

UNION BUDGET 2016-17 HIGHLIGHTS

Finance Minister Arun Jaitley on
29th February 2016
presented the
Union Budget for the year 2016-17

This is his 3rd Union Budget. With an eye on supporting the small tax-payer and the small investor, the Minister announced a slew of schemes, and income tax exemptions. Here are the Highlights of Union Budget 2016.

Important Points to Note

INTRODUCTION

Growth of Economy accelerated to 7.6% in 2015-16.

India hailed as a 'bright spot' amidst a slowing global economy by IMF. Robust growth achieved despite very unfavourable global conditions and two consecutive years shortfall in monsoon by 13%. Foreign exchange reserves touched highest ever level of about 350 billion US dollars. Despite increased devolution to States by 55% as a result of the 14th Finance Commission award, plan expenditure increased at RE stage in 2015-16 – in contrast to earlier years.

NINE PILLARS OF THE BUDGET

1. Governance,
2. Ease of doing business,
3. Fiscal discipline,
4. Tax reforms,
5. Agriculture and farmers welfare ,
6. Rural sector with focus on employment ,
7. Social sector with healthcare ,
8. Educational skills and job creation ,
9. Infrastructure and investment and financial sector reforms are the nine pillars on which the budget has been prepared.

CHALLENGES IN 2016-17

Risks of further global slowdown and turbulence.

Additional fiscal burden due to 7th Central Pay Commission recommendations and OROP.

ROADMAP & PRIORITIES

1.'Transform India' to have a significant impact on economy and lives of people.

2.Government to focus on –

a.ensuring macro-economic stability and prudent fiscal management.

b.boosting on domestic demand

c.continuing with the pace of economic reforms and policy initiatives to change the lives of our people for the better.

3.Focus on enhancing expenditure in priority areas of - farm and rural sector, social sector, infrastructure sector employment generation and recapitalisation of the banks.

UNION BUDGET 2016-17 HIGHLIGHTS

4.Focus on Vulnerable sections through:

a.Pradhan Mantri Fasal Bima Yojana

b.New health insurance scheme to protect against hospitalisation expenditure

c.facility of cooking gas connection for BPL families

5.Continue with the ongoing reform programme and ensure passage of the Goods and Service Tax bill and Insolvency and Bankruptcy law

6.Undertake important reforms by:

a.giving a statutory backing to AADHAR platform to ensure benefits reach the deserving.

b.freeing the transport sector from constraints and restrictions

c.incentivising gas discovery and exploration by providing calibrated marketing freedom

d.enactment of a comprehensive law to deal with resolution of financial firms

e.provide legal framework for dispute resolution and re-negotiations in PPP projects and public utility contracts

f.undertake important banking sector reforms and public listing of general insurance companies undertake significant changes in FDI policy.

Sector-wise Highlights of Union Budget 2016

Tax

Infrastructure and agriculture cess to be levied.

Excise duty raised from 10 to 15 per cent on tobacco products other than beedis

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.

SUVs, Luxury cars to be more expensive. 4% high capacity tax for SUVs.

Companies with revenue less than Rs 5 crore to be taxed at 29% plus surcharge

Limited tax compliance window from Jun 1 - Sep 30 for declaring undisclosed income at 45% incl.

surcharge and penalties

Excise 1 per cent imposed on articles of jewellery, excluding silver.

0.5 per cent Krishi Kalyan Cess to be levied on all services.

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.

Personal Finance

No changes have been made to existing income tax slabs

Rs 1,000 crore allocated for new EPF (Employees' Provident Fund) scheme

Govt. will pay EPF contribution of 8.33% for all new employees for first three years

Deduction for rent paid will be raised from Rs 20,000 to Rs 60,000 to benefit those living in rented houses.

UNION BUDGET 2016-17 HIGHLIGHTS

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. m

15 per cent surcharge on income above Rs. 1 crore

Social

Rs. 38,500 crore for Mahatma Gandhi MGNREGA for 2016-17

Swachh 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.

LPG connections to be provided under the name of women members of family: Rs 2000 crore allocated for 5 years for BPL families.

2.87 lakh crore grants to gram panchayats and municipalities - a quantum jump of 228%.

300 urban clusters to be set up under Shyama Prasad Mukherji Rurban Mission Four schemes for animal welfare.

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.

Education

Scheme to get Rs.500 cr for promoting entrepreneurship among SC/ST

10 public and 10 private educational institutions to be made world-class.

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 Entrepreneurship training to be provided across schools, colleges and massive online courses.

Objective to skill 1 crore youth in the next 3 years under the PM Kaushal Vikas Yojna-FM Jaitley National Skill Development Mission has imparted training to 76 lakh youth. 1500 Multi-skill training institutes to be set up.

Energy

Rs. 3000 crore earmarked for nuclear power generation

Govt drawing comprehensive plan to be implemented in next 15-20 years for exploiting nuclear energy

UNION BUDGET 2016-17 HIGHLIGHTS

Govt to provide incentive for deepwater gas exploration

Deepwater gas new disc to get calibrated market freedom, pre-determined ceiling price based on landed price of alternate fuels.

Investments and infrastructure

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 Shops to be given option to remain open all seven days in a week across markets.

Rs. 55,000 crore for roads and highways. Total allocation for road construction, including PMGSY, - Rs

97,000 crore 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 100 per cent FDI in marketing of food products produced and marketed in India Dept. of Disinvestment to be renamed as Dept. of Investment and Public Asset Management Govt will amend Motor Vehicle Act in passenger vehicle segment to allow innovation.

MAT will be applicable for startups that qualify for 100 per cent tax exemption Direct tax proposals result in revenue loss of Rs.1060 crore, indirect tax proposals result in gain of Rs.20,670 crore.

Agriculture

Total allocation for agriculture and farmer welfare at Rs 35984 crores

28.5 lakh hectares of land will be brought under irrigation. 5 lakh acres to be brought under organic farming over a three year period 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.

Banking

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