



BUDGET

2017-18



ECONOMIC SURVEY



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PREFACE

Jagranjosh.com has prepared this useful e-book for competitive exam aspirants on Union Budget 2017-18. Since the original Budget document is voluminous and somewhat complex in nature due to the terms used, many find it is difficult to understand. In this process, they try not to do study the Budget.

This e-book also covers the Economic Survey of 2016-17, which was presented day before budget. The Economic Survey, in recent times has gained importance due to its significant contribution in policy making. The suggestion for Universal Basic Income, Digital payment, JAM trinity etc. are already been discussed at highest level and being implemented.

Therefore, due to the importance given by the UPSC, SSC, IBPS and other recruitment agencies to new initiatives announced in the annual Budget, and suggestions being given by Economic Survey, this e-book has become “must-to-have”.

In order to give aspirants clear and precise view of Budget and Economic Survey, the material presented in this e-book have been thoroughly researched and written by our expert team.

This special bulletin is based on simplicity and comprehensiveness. Most of the material is presented in the bulletin format so that he/she can use it in objective and subjective examinations and even interviews (Personality Test) and Group Discussion (GD).

All the Best from Team Jagranjosh!!!

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KEY FEATURE OF BUDGET 2017-18

The union finance minister arun jaitley on 1 February 2017 presented the union budget 2017 in the lok sabha. In the independent India, this will be the 87th budget and the third of the modi sarkar.

The budget 2017 is also unique in the sense that it is the first budget after introduction of three key changes to the budget process viz., merging of the railway budget with the general budget, doing away with the classification of plan and non plan expenditure and most importantly advancing the budget presentation date by one month.

INTRODUCTION

- In the last two and half years administration has moved from discretionary, favouritism based to system and transparency based
- Inflation brought under control. CPI-based inflation declined from 6% in July 2016 to 3.4% in December, 2016
- Economy has moved on a high growth path. India's Current Account Deficit declined from about 1% of GDP last year to 0.3% of GDP in the first half of 2016-17. FDI grew 36% in H1 2016-17 over H1 2015-16, despite 5% reduction in global FDI inflows. Foreign exchange reserves have reached 361 billion US Dollars as on 20th January, 2017
- War against black money launched
- Government continued on path of fiscal consolidation, without compromising on public investment.
- The Indian economy has been robust to mild shocks and IMF forecasts, India to be one of the fastest growing major economies in 2017

CHALLENGES IN 2017-18

- World economy faces considerable uncertainty, in the aftermath of major economic and political developments during the last year
- The US Federal Reserve's , intention to increase policy rates in 2017, may lead to lower capital inflows and higher outflows from the emerging economies

- Uncertainty around commodity prices, especially that of crude oil, has implications for the fiscal situation of emerging economies
- Signs of retreat from globalisation of goods, services and people, as pressures for protectionism are building up

TRANSFORMATIONAL REFORMS IN LAST YEAR

- Passage of the Constitution Amendment Bill for GST and the progress for its introduction
- Demonetisation of high denomination bank notes
- Enactment of the Insolvency and Bankruptcy Code; amendment to the RBI Act for inflation targeting; enactment of the *Aadhar* bill for disbursement of financial subsidies and benefits
- Budget 2017-18 contains 3 major reforms. First, presentation of Budget advanced to 1st February to enable the Ministries to operationalise all activities from the commencement of the financial year. Second, merger of Railways Budget with General Budget to bring Railways to the centre stage of Government's Fiscal Policy and Third, removal of plan and nonplan classification of expenditure to facilitate a holistic view of allocations for sectors and ministries

DEMONITISATION

- Bold and decisive measure to curb tax evasion and parallel economy
- Government's resolve to eliminate corruption, black money, counterfeit currency and terror funding
- Drop in economic activity, if any, to be temporary
- Generate long term benefits including reduced corruption, greater digitisation, increased flow of financial savings and greater formalisation of the economy
- Pace of remonetisation has picked up and will soon reach comfortable levels
- The surplus liquidity in the banking system will lower borrowing costs and increase the access to credit
- Announcements made by the Honourable Prime Minister on 31st Dec, 2016 focusing on housing for the poor; relief to farmers; credit support to

- MSMEs; encouragement to digital transactions; assistance to pregnant
- women and senior citizens; and priority to dalits, tribals, backward classes
- and women under the Mudra Yojana, address key concerns of our
- economy

ROADMAP & PRIORITIES

- Agenda for 2017-18 is : “Transform, Energise and Clean India” – TEC India
- TEC India seeks to
 - Transform the quality of governance and quality of life of our people;
 - Energise various sections of society, especially the youth and the vulnerable, and enable them to unleash their true potential; and
 - Clean the country from the evils of corruption, black money and non-transparent political funding
- Ten distinct themes to foster this broad agenda:
 - **Farmers:** committed to double the income in 5 years;
 - **Rural Population:** providing employment & basic infrastructure;
 - **Youth :** energising them through education, skills and jobs;
 - **The Poor and the Underprivileged:** strengthening the systems of social security, health care and affordable housing;
 - **Infrastructure:** for efficiency, productivity and quality of life;
 - **Financial Sector:** growth & stability by stronger institutions;
 - **Digital Economy:** for speed, accountability and transparency;
 - **Public Service:** effective governance and efficient service delivery through people’s participation;
 - **Prudent Fiscal Management:** to ensure optimal deployment of resources and preserve fiscal stability;
 - **Tax Administration:** honouring the honest.

FARMERS

- Target for agricultural credit in 2017-18 has been fixed at a record level of Rs. 10 lakh crores
- Farmers will also benefit from 60 days’ interest waiver announced on 31 Dec 2016
- To ensure flow of credit to small farmers, Government to support NABARD for computerisation and integration of all 63,000 functional Primary Agriculture Credit

- Societies with the Core Banking System of District Central Cooperative Banks. This will be done in 3 years at an estimated cost of Rs. 1,900 crores
- Coverage under Fasal Bima Yojana scheme will be increased from 30% of cropped area in 2016-17 to 40% in 2017-18 and 50% in 2018-19 for which a budget provision of Rs. 9000 crore has been made
 - New mini labs in *Krishi Vigyan Kendras* (KVKs) and ensure 100% coverage of all 648 KVKs in the country for soil sample testing
 - As announced by the Honourable Prime Minister, the Long Term Irrigation Fund already set up in NABARD to be augmented by 100% to take the total corpus of this Fund to Rs. 40,000 crores.
 - Dedicated Micro Irrigation Fund in NABARD to achieve 'per drop more crop' with an initial corpus of Rs. 5,000 crores
 - Coverage of National Agricultural Market (e-NAM) to be expanded from 250 markets to 585 APMCs. Assistance up to Rs. 75 lakhs will be provided to every e-NAM
 - A model law on contract farming to be prepared and circulated among the States for adoption
 - Dairy Processing and Infrastructure Development Fund to be set up in NABARD with a corpus of Rs. 2000 crores and will be increased to Rs. 8000 crores over 3 years

RURAL POPULATION

- Over Rs. 3 lakh crores spent in rural areas every year, for rural poor from Central Budget, State Budgets, Bank linkage for self-help groups, etc
- Aim to bring one crore households out of poverty and to make 50,000 Gram Panchayats poverty free by 2019, the 150th birth anniversary of Gandhiji
- Against target of 5 lakh farm ponds under MGNREGA, 10 lakh farm ponds would be completed by March 2017. During 2017-18, another 5 lakh farm ponds will be taken up
- Women participation in MGNREGA has increased to 55% from less than 48%
- MGNREGA allocation to be the highest ever at Rs. 48,000 crores in 2017-18.
- Pace of construction of PMGSY roads accelerated to 133 km roads per day in 2016-17, against an avg. of 73 km during 2011-2014
- Government has taken up the task of connecting habitations with more than 100 persons in left wing extremism affected Blocks under PMGSY. All such habitations are expected to be covered by 2019 and the allocation for PMGSY, including the State's Share is Rs. 27,000 crores in 2017-18

- Allocation for Pradhan Mantri Awaas Yojana – Gramin increased from Rs. 15,000 crores in BE 2016-17 to Rs. 23,000 crores in 2017-18 with a target to complete 1 crore houses by 2019 for the houseless and those living in kutcha houses.
- Well on our way to achieving 100% village electrification by 1st May 2018.
- Allocation for Prime Minister's Employment Generation Program and Credit Support Schemes has been increased three fold
- Sanitation coverage in rural India has gone up from 42% in Oct 2014 to about 60%. Open Defecation Free villages are now being given priority for piped water supply.
- As part of a sub mission of the National Rural Drinking Water Programme (NRDWP), it is proposed to provide safe drinking water to over 28,000 arsenic and fluoride affected habitations in the next four years.
- For imparting new skills to people in rural areas, mason training will be provided to 5 lakh persons by 2022
- A programme of “human resource reforms for results” will be launched during 2017-18 for human resources development in Panchayati Raj Institutions
- Total allocation for Rural, Agriculture and Allied sectors is Rs. 187223 crores

YOUTH

- To introduce a system of measuring annual learning outcomes in our schools
- Innovation Fund for Secondary Education proposed to encourage local innovation for ensuring universal access, gender parity and quality improvement to be introduced in 3479 educationally backward districts.
- Good quality higher education institutions to have greater administrative and academic autonomy
- SWAYAM platform, leveraging IT, to be launched with at least 350 online courses. This would enable students to virtually attend courses taught by the best faculty
- National Testing Agency to be set-up as an autonomous and self-sustained premier testing organisation to conduct all entrance examinations for higher education institutions
- *Pradhan Mantri Kaushal Kendras* to be extended to more than 600 districts across the country. 100 India International Skills Centres will be established across the country.
- Skill Acquisition and Knowledge Awareness for Livelihood Promotion programme (SANKALP) to be launched at a cost of ` 4000 crores. SANKALP will provide market relevant training to 3.5 crore youth

- Next phase of Skill Strengthening for Industrial Value Enhancement (STRIVE) will also be launched in 2017-18 at a cost of Rs. 2,200 crores
- A scheme for creating employment in the leather and footwear industries along the lines in Textiles Sector to be launched
- Incredible India 2.0 Campaign will be launched across the world to promote tourism and employment.

THE POOR AND THE UNDERPRIVILEGED

- *Mahila Shakti Kendra* will be set up with an allocation of Rs. 500 crores in 14 lakh ICDS *Anganwadi* Centres. This will provide one stop convergent support services for empowering rural women with opportunities for skill development, employment, digital literacy, health and nutrition
- Under Maternity Benefit Scheme Rs. 6,000 each will be transferred directly to the bank accounts of pregnant women who undergo institutional delivery and vaccinate their children
- Affordable housing to be given infrastructure status
- National Housing Bank will refinance individual housing loans of about Rs. 20,000 crore in 2017-18
- Government has prepared an action plan to eliminate Kala-Azar and Filariasis by 2017, Leprosy by 2018, Measles by 2020 and Tuberculosis by 2025 is also targeted
- Action plan has been prepared to reduce IMR from 39 in 2014 to 28 by 2019 and MMR from 167 in 2011-13 to 100 by 2018-2020
- To create additional 5,000 Post Graduate seats per annum to ensure adequate availability of specialist doctors to strengthen Secondary and Tertiary levels of health care
- Two new All India Institutes of Medical Sciences to be set up in Jharkhand and Gujarat
- To foster a conducive labour environment, legislative reforms will be undertaken to simplify, rationalise and amalgamate the existing labour laws into 4 Codes on (i) wages; (ii) industrial relations; (iii) social security and welfare; and (iv) safety and working conditions.
- Propose to amend the Drugs and Cosmetics Rules to ensure availability of drugs at reasonable prices and promote use of generic medicines

- The allocation for Scheduled Castes has been increased by 35% compared to BE 2016-17. The allocation for Scheduled Tribes has been increased to Rs. 31,920 crores and for Minority Affairs to Rs. 4,195 crores
- For senior citizens, *Aadhar* based Smart Cards containing their health details will be introduced

INFRASTRUCTURE

- For transportation sector as a whole, including rail, roads, shipping, provision of Rs. 2,41,387 crores has been made in 2017-18.
- For 2017-18, the total capital and development expenditure of Railways has been pegged at Rs. 1,31,000 crores. This includes Rs. 55,000 crores provided by the Government
- For passenger safety, a *Rashtriya Rail Sanraksha Kosh* will be created with a corpus of Rs. 1 lakh crores over a period of 5 years
- Unmanned level crossings on Broad Gauge lines will be eliminated by 2020
- In the next 3 years, the throughput is proposed to be enhanced by 10%. This will be done through modernisation and upgradation of identified corridors.
- Railway lines of 3,500 kms will be commissioned in 2017-18. During 2017-18, at least 25 stations are expected to be awarded for station redevelopment.
- 500 stations will be made differently abled friendly by providing lifts and escalators.
- It is proposed to feed about 7,000 stations with solar power in the medium term
- SMS based *Clean My Coach Service* has been started
- 'Coach Mitra', a single window interface, to register all coach related complaints and requirements to be launched
- By 2019, all coaches of Indian Railways will be fitted with bio toilets. Tariffs of Railways would be fixed, taking into consideration costs, quality of service and competition from other forms of transport
- A new Metro Rail Policy will be announced with focus on innovative models of implementation and financing, as well as standardisation and indigenisation of hardware and software
- A new Metro Rail Act will be enacted by rationalising the existing laws. This will facilitate greater private participation and investment in construction and operation.
- In the road sector, Budget allocation for highways increased from Rs. 57,976 crores in BE 2016-17 to Rs. 64,900 crores in 2017-18

- 2,000 kms of coastal connectivity roads have been identified for construction and development
- Total length of roads, including those under PMGSY, built from 2014-15 till the current year is about 1,40,000 kms which is significantly higher than previous three years
- Select airports in Tier 2 cities will be taken up for operation and maintenance in the PPP mode
- By the end of 2017-18, high speed broadband connectivity on optical fibre will be available in more than 1,50,000 *gram panchayats*, under BharatNet. A DigiGaon initiative will be launched to provide tele-medicine, education and skills through digital technology
- Proposed to set up strategic crude oil reserves at 2 more locations, namely, Chandikhole in Odisha and Bikaner in Rajasthan. This will take our strategic reserve capacity to 15.33 MMT
- Second phase of Solar Park development to be taken up for additional 20,000 MW capacity.
- For creating an eco-system to make India a global hub for electronics manufacturing a provision of Rs. 745 crores in 2017-18 in incentive schemes like M-SIPS and EDF.
- A new and restructured Central scheme with a focus on export infrastructure, namely, Trade Infrastructure for Export Scheme (TIES) will be launched in 2017-18.

FINANCIAL SECTOR

- Foreign Investment Promotion Board to be abolished in 2017-18 and further liberalisation of FDI policy is under consideration
- An expert committee will be constituted to study and promote creation of an operational and legal framework to integrate spot market and derivatives market in the agricultural sector, for commodities trading. e- NAM to be an integral part of the framework.
- Bill relating to curtail the menace of illicit deposit schemes will be introduced. A bill relating to resolution of financial firms will be introduced in the current Budget Session of Parliament. This will contribute to stability and resilience of our financial system
- A mechanism to streamline institutional arrangements for resolution of disputes in infrastructure related construction contracts, PPP and public utility contracts will be introduced as an amendment to the Arbitration and Conciliation Act 1996.

- A Computer Emergency Response Team for our Financial Sector (CERT-Fin) will be established
- Government will put in place a revised mechanism and procedure to ensure time bound listing of identified CPSEs on stock exchanges. The shares of Railway PSEs like IRCTC, IRFC and IRCON will be listed in stock exchanges.
- Propose to create an integrated public sector 'oil major' which will be able to match the performance of international and domestic private sector oil and gas companies
- A new ETF with diversified CPSE stocks and other Government holdings will be launched in 2017-18
- In line with the '*Indradhanush*' roadmap, Rs. 10,000 crores for recapitalisation of Banks provided in 2017-18
- Lending target under *Pradhan Mantri Mudra Yojana* to be set at Rs. 2.44 lakh crores. Priority will be given to Dalits, Tribals, Backward Classes and Women.

DIGITAL ECONOMY

- 125 lakh people have adopted the BHIM app so far. The Government will launch two new schemes to promote the usage of BHIM; these are, Referral Bonus Scheme for individuals and a Cashback Scheme for merchants
- Aadhar Pay, a merchant version of Aadhar Enabled Payment System, will be launched shortly
- A Mission will be set up with a target of 2,500 crore digital transactions for 2017-18 through UPI, USSD, Aadhar Pay, IMPS and debit cards
- A proposal to mandate all Government receipts through digital means, beyond a prescribed limit, is under consideration
- Banks have targeted to introduce additional 10 lakh new POS terminals by March 2017. They will be encouraged to introduce 20 lakh Aadhar based POS by September 2017
- Proposed to create a Payments Regulatory Board in the Reserve Bank of India by replacing the existing Board for Regulation and Supervision of Payment and Settlement Systems

PUBLIC SERVICE

- The Government e-market place which is now functional for procurement of goods and services
- To utilise the Head Post Offices as front offices for rendering passport services

- A Centralised Defence Travel System has been developed through which travel tickets can be booked online by our soldiers and officers
- Web based interactive Pension Disbursement System for Defence Pensioners will be established
- To rationalise the number of tribunals and merge tribunals wherever appropriate
- Commemorate both Champaran and Khordha revolts appropriately

PRUDENT FISCAL MANAGEMENT

- Stepped up allocation for Capital expenditure by 25.4% over the previous year
- Total resources being transferred to the States and the Union Territories with Legislatures is Rs. 4.11 lakh crores, against Rs. 3.60 lakh crores in BE 2016-17
- For the first time, a consolidated Outcome Budget, covering all Ministries and Departments, is being laid along with the other Budget documents
- FRBM Committee has recommended 3% fiscal deficit for the next three years, keeping in mind the sustainable debt target and need for public investment, fiscal deficit for 2017-18 is targeted at 3.2% of GDP and Government remains committed to achieve 3% in the following year
- Net market borrowing of Government restricted to Rs. 3.48 lakh crores after buyback in 2017-18, much lower than Rs. 4.25 lakh crores of the previous year
- Revenue Deficit of 2.3% in BE 2016-17 stands reduced to 2.1% in the Revised Estimates. The Revenue Deficit for next year is pegged at 1.9%, against 2% mandated by the FRBM Act

PROMOTING AFFORDABLE HOUSING AND REAL ESTATE SECTOR

- Between 8th November and 30th December 2016, deposits between 2 lakh Rupees and 80 lakh Rupees were made in about 1.09 crore accounts with an average deposit size of Rs. 5.03 lakh. Deposits of more than 80 lakh were made in 1.48 lakh accounts with average deposit size of Rs. 3.31 crores.
- Under the scheme for profit-linked income tax deduction for promotion of affordable housing, carpet area instead of built up area of 30 and 60 Sq.mtr. will be counted.
- The 30 Sq.mtr. limit will apply only in case of municipal limits of 4 metropolitan cities while for the rest of the country including in the peripheral areas of metros, limit of 60 Sq.mtr. will apply

- For builders for whom constructed buildings are stock-in-trade, tax on notional rental income will only apply after one year of the end of the year in which completion certificate is received
- Reduction in the holding period for computing long term capital gains from transfer of immovable property from 3 years to 2 years. Also, the base year for indexation is proposed to be shifted from 1.4.1981 to 1.4.2001 for all classes of assets including immovable property
- For Joint Development Agreement signed for development of property, the liability to pay capital gain tax will arise in the year the project is completed
- Exemption from capital gain tax for persons holding land on 2.6.2014, the date on which the State of Andhra Pradesh was reorganised, and whose land is being pooled for creation of capital city of Andhra Pradesh under the Government scheme

MEASURES FOR STIMULATING GROWTH

- Concessional withholding rate of 5% charged on interest earned by foreign entities in external commercial borrowings or in bonds and Government securities is extended to 30.6.2020. This benefit is also extended to Rupee Denominated (Masala) Bonds
- For the purpose of carry forward of losses in respect of start-ups, the condition of continuous holding of 51% of voting rights has been relaxed subject to the condition that the holding of the original promoter/promoters continues. Also the profit (linked deduction) exemption available to the start-ups for 3 years out of 5 years is changed to 3 years out of 7 years
- MAT credit is allowed to be carried forward up to a period of 15 years instead of 10 years at present
- In order to make MSME companies more viable, income tax for companies with annual turnover upto Rs. 50 crore is reduced to 25%
- Allowable provision for Non-Performing Asset of Banks increased from 7.5% to 8.5%. Interest taxable on actual receipt instead of accrual basis in respect of NPA accounts of all non-scheduled cooperative banks also to be treated at par with scheduled banks
- Basic customs duty on LNG reduced from 5% to 2.5%

PROMOTING DIGITAL ECONOMY

- Under scheme of presumptive income for small and medium tax payers whose turnover is upto 2 crores, the present, 8% of their turnover which is counted as presumptive income is reduced to 6% in respect of turnover which is by non-cash means
- No transaction above Rs. 3 lakh would be permitted in cash subject to certain exceptions
- Miniaturised POS card reader for m-POS (other than mobile phones or tablet computers), micro ATM standards version 1.5.1, Finger Print Readers / Scanners and Iris Scanners and on their parts and components for manufacture of such devices to be exempt from BCD, Excise/CV duty and SAD

TRANSPARENCY IN ELECTORAL FUNDING

- Need to cleanse the system of political funding in India
- Maximum amount of cash donation, a political party can receive, will be Rs. 2000/- from one person.
- Political parties will be entitled to receive donations by cheque or digital mode from their donors.
- Amendment to the Reserve Bank of India Act to enable the issuance of electoral bonds in accordance with a scheme that the Government of India would frame in this regard.
- Every political party would have to file its return within the time prescribed in accordance with the provision of the Income-tax Act
- Existing exemption to the political parties from payment of income-tax would be available only subject to the fulfilment of these conditions

EASE OF DOING BUSINESS

- Scope of domestic transfer pricing restricted to only if one of the entities involved in related party transaction enjoys specified profit-linked deduction
- Threshold limit for audit of business entities who opt for presumptive income scheme increased from Rs. 1 crore to Rs. 2 crores. Similarly, the threshold for maintenance of books for individuals and HUF increased from turnover of 10 lakhs to 25 lakhs or income from 1.2 lakhs to 2.5 lakhs
- Foreign Portfolio Investor (FPI) Category I & II exempted from indirect transfer provision. Indirect transfer provision shall not apply in case of redemption of shares

- or interests outside India as a result of or arising out of redemption or sale of investment in India which is chargeable to tax in India
- Commission payable to individual insurance agents exempt from the requirement of TDS subject to their filing a self-declaration that their income is below taxable limit
 - Under scheme for presumptive taxation for professionals with receipt upto Rs. 50 lakhs p.a. advance tax can be paid in one instalment instead of four
 - Time period for revising a tax return is being reduced to 12 months from completion of financial year, at par with the time period for filing of return. Also the time for completion of scrutiny assessments is being compressed further from 21 months to 18 months for Assessment Year 2018-19 and further to 12 months for Assessment Year 2019-20 and thereafter

PERSONAL INCOME-TAX

- Existing rate of taxation for individual assesses between income of Rs. 2.5 lakhs to 5 lakhs reduced to 5% from the present rate of 10%
- Surcharge of 10% of tax payable on categories of individuals whose annual taxable income is between Rs. 50 lakhs and Rs. 1 crore
- Simple one-page form to be filed as Income Tax Return for the category of individuals having taxable income upto Rs. 5 lakhs other than business income
- Appeal to all citizens of India to contribute to Nation Building by making a small payment of 5% tax if their income is falling in the lowest slab of 2.5 lakhs to 5 lakhs.

GOODS AND SERVICES TAX

- The GST Council has finalised its recommendations on almost all the issues based on consensus on the basis of 9 meetings held
- Preparation of IT system for GST is also on schedule.
- The extensive reach-out efforts to trade and industry for GST will start from 1st April, 2017 to make them aware of the new taxation system.

REVISED TAX SLABS AND RATES

Union Finance Minister Arun Jaitley presented the Union Budget 2017 today. The following tax slabs were proposed by Finance minister Arun Jaitley. The new tax rates are aimed at putting more money into the pockets of the middle class to boost expenditure and in-turn economic growth.

THE REVISED TAX SLABS AND RATES ARE PROVIDED BELOW:

Tax Slab	New Tax Rate
Up to Rs 3 lakhs	No Tax
Between Rs 3 and 5 Lakhs	5%
Between Rs 5 and 10 lakhs	20%
Above Rs 10 lakhs	30%
Income above Rs 50 Lacs	30% + 10% surcharge
Income above Rs 1 crore	30% +15% Surcharge

IT RATES REVISED: KEY HIGHLIGHTS

Appealing to the middle income groups, FM Jaitley expanded the nil tax bracket from the existing Rs 2.5 lakhs to Rs 3 lakhs. There was something to cheer for the middle class as well as Jaitley slashed the income tax rates for individuals between Rs 3 and 5 Lakhs to 5% from the existing 10%. Other highlights include:

- **0% tax liability on income up to Rs 3 lakhs – Tax Benefit of Rs 5000**
- **5% tax on income between Rs 3 to 5 lakhs – Tax Benefit of Rs 12500**
- **10% Surcharge** on individuals with income **between 50 lakh to 1 Crore**
- **15% surcharge** on individuals with income **of 1 Crore and above**
- **No change in service taxes**

BENEFIT OF NEW TAX SYSTEM

Income	Earlier Tax	Proposed Tax	Saving
2.5 laks	Rs. 0	Rs. 0	Rs. 0
3 laks	Rs. 5000	Rs. 0	Rs. 5000
5 laks	Rs. 25000	Rs. 12500	Rs. 12500
6 laks	Rs. 35000	Rs. 17500	Rs. 17500

OTHER DETAILS

- Continuing their crusade against blackmoney FM also announced that cash transactions beyond Rs 3 lakhs will not be allowed henceforth
- Maximum of amount to political parties would be limited to Rs 2000
- Holding period for long-term capital gains for immobile assets reduced from 3 years to 2 years
- Base year for indexation to be 2001

With an aim to enhance the tax compliance of the citizens, FM also announced that there would be a single one-page form for filing IT returns for taxable income up to 5 lakh rupees except one for business. The time period of revising tax return is expected to be **reduced to 12 months.**

WHAT'S COSTLY & WHAT'S CHEAP?

Answering the expectations of the 1.2 billion Indians, Finance Minister Arun Jaitley presented the Union Budget 2017 in the Parliament today. While expert analysis and opinions are already underway with even PM lending his support by terming the budget as 'Utam'; for the common man, it all boils down to how the union budget 2017 will affect his pocket.

WHAT'S COSTLY AND WHAT'S CHEAP?

For a common man the Budget 2017 directly affects their pockets and therefore apart from the income tax slabs, they are also concerned about what becomes more expensive and cheaper as per the provisions of the budget. Like every year, FM Jaitley has tinkered with the custom and excise duty without any significant loss or gain to the exchequer. Put simply,

It means that the while some commodities have turned dearer there are plenty which are likely to turn cheaper in coming days.

Initial Analysis suggests the following commodities that are likely to turn **cheaper or more expensive** are listed in the table below:

Expensive	Cheaper
Cigarettes, pan masala, cigar, cheroots, bidis, chewing tobacco	Wind operated energy generator
Polymer coated MS tapes used in manufacturing of optical fibres	POS machines card and fingerprint readers
Cashew nuts (roasted and salted)	Fuel cell based power generating systems
Aluminium ores and concentrates	Group insurance for Defence services.
Silver coins and medallions	Solar tempered glass used in solar panels
Printed circuit board used in making mobile phones	Booking railway tickets online

LED lamp components	LNG- Liquefied natural gas
	RO membrane elements for household usage
	Vegetable tanning extracts used in making leather products

As stated in the table above, you can expect cigarettes and tobacco, silver coins, bidis, goods imported through parcels, pan masala, cashew nuts and water filter membranes to turn dearer.

On the other hand commodities such as printed circuit boards for mobiles, solar panels, LED lamps, micro ATMs, finger-print machines and Iris scanners are likely to become cheaper.

The list clearly showcases inclination of the government to push for a technological revolution as all electronics have seen a major tax cut while punishing expenditure on leisure goods and activities.

ECONOMIC SURVEY 2016-17

The Union Finance Minister Arun Jaitley on 31 January 2017 presented the Economic Survey 2017 in the Parliament. The survey observed that the Indian Economy has sustained a macro-economic environment of relatively low inflation, fiscal discipline and moderate current account deficit coupled with broadly stable rupee-dollar exchange rate.

HIGHLIGHTS OF ECONOMIC SURVEY 2016-17

- **Macro economy:** As per the advance estimates released by the Central Statistics Office, the growth rate of GDP at constant market prices for the year 2016-17 is placed at 7.1 per cent, as against 7.6 per cent in 2015-16.
- This estimate is based mainly on information for the first seven to eight months of the financial year.
- For 2017-18, it is expected that the growth would return to normal as the new currency notes in required quantities come back into circulation and as follow-up actions to demonetisation are taken.
- On balance, there is a likelihood that Indian economy may recover back to 6.75 per cent to 7.5 per cent in 2017-18.
- **Fiscal:** Indirect taxes grew by 26.9 per cent during April-November 2016.
- The strong growth in revenue expenditure during April-November 2016 was boosted mainly by a 23.2 per cent increase in salaries due to the implementation of the Seventh Pay Commission and a 39.5 per cent increase in the grants for creation of capital assets.
- **Prices:** The headline inflation as measured by Consumer Price Index (CPI) remained under control for the third successive financial year.
- The average CPI inflation declined to 4.9 per cent in 2015-16 from 5.9 per cent in 2014-15 and stood at 4.8 per cent during April-December 2015.
- Inflation based on Wholesale Price Index (WPI) declined to (-) 2.5 per cent in 2015-16 from 2.0 per cent in 2014-15 and averaged 2.9 per cent during April-December 2016.

- Inflation is repeatedly being driven by a narrow group of food items. Among them, pulses continued to be the major contributor of food inflation.
- **Trade:** Trade deficit declined to USD 76.5 billion in 2016-17 (April-December) as compared to USD 100.1 billion in the corresponding period of the previous year.
- The current account deficit (CAD) narrowed in the first half (H1) of 2016-17 to 0.3 per cent of GDP from 1.5 per cent in H1 of 2015-16 and 1.1 per cent in 2015-16 full year.
- Robust inflows of foreign direct investment and net positive inflow of foreign portfolio investment were sufficient to finance CAD.
- In H1 of 2016-17, India's foreign exchange reserves increased by USD 15.5 billion on Balance of Payments (BoP) basis.
- During 2016-17 so far, the rupee has performed better than most of the other emerging market economies.
- **External Debt:** At end-September 2016, India's external debt stock stood at USD 484.3 billion, recording a decline of USD 0.8 billion over the level at end-March 2016.
- India's key debt indicators compare well with other indebted developing countries and India continues to be among the less vulnerable countries.
- **Agriculture:** Agriculture sector is estimated to grow at 4.1 per cent in 2016-17 as opposed to 1.2 per cent in 2015-16.
- **Industry:** Growth rate of the industrial sector is estimated to moderate to 5.2 per cent in 2016-17 from 7.4 per cent in 2015-16.
- During April-November 2016-17, a modest growth of 0.4 per cent has been observed in the Index of Industrial Production (IIP).
- The eight core infrastructure supportive industries, viz. coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity registered a cumulative growth of 4.9 per cent during April-November 2016-17 as compared to 2.5 per cent during April-November 2015-16.
- **Services:** Service sector is estimated to grow at 8.9 per cent in 2016-17, almost the same as in 2015-16.

- The payouts of the Seventh Pay Commission are estimated to push up the growth in services.
- **Social Infrastructure, Employment and Human Development:** The Parliament has passed the Rights of Persons with Disabilities Act, 2016.
- The Act aims at securing and enhancing the rights and entitlements of Persons with disabilities.
- The Act proposed to increase the reservation in vacancies in government establishments from 3 per cent to 4 per cent for those persons with benchmark disability and high support needs.

INTERESTING FACTS ABOUT INDIAN ECONOMY

The Finance ministry of India released The Economic Survey 2017 on 31, January, 2017. This time the economic survey mentioned some interesting facts about Indian Economy which are important to know about our diversified economy. Here, we have also attached important facts about Economic Survey in the table.

1. Increase in migration

The estimates of railway passenger traffic data reveal annual work-related migration of about 9 million people, almost double what the 2011 Census suggests.

2. Wrong Methodology of Ranking

China's credit rating was upgraded from A+ to AA- in December 2010 while India's has remained unchanged at BBB-. From 2009 to 2015, China's credit-to-GDP soared from about 142 percent to 205 percent and its growth decelerated. The contrast with India's indicators is striking.

3. Weak Targeting of Social Programs and Welfare Spending

New Evidence on Weak Targeting of Social Programs Welfare spending in India suffers from misallocation: as the pair of charts show, the districts with the most poor (in red on the left) are the ones that suffer from the greatest shortfall of funds (in red on the right) in social programs. The districts accounting for the poorest 40% receive 29% of the total funding.

4. Political Democracy but Fiscal Democracy?

India has 7 taxpayers for every 100 voters ranking us 13th amongst 18 of our democratic G-20 peers.

5. India's Distinctive Demographic Dividend

India's share of working age to non-working age population will peak later and at a lower level than that for other countries but last longer. The peak of the growth boost due to the demographic dividend is fast approaching, with peninsular states peaking soon and the hinterland states peaking much later.

6. India Trades More Than China and a Lot Within Itself

As of 2011, India's openness - measured as the ratio of trade in goods and services to GDP has far overtaken China's, a country famed for using trade as an engine of growth. India's internal trade to GDP is also comparable to that of other large countries and very different from the caricature of a barrier-riddled economy.

7. Divergence within India

Time Spatial dispersion in income is still rising in India in the last decade (2004-14), unlike the rest of the world and even China. That is, despite more porous borders within India than between countries internationally, the forces of "convergence" have been elusive.

8. Property Tax Potential Unexploited

Evidence from satellite data indicates that Bengaluru and Jaipur collect only between 5% to 20% of their potential property taxes.

What is Economic Survey?

The Economic Survey is presented in the parliament every year by The Finance Ministry of India. The Economic Survey is usually presented in Parliament a day before the presentation of the Union Budget.

This survey acts as a precursor to the budget. It discusses the prospects, challenges and outlook of the economy. Apart from it, it recommends reform measures that are essential to thrive and propel the economy.

It can be said that the economic survey is the finance ministry's view on the annual economic development of the Indian economy over the previous 12 months.

The government's performance on major development programs, and the policy initiatives of the government and the prospects of the economy in the short to medium term are summarized in this document.

Earlier, the budgetary exercise was completed only by mid-May and with the monsoon arriving in June, most of the programs and expenditures by states did not take off until October. It left just half-a-year for their implementation.

In September previous year, the government decided to end a nearly a century-long practice and it merged the railways budget with the General Budget. And the presentation of the budget was decided to be advanced to expedite spending and boost the economy.

What is the chronology of The Economic Survey?

In India, the first Economic Survey was presented in 1951 for 1950-51. Till 1964, Economic Survey document was used to be circulated along with Budget papers. It is intriguing that the words Budget and Economic Survey are not mentioned in the Constitution of India. They derive their authority from Article 112 of the Constitution, which states that the government shall present the "annual financial statement" before Parliament. In Britain, such documents are generally called budget. So it can be said that India borrowed the term and tradition from Britain.

Major things to be focused on this Economic Survey

The major issues to be focused on The Economic survey 2017 are the economic logic behind demonetizing higher denomination notes of Rs 1,000 and Rs 500 and its impacts on the economy, its analysis of economic growth trajectory especially after the International Monetary Fund speculated growth projection for India to 6.6% for 2016-17 and 7.2% in 2017, and the Universal Basic Income, which guarantees a minimum income to every citizen.

Are the recommendations made by survey mandatory for the government to follow?

The recommendations and suggestions made by the economic survey serve only as a policy guide for the government. The government is not bound to follow them. In past too, suggestions charted out in the economic survey were not followed in budget proposals on many occasions.

BUDGET QUIZZES

1. As per the Union Budget 2017, two new All India Institutes of Medical Sciences will be started in which of the following two states?
 - a) Jharkhand and Gujarat
 - b) Jharkhand and Bihar
 - c) Rajasthan and Gujarat
 - d) Rajasthan and Bihar
2. As per the Union Budget 2017, how much amount has been allocated for the infrastructure sector for the year 2017-18?
 - a) Rs. 2,96,134 crore
 - b) Rs. 3,96,134 crore
 - c) Rs. 3,86,134 crore
 - d) Rs. 4,96,134 crore
3. The Finance Minister Arun Jaitley, in the Budget 2017 speech, announced that Indian Railways will focus on four major areas. Which of the following is not one of them?
 - a) Passenger Safety
 - b) Capital and Development Works
 - c) Women Security
 - d) Cleanliness
4. How many railways stations will be made differently-abled friendly by providing lifts and escalators, as per the Union Budget 2017?
 - a) 400
 - b) 300
 - c) 1000
 - d) 500
5. How much total expenditure is predicted in the Union Budget 2017?
 - a) Rs 18.20 lakh crore
 - b) Rs 21.47 lakh crore
 - c) Rs 27.89 lakh crore
 - d) Rs 31.41 lakh crore

6. The Union Finance Minister presented Union Budget 2017 in the Lok Sabha. In this regard, consider the following statements.

- I. Union Government will launch two new Schemes to promote the usage of BHIM App
- II. These two schemes are Referral Bonus Scheme for individuals and a Cashback Scheme for merchants

Which is/are correct?

- a) Only I
- b) Only II
- c) Both I and II
- d) Neither I nor II

7. As per the Union Budget 2017, transaction above how much amount will not be permitted in cash?

- a) Rs 3 lakhs
- b) Rs 10 lakhs
- c) Rs 5 lakhs
- d) Rs 7 lakhs

8. Arun Jaitley in the Union Budget 2017 announced launching of a platform to leverage Information Technology. Name the platform.

- a) VIKAS
- b) SWAYAM
- c) SWARA
- d) SWARNA

9. Finance Minister Arun Jaitley, in the Union Budget 2017, announced an action plan to eliminate which of the following diseases by the year 2018?

- a) Kala-Azar
- b) Filariasis
- c) Measles
- d) Leprosy

10. As per the Union Budget 2017, elimination of tuberculosis is targeted by which of the following years?

- a) 2020
- b) 2019
- c) 2025
- d) 2027

11. In order to bring transparency in electoral funding, the cash donation to political parties from one person is limited to

- a) Rs 2000
- b) Rs 3000
- c) Rs 4000
- d) Rs 5000

12. Personal income tax for people with income in the slab of 2.5 lakh to 5 lakh was reduced from 10% to

- a) 5%
- b) 6%
- c) 7%
- d) 8%

13. Fiscal deficit for 2017-18 is pegged at

- a) 3.2% of GDP
- b) 4.2% of GDP
- c) 5.2% of GDP
- d) 6.2% of GDP

14. Which of the following sector was given the status of infrastructure sector?

- a) Entertainment Sector
- b) Affordable Housing
- c) Railways
- d) Inland waterways

15. To improve Ease of Doing Business , presumptive income scheme for audit of entities was raised from Rs. 1 crore to

- a) Rs 2 crore
- b) Rs 3 crore
- c) Rs 4 crore
- d) Rs 5 crore

16. As per Union Budget 2017, Agriculture Sector is expected to grow at what per cent in the FY 2017-18?

- a) 3.8 per cent
- b) 4.1 per cent
- c) 4.6 per cent
- d) 4.8 per cent

17. In Union Budget 2017, the Agriculture Credit Target for FY 2017-18 was fixed at what price?

- a) Rs 5 lakh crore
- b) Rs 10 lakh crore
- c) Rs 15 lakh crore
- d) Rs 20 lakh crore

18. How much funds were allocated for the Pradhan Mantri Fasal Bima Yojana (PMFBY) under the Union Budget 2017?

- a) Rs 5000 crore
- b) Rs 7000 crore
- c) Rs 9000 crore
- d) Rs 11000 crore

19. In Union Budget 2017, how much amount was allocated for the Integrated Child Development Services (ICDS) Anganwadi Centres?

- a) Rs 500 crore
- b) Rs 600 crore
- c) Rs 700 crore

d) Rs 800 crore

20. What amount of financial assistance will be granted to the pregnant women who undergo institutional delivery under Maternity Benefit Scheme as per Budget 2017?

a) Rs 2000

b) Rs 4000

c) Rs 6000

d) Rs 8000

21. As per Budget 2017, the Union Government plans to eradicate Leprosy by which year?

a) 2017

b) 2018

c) 2019

d) 2020

22. As per the Union Budget 2017, how much amount has been allocated for the infrastructure sector for the year 2017-18?

a) Rs. 2,96,134 crore

b) Rs. 3,96,134 crore

c) Rs. 3,86,134 crore

d) Rs. 4,96,134 crore

23. The Finance Minister Arun Jaitley, in the Budget 2017 speech, announced that Indian Railways will focus on four major areas. Which of the following is not included those major areas?

a) Passenger Safety

b) Capital and Development Works

c) Women Security

d) Cleanliness

24. How many railways stations will be made differently-abled friendly by providing lifts and escalators, as per the Union Budget 2017?

- a) 400
- b) 300
- c) 1000
- d) 500

25. The Union Finance Minister presented Union Budget 2017 in the Lok Sabha. In this regard, consider the following statements.

I. Under the Pradhan Mantri Gram Sadak Yojana (PMGSY), roads have accelerated to reach 133 km roads per day in 2016-17.

II. A sum of Rs 19000 crore has been provided in 2017-18 for the Pradhan Mantri Gram Sadak Yojana.

Which is/are correct?

- a) Only I
- b) Only II
- c) Both I and II
- d) Neither I nor II

26. As per the Union Budget 2017, how many houses would be completed by 2019 for the houseless and those living in kutcha houses?

- a) Fifty lakh houses
- b) Seven thousand houses
- c) Fifty-two thousand houses
- d) One crore houses

27. How much amount has been allocated for Rural, Agriculture and Allied sectors?

- a) Rs. 187223 crores
- b) Rs. 167223 crores
- c) Rs. 126223 crores
- d) Rs. 187233 crores

28. As per the Union Budget 2017, which of the following national agencies will be phased-out in the next fiscal?

- a) Foreign Investment Promotion Board
- b) Investment Promotion Agency
- c) Indian Chamber of Commerce
- d) None of the above

29. As per the Finance Minister Arun Jaitley's Union Budget 2017 speech, how much per cent of the total FDI inflows are now through the automatic route?

- a) 88%
- b) 92%
- c) 90%
- d) 45%

30. As per the Union Budget 2017, threshold limit for audit of business entities that opt for presumptive income scheme has been raised to how much amount?

- a) Rs. 1 crore
- b) Rs. 2 crore
- c) Rs. 3 crore
- d) Rs. 1.5 crore

ANSWERS

1. (a) Jharkhand and Gujarat
2. (b) Rs. 3,96,134 crore
3. (c) Women Security
4. (d) 500
5. (b) Rs 21.47 lakh crore
6. (c) Both I and II
7. (a) Rs 3 lakhs
8. (b) SWAYAM

9. (d) Leprosy
10. (c) 2025
11. (a) Rs 2000
12. (a) 5%
13. (a) 3.2% of GDP
14. (b) Affordable Housing
15. (a) Rs 2 crore

16. (b) 4.1 per cent

17. (b) Rs 10 lakh crore

18. (c) Rs 9000 crore

19. (a) Rs 500 crore

20. (c) Rs 6000

21. (b) 2018

22. (b) Rs. 3,96,134 crore

23. (c) Women Security

24. (d) 500

25. (c) Both I and II

26. (d) One crore houses

27. (a) Rs. 187223 crores

28. (a) Foreign Investment Promotion Board

29. (c) 90%

30. (b) Rs. 2 crore

BUDGET 2017: EXAM BOOSTERS

- As per Union Budget 2017, a dedicated micro-irrigation fund will be set up by NABARD to achieve the goal of 'Per Drop More Crop'. This fund will be set up with an initial corpus of – **Rs 5000 crore**
- The coverage of Pradhan Mantri Fasal Bima Yojana will be increased to what per cent in the FY 2017-18 – **40 per cent**
- The Union Budget 2017 allocated this much money to develop Dairy Processing Units – **Rs 8000 crore**
- The total Budgetary support to Agriculture and rural sector was raised by this many per cent in FY 2017-18 – **27 per cent**
- In order to improve access to irrigation, the Budget 2017 has provided this much money for long-term irrigation fund under NABARD – **Rs 20000 crore**
- As per Budget 2017, the Union Government plans to eradicate Tuberculosis by the end of this year – 2025
- The Union Budget 2017 enhances the allocation of funds for the Scheduled Castes by this many per cent – **35 per cent**
- The total Budgetary allocation for the all-round development of Scheduled Tribes is – **Rs 31920 crore**
- How much amount was allocated for Minority Affairs in Union Budget 2017 - **Rs 4195 crore**
- This facility was announced for the Senior Citizens in the Union Budget 2017 - **Aadhar based Smart Cards**
- As per the Union Budget 2017, transaction above how much amount will not be permitted in cash – **Rs 3 lakhs**
- The budgetary allocation for transportation sector as a whole, including rail, roads and shipping - **Rs 241387 crores**
- How many kilometres of coastal connectivity roads have been identified for construction and development to facilitate better connectivity with ports and remote villages - **2000 kms**
- The total capital and development expenditure on Railways has been pegged at - **Rs 131000 crores**
- The Union Government targets to achieve 100 per cent village electrification by - **1 May 2018**

- The allocation for the Deendayal Upadhyaya Gram Jyoti Yojana in 2017-18 is - **Rs 4814 crores**
- The allocation for the Deendayal Antyodaya Yojana- National Rural Livelihood Mission in 2017-18 is - **Rs 4500 crore**
- The allocation for Prime Minister's Employment Generation Programme and Credit Support Schemes has been increased by – **3 times**
- As per the Union Budget 2017, mason training will be provided to 5 lakh persons for imparting new skills to the people in the rural areas. This will be done by which year – **2022**
- The budget target under the Pradhan Mantri Mudra Yojana has been doubled to how much amount - **Rs 2.44 lakh crores**
- How much amount has been earmarked for the recapitalisation of Banks in 2017-18 - **Rs 10000 crores**
- As per the Union Budget, the fiscal deficit for 2017-18 is pegged this much percent of GDP - **3.2 per cent**
- The fiscal deficit target for FY 2018-19 is - **3.3 per cent**
- Allocation of Defence-related expenditure is - **Rs 274114 crores**
- As per the Economic Survey 2016-17, the indirect taxes grew by how much percent during April-November 2016 – **26.9 per cent**
- Trade deficit declined to how much amount in 2016-17 (April-December) - **USD 76.5 billion**
- In the first half of 2016-17, India's foreign exchange reserves increased by how much amount on BoP basis - **USD 15.5 billion**
- As per the Economic Survey, imports declined by 7.4 per cent to how much amount during 2016-17 (April-December) - **USD 275.4 billion**
- The area coverage under Gram (Channa Dal) as on 13.01.2017 for 2016-17 is how much percent higher than that in the corresponding week of 2016 - **10.6 per cent**
- The CPI based core inflation remained stable in the current fiscal year averaging around how much percent – **5 per cent**

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