

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/324676193>

Addressing Aspirations- The Union Budget 2017-18

Research · February 2017

DOI: 10.13140/RG.2.2.20462.31044

CITATIONS

0

READS

2

1 author:



Bhagawati Paraksh Sharma

Pacific University India

265 PUBLICATIONS **0** CITATIONS

SEE PROFILE

Pic : Hemraj Gupta



Finance Minister Arun Jaitley addressing the media persons at National Media Centre, New Delhi

Addressing Aspirations

The Union Budget 2017-18 is a unique blend of comprehensive initiatives to take care of aspirations of most of the sectors of economy and sections of society

■ Dr Bhagwati Prakash

The Union budget for 2017-18 is uniquely balanced with its focus upon all-round development of agriculture, industry, animal husbandry, rural areas, infrastructure, defence, education, health, housing, startups, etc. Focusing upon inclusive growth it is well dedicated for the welfare of women, child, youth and all vulnerable sections of the society. Moreover, the Finance Minister (FM), while limiting within fiscal prudence by keeping the fiscal deficit at 3.2% of GDP has raised outlays for all deserving and demanding heads of development and welfare. Yet, he has pegged the overall expenditure

growth quite low, at 6.5%, when the nominal GDP growth is also projected at 11.75%. Prioritising investment-expenditure and highlighting the developmental needs of country the FM has raised capital expenditure by more than 10% to Rs 3.1 lakh crore.

Focus on Inclusive Growth and Development

The initiatives highlighted in budget for the forthcoming fiscal, comprehensive to address all segments of economy and all sections of society, while keeping the overall expenditure growth pegged to 6.5%, have provided enhanced outlays on key areas like agriculture, rural development and

employment generation by more than 20%, 25% and 42% respectively, over the current year's budget estimates. It deserves all the praise for curbing non-productive expenditures and dedicating resources on development and welfare. The social sectors, including education, health and other welfare heads have also weighed heavily in the priority of the FM to have secured a growth of more than 16% over the current fiscal. A hefty allocation of Rs. 3.96 lakh crore (13.5% above the current year's allocation) on infrastructure would trigger growth into several sectors by generating the demand directly and indirectly through a trickle down

UNION BUDGET 2017-18

impact. Allocation of 18% of the total budgetary outlay of Rs 21.5 lakh crore next year, is a pleasant surprise for the long term developmental needs almost without getting tempted to deviate and divert these funds towards cheap populist announcements, to wean voters in the 5 states going to polls. It portrays noble and ideal democratic propriety on the part of the government.

Agriculture: Key Focus Area

In tune with the government's commitment to double the farmers' income the Budget has extended very liberal support to the agriculture to almost a record level, ever given after the end of the first five year plan. Total allocations for agriculture and allied sectors have peaked to a new high of Rs 1,87,223 crore, 24% up from the last year along with a most ambitious target of coverage of Fasal Beema Yojna to go up to 40% of cropped area in 2016 and 50% in 2018-19 from 30% at present. The ambitious target to cover all the 648 Krishi Vigyan Kendra for setting up new mini labs for issuance of soil health cards which would go a long way to fine-tune soil health, right needs assessment of nutrients and to improve productivity. In India, animal husbandry gives a silver lining for the farmer to survive with additional income in tough times. So, creation of dairy processing infrastructure fund with a initial corpus of Rs 2,000 crore is a good beginning.

Rural Centric

Rural development has a big bang of package in the next fiscal's budget to bring 1 crore households out of poverty by 2019, almost unprecedented in the history of poverty alleviation programmes of 5 decades coupled with the proposal to complete 1 crore houses for poor households, devoid of homes in the rural area. Besides, the next fiscal is going to be a landmark year in the history of the country to achieve 100% rural electrification, a long cherished goal for decades. For

this purpose an allocation of Rs 4,814 crore has been provided under the Deen Dayal Upadhyaya Gramjyoti Yojna in 2017-18. For raising the value addition and enhancing the productivity contribution from of MGNREGA works would be fine-tuned by use of space technology in a big way, with the target of taking up 5 lakh farm ponds under the MGNREGA. It would revolutionise the villages to be draught proof. The target 5 lakh farm ponds and 10 lakh compose pits announced in the last budget from MGNREGA funds would not only been fully achieved by March 2017 but would exceed by 100%, wherein 10 lakh farm ponds would be completed by March 2017. Another landmark in the history of MGNREGA is that participation of women increased to 55% from less

than 48% earlier.

Opportunities for Youth and Quality Education

While stepping up the government's focus upon youth and poverty alleviation, the government has proposed herculean task of training 3.5 crore youth under the livelihood promotion, programme "Sankalp" for providing market relevant training at a cost of Rs 4,000 crore. Creation of 5,000 additional medical P.G. seats and proposal to set up new All India Institute of Medical Science (AIIMS) for Jharkhand and Gujarat would serve the twin purpose of offering enhanced opportunities of medical education to a greater number of youth as well as to augment the availability of medical professionals in the country.

Proposal to introduce a system of

Sectoral Scenario

Agriculture



Rs 10 lakh crore allocated as credit to farmers, with 60 days interest waiver

NABARD fund will be increased to Rs 40,000 crore

Government will set up mini labs in Krishi Vigyan Kendras for soil testing

A dedicated micro irrigation fund will be set up for NABARD with Rs 5,000 crore initial corpus

Irrigation corpus increased from Rs 20,000 crore to Rs 40,000 crore

Issuance of soil health cards has gained momentum

Rural population



The government targets to bring 1 crore households out of poverty by 2019

During 2017-18, five lakh farm ponds will be taken up under the MGNREGA

Over Rs 3 lakh crore will be spent for rural India. MGNREGA to double farmers' income

Space technology will be used in a big way to ensure MGNREGA works

The government proposes to complete 1 crore houses for those without homes

Railways



Total allocation for Railways is Rs 1,31,000 crore

No service charge on tickets booked through IRCTC

Raksha coach with a corpus of Rs 1 lakh crore for five years (for passenger safety)

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

By 2019 all trains will have bio-toilets

500 stations will be made differently-abled friendly

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

Head post office as the central office for rendering passport service

Easy online booking system for Army and other defence personnel



Electricity

Target to achieve 100% rural electrification by March 2018

UNION BUDGET 2017-18

Sectoral Scenario

Youth



Will introduce a system of measuring annual learning outcomes and come out with an innovation fund for secondary education

Focus will be on 3,479 educationally-backward blocks

Colleges will be identified based on accreditation

Set up 100 India International centres across the country

Courses on foreign languages will be introduced

Will take steps to create 5000 PG seats per annum

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

Funding in politics



The maximum amount of cash donation for a political party will be Rs. 2,000

Political parties will be entitled to receive donations by cheque or digital mode from donors

An amendment is being proposed to the RBI Act 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

Health care



Two AIIMS will be set up in Jharkhand and Gujarat

Rs 500 crore allocated for Mahila Shakthi Kendras

Under a nationwide scheme for pregnant women, Rs 6000 will be transferred to each woman

Elimination of tuberculosis along with Kala Azar, Leprosy and Measles by 2025 targeted

Health sub centres, numbering 1.5 lakh, will be transformed into health wellness centres



Announcement of the goal to eradicate Tuberculosis, Kala Azar and some other diseases from India by 2025 is a welcome step. Equally, the announcement of 1.5 lakh health wellness centres will help the citizens get better healthcare. It's time to focus more on prevention

– Varun Khanna,

Chair, India Working Group, Advamed



correct anomalies in the indirect tax structure to encourage manufacturing in the country. Sectors including information technology hardware, capital goods, defence production, textiles, minerals fuels and mineral oils, chemicals and petrochemicals, paper, paperboard and newsprint, maintenance repair and overhauling (MRO) of aircraft and ship repair will see changes in their customs and excise duty structure. This will bring down manufacturing and compliance costs, boosting global competitiveness of domestic operators.

Silver medallion, silver coins having silver content not below 99.9%, semi-manufactured, will now attract countervailing duty to stimulate the domestic jewellery sector. There is exemption of excise duty on several solar energy items, micro-ATMs and PoS (Point of Sale) devices, which would give further boost to Make in India initiative.

MSMEs & Spurt to Start Ups

Now the SMEs with turnover up to Rs 2 crore will attract lower presentive tax of 6% instead of 8%. The corporate tax has



Pankaj Patel, President, FICCI

'This Budget will strengthen the economy'

This budget tremendously strengthens the economic muscle of the country. FICCI compliments the Finance Minister on his vision for the economy which alongside economic growth also ensures economic justice. Growth without inclusion can be a liability for the country. One of the major take away from this budget is the reform introduced in the area of political funding. FICCI had represented to the government for bringing in such measures that will enhance transparency in line with the tenets of good governance. I give full marks to the government for this bold and pragmatic measure.

measuring annual learning outcome an innovation fund for secondary Education alongwith revamping of UGC, including ranking of colleges and grant of more autonomy to colleges qualifying in the ranking process would go a long way in improving the quality

of education in the country.

Boost for Domestic Manufacturing

Make in India, the flagship programme of the government, would get a big boost with the budget unveiling fresh steps to

UNION BUDGET 2017-18



We welcome the proposal to set up National Testing Agency for all Entrance Exams for higher education. It will relieve the CBSE and various universities from the additional task of conducting such exams. Proposal for reforms in UGC too is welcome. ABVP is demanding it for long

– Vinay Bidre,

National General Secretary, ABVP



been reduced from 30% to 25% for those who have annual turnover of less than 50 crore. Start ups will have to pay taxes for 3 out of 7 years. The proposal for credit guarantee for start-ups has also been doubled from Rs 1 crore to 2 crore. These would go a long way in promoting start-ups and MSME sectors.

The government's push to enlarge India's digital footprint is set to deliver a vast slew of opportunities for startups in areas from education to healthcare, entertainment and financial technology. The Indian startup sector -accustomed to being in the spotlight during preceding Union Budgets are again enthused from the allocation of Rs 10,000 crore for the BharatNet project in fiscal 2018 is expected to spur rural connectivity, as it will deliver high-speed broadband to over 1.5 lakh Gram Panchayats with hotspots and access to digital services at low tariffs. Digital entrepreneurs believe this is the highway that will help them penetrate rural markets.

Sops for Hardware Startups

Increased allocation for incentive



A Didar Singh, SG, FICCI

'Major benefits for the small and medium sectors'

More emphasis on social, rural and agriculture sector is a good thing. We believe in inclusive growth, so we are moving in that direction. Increase in funds for MGNREGA, rural housing, health, education and skills are good for the entire economy. In terms of taxation there is a major benefit for the small and medium sectors where companies of annual turnover of up to Rs 50 crore have to pay only 25 per cent, which was earlier 30 per cent.



Increased transparency in the economy will strengthen the infrastructure development. The new mechanism for political parties is also a welcome step. For the first time any government has taken such a bold step

– Rohit Vasvani, Organising Secretary, BVSS

schemes like M-SIPS (Modified Special Incentives Package Scheme) and EDF (Electronics Development Fund) to the tune of Rs 745 crore in 2017-18, is a welcome step when, 250 investment proposals for electronics manufacturing, with an investment of Rs 1.26 lakh crore, have already been received in the past two years.

Less-Cash Era and Income Tax Sops

The Finance Minister has given big relief to salaried people to halve the tax rate of 10% to 5% for individual assesses of income Rs 2.5 lakh to Rs 5 lakh. The shift to accrual-based financial statements for railways by March 2019 is another important step for comprehensive transparency in public finances. As expected, the budget re-emphasised the importance of improved tax compliance. In addition to the rollout of the goods and services tax, the limits on cash transactions and the proposals for political funding would improve compliance and transparency.

Financial sector in Cheers Never Before

The stock markets have given a thumbs-up response to the Budget

posting their biggest single-day gain of two months. In terms of budget day performance, both the indices rallied the highest in 12 years. The boost given in budget to housing has fired up shares of banking, real estate, housing finance and cement companies.

A Unique Blend

Thus, union Budget for 2017-18 is a unique blend of comprehensive initiatives to take care of aspirations of most of the sectors of economy and sections of society with core focus on the development of farmers, upliftment of rural population, all around youth development, massive boost to poor and under privileged people and on unprecedented push for the infrastructure development.

It is most comprehensive in approach with utmost fiscal prudence for a renewed spurt to inclusive growth. It is also first time that the budget is presented under 10 discrete themes and well in advance on February 1, to put it in action from day one of the new fiscal with requisite preparatory work.

*(The writer is Vice-Chancellor of Pacific University, Udaipur)
With inputs from Nishant Kr Azad*