

These Slides Accompany the YouTube Video Tutorial:
<https://www.youtube.com/watch?v=VxdTAp2TwBM>

Union Budget of India

Highlights 2016-17

Key Aspects

- Annual Financial Statement – Article 112
- 1st Budget by RK Shanukham Chetty in 1947
- Morarji Desai – Maximum Budget (10)
- Only women Finance Minister – Indira Gandhi
- Printing of Budget – 1 Week Before – Complete Isolation – North Block
- 1973-74: Black Budget – Deficit Rs. 550 Crore
- 1997-98: Dream Budget – Economic Reforms
- Starting 2017: Presented on 1st Feb
- Merger of Union & Rail Budget
- Removal of plan & non-plan expenditure for holistic allocations

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Kautilya's Arthashastra

- Estimate the Revenue
- Revenue = Receipts for Current year + Delayed Payment due in Earlier Years – (Expenditure + Exemptions + Postponement of Payments)
- Norman Period → Treasury + Exchequer
- Budget from “Bougette” French Word for Leather Bag

India – Budget by Finance Minister

- Estimates of expenditures (Plan & Non-Plan) and revenues (Capital & Current)
- First estimate of deficit (Shortfall in revenue)
- Narrowing of deficit
- Presentation and approval of budget

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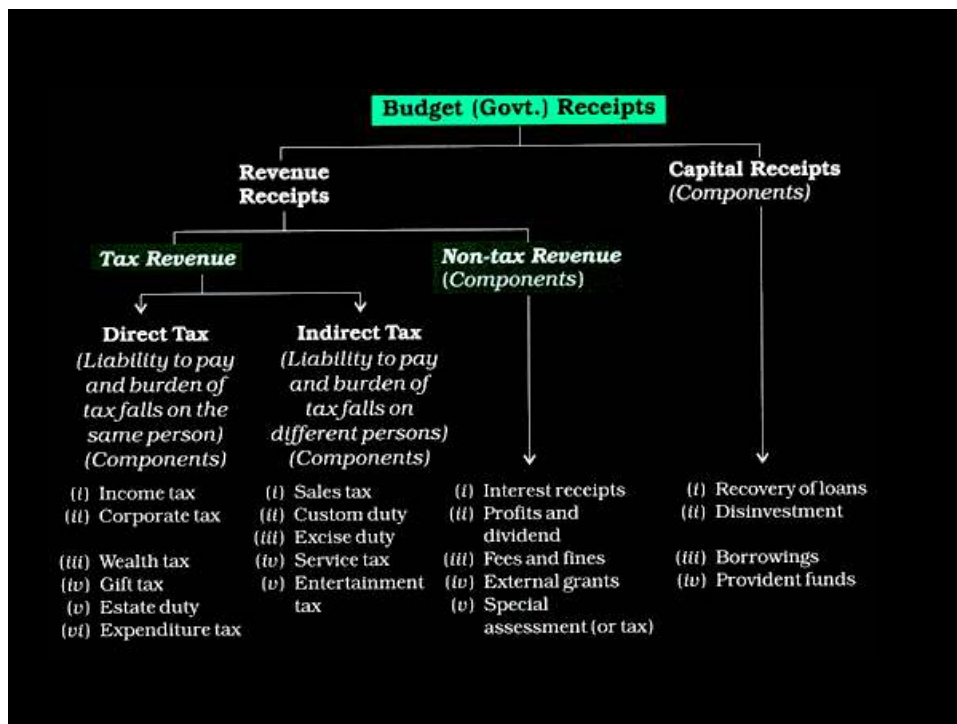
Plan & Non – Plan Expenditure

- Plan Expense
 - Major Proportion
 - Grants to Various Ministers
- Non Plan Expense
 - Interest payments
 - Subsidies
 - Wage and salary payments
 - Grants to States and UTs
 - Pensions, police, economic services
 - Tax collection, social services
 - Grants to foreign governments
 - Defense

Capital & Current Receipts

- Capital receipts
 - Repayment of loans given by the government
 - Receipts from divestment of public-sector equity and borrowings—both domestic and external
- Current receipts
 - Tax revenues
 - Receipts by way of dividends from public-sector units
 - Interest payments on loans given out by the central government

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Important Articles

- Article 114: Government can withdraw money from Consolidated Fund of India only on approval from Parliament & get the Appropriation Bills approved by Parliament. This authorizes the executive to spend money.
- Article 265: Prohibits the government from collecting any taxes without the authority of law. Finance Bill is released & it may levy new taxes, modify or continue the existing tax structure beyond the period approved by Parliament earlier.

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Important Documents

- Macro Economic Framework Statement: Enjoined by the Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act), contains an assessment of the growth prospects of the economy with specific underlying assumptions.
- Medium Term Fiscal Policy Statement: Enjoined by the FRBM Act sets forth a three year rolling target for specific fiscal indicators along with underlying assumptions..
- Fiscal Policy Strategy Statement: Enjoined by the FRBM Act, contains the policies of the Central Government for the ensuing financial year relating to taxation, expenditure, lending and investments, administered pricing, borrowings and guarantees.

2016-17 Highlights

- Current Account Deficit declined from 1% last year to 0.3% of GDP in the first half of 2016-17
- FDI ↑ by 36%
- Foreign Exchange Reserves at 361 Billion US \$
- War against black money
- Fiscal Consolidation
- Uncertainty for crude oil
- Retreat from globalization – Focus on protectionism
- Constitutional Amendment Bill for GST
- Demonetization of high currency notes
- Enactment of the Insolvency and Bankruptcy Code
- Enactment of the Aadhar bill for subsidies & benefits

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- Farmers : Double the income in 5 years
- Rural Population : Employment & basic infrastructure
- Youth : Education, skills and jobs
- Poor and the Underprivileged : Social security, health care and affordable housing
- Infrastructure: Efficiency, productivity and quality of life
- Financial Sector : Growth & stability by stronger institutions
- Digital Economy : Speed, accountability and transparency
- Public Service : Effective governance and efficient service delivery through people's participation
- Prudent Fiscal Management: Deployment of resources and preserve fiscal stability
- Tax Administration: Honoring the honest

- Demonetization: Liquidity in banking system will ↓ borrowing costs & ↑ access to credit
- Integrate Agri. Credit Society with Core Banking
- 1 crore households out of poverty by 2019
- Make 50,000 Gram Panchayats poverty free by 2019
- 100% village electrification by 2018
- National Rural Drinking Water Program (NRDWP): Safe drinking water to over 28,000 arsenic and fluoride affected areas in next 4 year
- Annual learning outcome in schools
- SWAYAM platform – 350 online courses

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- National Testing Agency: Autonomous and self-sustained premier testing organization to conduct all entrance examinations for higher education institutions
- Skill Acquisition and Knowledge Awareness for Livelihood Promotion program (SANKALP) to be launched
- Eliminate Kala-Azar and Filariasis by 2017, Leprosy by 2018, Measles by 2020 and Tuberculosis by 2025
- Reduce IMR from 39 in 2014 to 28 by 2019 and MMR from 167 in 2011-13 to 100 by 2018-2020
- 2 new AIIMS – Jharkhand & Gujarat
- Amend drugs & cosmetic rules
- Aadhar based smart cards for senior citizens

- For passenger safety, Rashtriya Rail Sanraksha Kosh: Rs. 1 lakh crores over 5 years
- Unmanned level crossings on Broad Gauge lines will be eliminated by 2020
- 'Coach Mitra', a single window interface, to register all coach related complaints
- 500 stations with lift & escalator
- All coaches with bio-toilets – by 2019
- New Metro Rail Policy – Innovative & indigenous

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- By 2017-18: high speed broadband connectivity on optical fibre will be available in more than 1,50,000 gram panchayats, under BharatNet
- DigiGaon initiative: Tele-medicine, education and skills through digital technology
- Establish strategic oil reserves at Chandikhole in Odisha and Bikaner in Rajasthan
- Trade Infrastructure for Export Scheme (TIES) will be launched in 2017-18
- Abolish Foreign Investment Promotion Board in 2017-18

- Establish Computer Emergency Response Team for our Financial Sector (CERT-Fin)
- Launch New ETF with diversified CPSE stocks and other Government holdings in 2017-18
- BHIM app - Referral Bonus Scheme for individuals & Cashback Scheme for merchants
- Aadhar Pay: Merchant version of Aadhar Enabled Payment System to be launched
- 10 lakh new POS terminals by March 2017
- Payments Regulatory Board in RBI by replacing existing Board for Regulation and Supervision of Payment and Settlement Systems

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- Government e-market place: Functional for procurement of goods and services
- To utilize the Head Post Offices as front offices for rendering passport services
- Centralized Defense Travel System developed - travel tickets can be booked online by soldiers and officers
- Web based interactive Pension Disbursement System for Defense Pensioners to be established

- Demonetization: Deposits between 2 to 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.
- 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
- 30 m² limit: municipal limits of 4 metropolitan cities
- 60 m²: For the rest of India & peripheral areas of metros
- No transaction above Rs. 3 lakh would be permitted in cash subject to certain exceptions

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- Miniaturized POS card reader for m-POS, micro ATM standards version 1.5.1, Finger Print Readers / Scanners and Iris Scanners manufacture to be exempt from BCD, Excise/CV duty and SAD
- Maximum amount of cash donation, a political party can receive: Rs. 2000/- from one person, can receive cheque & digital payments
- Threshold limit for audit of business entities who opt for presumptive income scheme ↑ from Rs. 1 crore to Rs. 2 crores.
- Threshold for maintenance of books for individuals and HUF ↑ from turnover of 10 lakhs to 25 lakhs or income from 1.2 lakhs to 2.5 lakhs

- Existing rate of taxation for individual assesses between income of Rs. 2.5 lakhs to 5 lakhs ↓ to 5% from 10%
- Surcharge of 10% of tax: 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 with 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.
- RAPID (Revenue, Accountability, Probity, Information and Digitisation) - Maximize efforts for e-assessment in the coming year
- Enforcing greater accountability of officers of Tax Department for specific act of commission and omission