulation and supervision of payment and settlement system.
• Committee on Digital Payments constituted by Department of Economics Affairs has recommended structural reforms in payment ecosystem, including amendment and settlement system act, 2007.
• Introduction of a new law for Economic offenders fleeing the country by confiscating their properties.

ON Demonetization

• Demonetization seeks to create a new “Normal” where GDP would become bigger, cleaner and real.
• Long term Benefits include greater digitization, increased flow of financial saving and greater formalization of the economy.
• Demonetization and GST Built on three Transformational achievements i.e. JAM, GST and Demonetization.
IAS 2018
UPGRADED FOUNDATION COURSE
A COMPLETE SOLUTION FOR PRELIMS, MAINS & INTERVIEW
Batch: 20th Jan | 25th Feb, 2017

PRELIMS 2017
Batch: 10th Feb, 2017

ADMISSION OPEN FOR
PRELIMS TEST SERIES 2017
AVAILABLE IN CLASSROOM, ONLINE & POSTAL

Starting from 4th Feb, 2017

FOR DETAILS CALL: 1800-274-5005 (TOLL FREE)

HO/South Delhi Branch: 124, Satya Niketan,
Opp. Venkateshwara College Near Dhaula Kuan,
New Delhi-110021, Ph.: 011-64504615
Mob: 09971989980/81

North Delhi Branch: 1596, Outram Line,
Kingsway Camp Delhi - 110009,
Ph.: 011-27607721
Mob: 09811671844/45

Ahmedabad: 7574824916 | Allahabad: 9721352333 | Chandigarh: 8288005466
Gurgaon: 8527509992 | Guwahati: 8811092481 | Hazaribagh: 9771869233
Jaipur: 9680423137 | Jammu: 08715823063 | Patna: 9905190260
Pune: 9011003040 | Ranchi: 9771463546 | Rohtak: 08930018880

enquiry@chanakyaiasacademy.com | www.chanakyaiasacademy.com

24 Years of Excellence | 3000+ Selection Till Date | 361 Selection in CSE 2015 | 3 in Top 10 in CSE 2015 | Presence Across 14 Cities in India