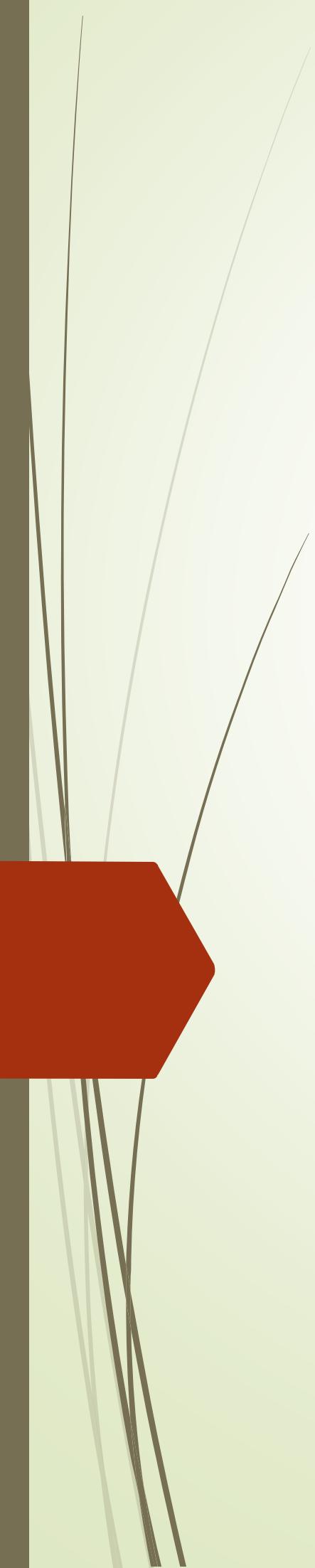


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Key highlights of Budget 2016-17

Indian Finance Minister Arun Jaitley unveiled a budget for the poor on Monday, announcing new rural aid schemes and skimping on a bank bailout.

Key highlights of Budget 2016-17:

- To double farmers' income by 2022
- Govt. is launching a new initiative to provide cooking gas to BPL families with government's support
- Rs. 9000 crore provided for Swachh Bharat Programme
- Villages will be rewarded to discourage open defecation
- RS 500 crore for Stand up India to promote entrepreneurship amongst SC, ST
- To set up 1500 multi skilled training institutes, Rs 1700, crore set aside for skill training institutes
- To promote 100 model career centres by end of 1016
- All small shops will be allowed to remain open all seven days of week. Model Shops and Establishment Bill soon
- Measures to speed up road construction: Rs. 55000 crore allocated for roads and highways by 2017
- To bring amendment in Passenger Vehicles Act: Entrepreneurs will be allowed to operate buses/ fleet services; will create jobs for youth and have multiplier effect on economy
- To open new greenfield ports in Eastern and Eastern sector
- Attempt to incentivise deep see gas exploration
- Public Utility and Resolution Bills to streamline conflicts in infrastructure area; Credit rating system for infrastructure projects
- To allow firms to launch infra bonds worth Rs. 31300 crore
- Small airports and air strips to be developed for improving regional connectivity
- FDI policy will address farmers' needs
- Fiscal Deficit target 3.5%, revised revenue deficit target at 2.5%
- Department of Disinvestment renamed

Key highlights of Budget 2016-17: Continued...

- ▶ New Bankruptcy code will be introduced in the Parliament in 2016; measure to fight bankruptcy in PSU banks
- ▶ NITI Aayog to identify PSUs for asset sale
- ▶ Rs. 25,000 crore for recapitalisation of PSU banks allocated; road for consolidation of PSU banks will be spelled out
- ▶ Debt r
- ▶ Recovery Tribunal will be strengthened
- ▶ Aadhar made compulsory for availing social sector benefits
- ▶ To introduce DBT in fertiliser on pilot basis
- ▶ Tax rebate to those under Rs. 5 lakh per annum
- ▶ Tax rebate on rent(HRA allowance) increased to Rs 60,000 per annum for Rs 24,000 per annum
- ▶ 100% tax deduction for startups for first three years
- ▶ New manufacturing companies to be taxed 25% if not benefits availed
- ▶ 40% of the Corpus of NPS withdrawn at the time of retirement not to be tax free
- ▶ To exempt affordable houses up to 60 sq meter from service tax
- ▶ levy on purchase of luxury cars
- ▶ First time home buyer – Rs. 50,000 deduction for up to Rs. 30 lakh loan provided house cost not more than Rs 50 lakh
- ▶ 1% infrastructure cess proposed with an attempt to curb pollution
- ▶ 1% cess on petrol, CNG cars
- ▶ Tobacco tax up from 10% to 15%
- ▶ 2.5% cess on diesel, 4% on SUVs
- ▶ Under reporting of income to be taxed more; deadline of September 30 to disclose undeclared income
- ▶ Justice Iswar committee recommendations largely accepted
- ▶ No change in income tax slabs

India's union budget is largely in line" with the country's current rating and will not shift its current thinking. There was nothing too surprising in the budget. This is fairly in line with what we had expected.

Here is a category wise budget highlight

FISCAL DEFICIT

- ▶ Fiscal deficit seen at 3.9 percent of GDP in 2015/16
- ▶ Fiscal deficit seen at 3.5 percent of GDP in 2016/17
- ▶ Plan expenditure seen at 5.5 trillion rupees in 2016/17
- ▶ Proposes to set up panel to review fiscal responsibility management act

RURAL ECONOMY

- ▶ Rural jobs programme allocated 385 billion rupees (\$5.61 billion) in 2016/17
- ▶ Farmer welfare budget to total 359.84 billion rupees
- ▶ Rural road development to get 190 billion rupees
- ▶ Target of agriculture credit at 9 trillion rupees
- ▶ Interest subvention towards farm loans at 150 billion rupees

POLICY REFORMS

- ▶ Bankruptcy code for financial firms to be introduced in parliament in 2016/17
- ▶ RBI act is being amended for implementing monetary policy framework
- ▶ To list general insurances companies on stock exchanges

BANKING REFORMS

- ▶ Government to infuse 250 billion rupees capital into state-run banks in 2016/17; will find resources for additional capital for banks if required

Here is a category wise budget highlight...Continued.....

TAXATION

- Will not resort to retrospective taxation in future; one time tax dispute resolution proposed for retrospective taxation
- To rationalise corporate tax for new manufacturing companies
- To implement general anti avoidance tax rule from April 1, 2017
- Security transaction tax on options raised to 0.05 percent
- Proposes to levy infrastructure cess of 1-4 percent on certain models of cars
- Raises factory gate tax on various tobacco products by 10-15 percent
- Proposes limited compliance window on undeclared income of domestic tax payers
- Proposes new dispute resolution scheme to resolve tax disputes
- Proposes to abolish 13 different levies

BORROWING

- Gross market borrowing seen at 6 trln rupees for 2016/17- ET NOW

INFRASTRUCTURE

- Allocates 2.21 trillion rupees for infrastructure development for 2016/17
- Allocation for roads and highways development at 550 billion rupees
- Capital expenditure on roads and rail development at 2.18 trillion rupees

INVESTMENT

- 100 percent foreign direct investment to be allowed in food processing industry
- Promises further reforms in foreign direct investment policy in insurance, pension, asset recast companies

Here is a category wise budget highlight...Continued.....

DIVESTMENT

- To encourage central public enterprises to divest own assets for raising resources for new projects

MARKET REACTION

- India's benchmark 10-year bond yield falls 5-6 bps as Jaitley sets 2016/17 fiscal deficit target at 3.5 percent of GDP
- India's state-owned banks shares pare gains after Jaitley announces lower-than-expected capital infusion; SBI down 0.5 percent
- Indian rupee gains sharply to 68.61/dollar from around 68.70 levels on 2016/17 fiscal deficit target
- (\$1 = 68.6700 Indian rupees)

Budget at a Glance: Key Figures

(Figures in ₹ crore)	2014-15 Actuals	2015-16 Budget Estimates	2015-16 Revised Estimates	2016-17 Budget Estimates
Revenue Receipts	11,01,472	11,41,575	12,06,084	13,77,022
Capital Receipts	5,62,201	6,35,902	5,79,307	6,01,038
Total Receipts	16,63,673	17,77,477	17,85,391	19,78,060
Non-Plan Expenditure	12,01,029	13,12,200	13,08,194	14,28,050
Plan Expenditure	4,62,644	4,65,277	4,77,197	5,50,010
Total Expenditure	16,63,673	17,77,477	17,85,391	19,78,060
Revenue Deficit	3,65,519	3,94,472	3,41,589	3,54,015
Effective Revenue Deficit	2,34,759	2,68,000	2,09,585	1,87,175
Fiscal Deficit	5,10,725	5,55,649	5,35,090	5,33,904
Primary Deficit	1,08,281	99,504	92,469	41,234

Source: Budget 2016-17 documents

PIB/KBK



Budget Snapshot

Receipts

Revenue

2014-15 (Actuals) **11,01,472**

2015-16 (Budget Estimates) **11,41,575**

2015-16 (Revised Estimates) **12,06,084**

2016-17 (Budget Estimates) **13,77,022**

Capital

2014-15 (Actuals) **5,62,201**

2015-16 (Budget Estimates) **6,35,902**

2015-16 (Revised Estimates) **5,79,307**

2016-17 (Budget Estimates) **6,01,038**

Expenditure

Non-Plan

2014-15 (Actuals) **12,01,029**

2015-16 (Budget Estimates) **13,12,200**

2015-16 (Revised Estimates) **13,08,194**

2016-17 (Budget Estimates) **14,28,050**

Plan

2014-15 (Actuals) **4,62,644**

2015-16 (Budget Estimates) **4,65,277**

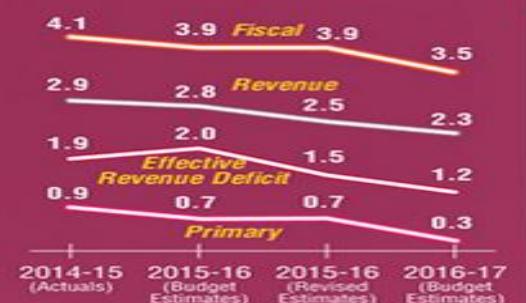
2015-16 (Revised Estimates) **4,77,197**

2016-17 (Budget Estimates) **5,50,010**



Deficit Trends

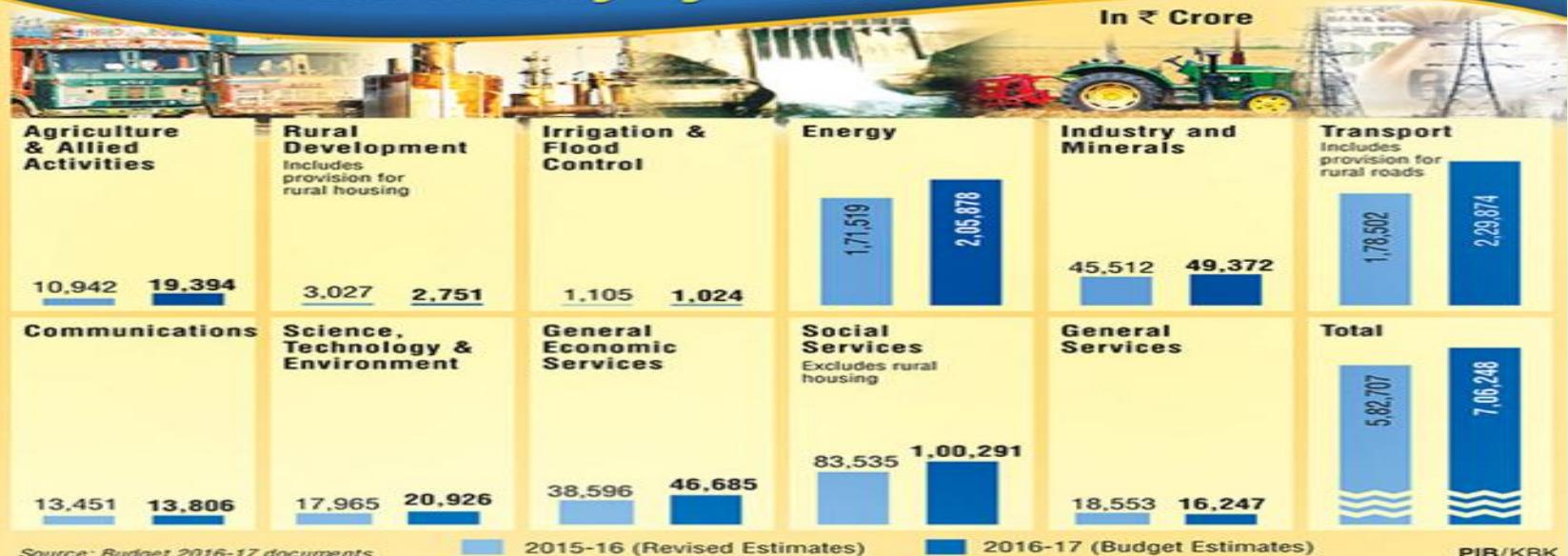
Percentage of GDP



Source: Budget 2016-17 documents

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Central Plan Outlay by Sectors



Source: Budget 2016-17 documents

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Union Budget 2016-17

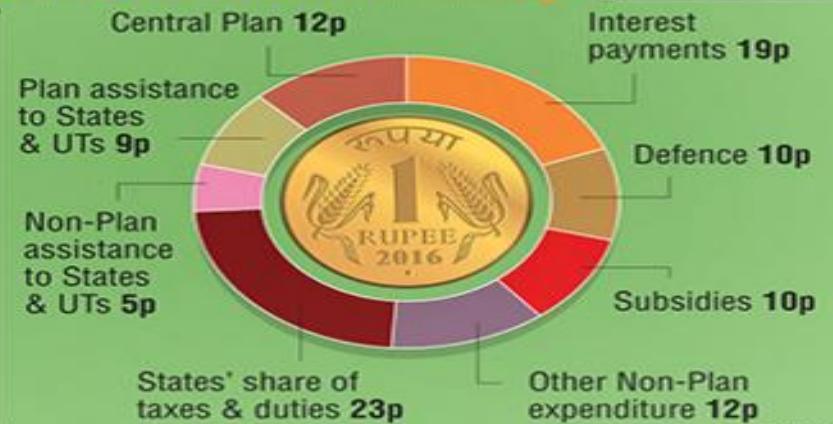


Rupee comes from



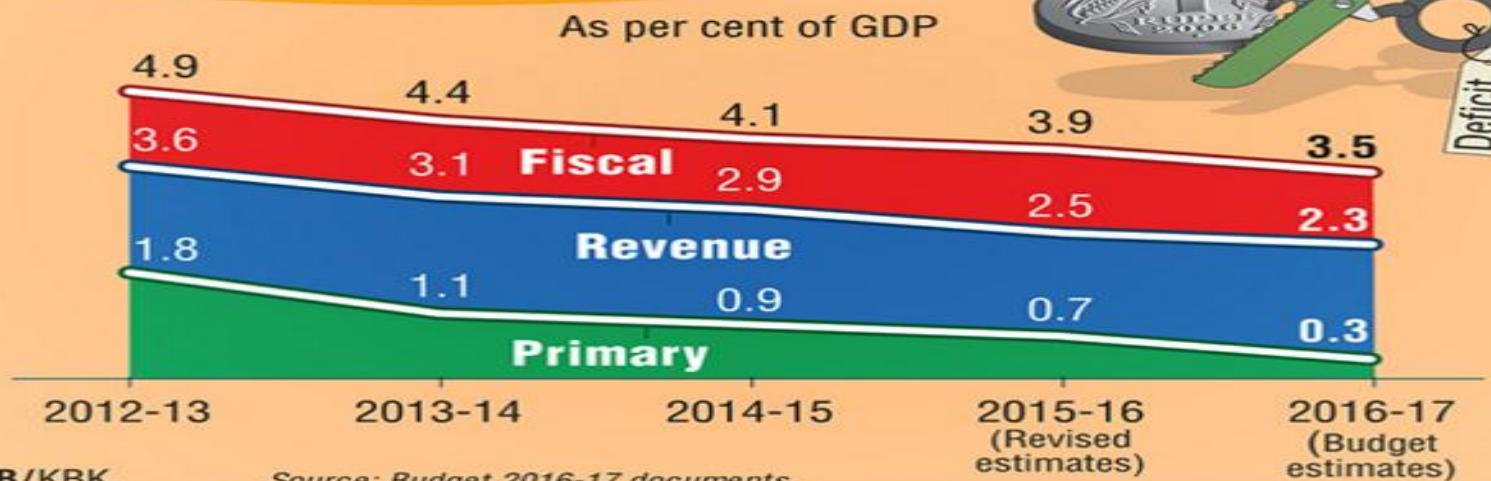
Source: Budget 2016-17 documents

Rupee goes to



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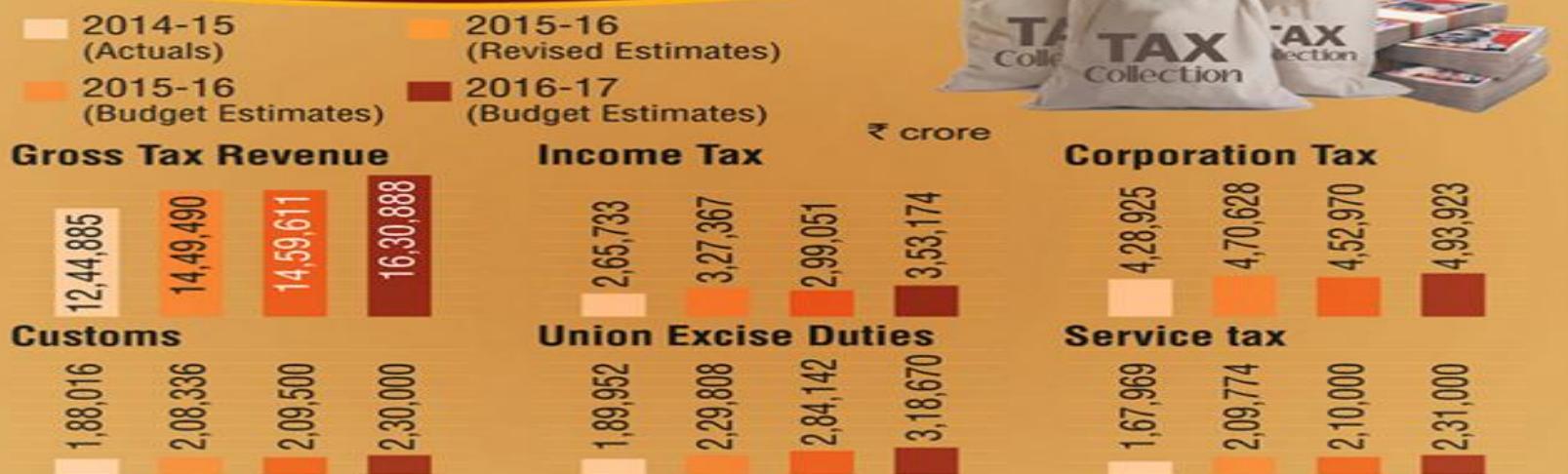
Trends in Deficit



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Source: Budget 2016-17 documents

Tax Collections



Source: Budget 2016-17 documents

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