

STUDENTS' ECONOMIC FORUM

A monthly publication from South Indian Bank

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To empower the student community...*

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Theme 292

UNION BUDGET - PART-I



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South Indian Bank is a member of BCSBI and is committed to treat customers in a fair, transparent and non-discriminatory manner.

Theme No: 292: UNION BUDGET - PART-I

A well informed customer will make the policy makers as well as organization which produce goods and services more responsive to the customer needs. This will also result in healthy competition among organization and improve the quality of goods and services produced. The “SIB Students’ Economic forum” is designed to kindle interest in the minds of younger generation. Finance Minister, Arun Jaitley presented the Budget in the Parliament on 29th February, 2016. This month let us discuss the Budget for the FY 2016-17.

1. Briefly describe the present Economic scenario of India?

The global growth has been slowed down to 3.1% in 2015 from 3.4% in 2014. But in spite of International problems, Indian Economy was able to maintain a growth rate of more than 7% which is very good considering the present financial situation across the world. The International Monetary Fund has hailed India as a ‘bright spot’ amidst a slowing global economy. The world economic forum has said that India’s growth is ‘extra-ordinarily high’.

2. What are the thrust areas of 2016-17 Union Budget?

Majority of Indian population lives in rural areas. India cannot develop unless rural areas develop. The main source of employment in rural areas is agriculture. The budget for the financial year 2016-17 is focusing on Agriculture - Rural - Social - Infrastructure Sector.

3. What are the various steps to be taken to come out from the present situation?

In the budget the following steps were recommended to overcome from the present situation.

- ❖ Strengthening of firewalls against global slowdown and turbulence by ensuring macroeconomic stability and prudent fiscal management.
- ❖ Rely on domestic demand and Indian markets to ensure that India’s growth does not slow down.
- ❖ Continuation with pace of economic reforms and policy initiatives.

Government expenditure will be very challenging for the year 2016-17.

4. What are the three major schemes to help weaker sections of the Society?

- ❖ The Pradhan Mantri Fasal Bima Yojana to protect the farmer from the adverse consequences of the nature. A nominal amount of insurance premium only to be paid by the farmer to cover any loss suffered .
- ❖ A Health insurance scheme to protect one third of Indian population against hospitalization expenditure.

❖ New initiatives to ensure the BPL (Below Poverty Line) families are provided with a cooking gas connection supported by Government subsidy.

Government will also take steps, including enactment of law, to ensure that all governed benefits are reaching the intended persons by linking to the Aadhar platform.

5. What is the Agenda of the government for the next financial year?

‘Transform India’ is the agenda of the government and transformation will be based on 9 Pillars.

- ❖ Agriculture and Farmers welfare with focus on doubling farmer’s income in 5 years.
- ❖ Rural sector with emphasis on rural employment and infrastructure.
- ❖ Social sector including health care to cover all under welfare and health services.
- ❖ Education- skills and job creation - to make India knowledge based and productive society.
- ❖ Infrastructure and Investment - to enhance efficiency and quality of life.
- ❖ Finance sector reforms to bring transparency and stability.
- ❖ Governance and Ease of doing business to enable the people to realize their full potentials.
- ❖ Physical discipline - prudent management of government finance and delivery of benefits to the needy.
- ❖ Tax reforms - to reduce compliance burden with the faith in the citizen.

6. Briefly explain the steps suggested/recommended in the Budget 2016-17 for Agriculture and Farmer’s welfare?

The main objective is to double the farmer’s income by 2020. An amount of Rs 35,984 crores has been allocated for the Agriculture and farmer’s welfare. Optimal utilization of water resources, creation of new infrastructure for irrigation, conservation of soil fertility, connectivity from farms to markets are the other areas where the government is going to concentrate.

IRRIGATION

Out of 141 million hector of Net cultivable area only 46% is having irrigation facility. In order to increase the area under irrigation ‘Pradhan Mantri Krishi Sinchal Yojana’ will be strengthened and will be implemented in mission mode. Under the scheme 28.5 lakh hectares will be brought under irrigation. 89 irrigation projects under AIBP implementation will be fast tracked. This project will require Rs 17,000 crores next year and Rs 86,500 crores in the next 5 years.

A dedicated long term irrigation fund will be created in NABARD with initial corpus of about Rs 20,000 crores. A total provision of Rs 12,517 crores has been made through budgetary support and market borrowings. Another major programme for sustainable management of ground water resources has been prepared with an estimated cost of Rs 6000 crores and proposed for multilateral funding. At least 5 lakh farm ponds and wells will be dugged in the rain fed areas and 10 lakh composite pits for the production of organic manure will be taken up under MGNREGA.

7. What are the recommendations in 2016-17 budget for soil health?

Soil Health Card Scheme will be strengthened, Rs 368 crores have been provided for National project on soil health and fertility. In addition to this 2000 model retail outlets of fertilizer companies will be provided with soil and seed testing facility during the next 3 years. Fertilizer companies will also co- market city compost.

8. What are the schemes suggested for dealing with waste and organic farming?

Under the Swachh Bharat Abhiyan, a policy for conversion of city waste into compost has been approved.

Organic farming will be promoted to increase the crop yields in rain fed areas. For these purpose two new schemes has been introduced

- ❖ Parmparagat Krishi Vikas Yojana.
- ❖ Organic Value Chain Development in North East Area.

Under Parmparagat Krishi Vikas Yojana, 5 lakh acres will be brought under organic farming over a period of 3 years. A total provision of Rs 412 crores has been made for these schemes.

9. What are the steps recommended to improve Agriculture Marketing?

Under unified Agriculture Marketing schemes selected 585 regulated wholesale markets will be covered which will develop a common market platform. On birthday of Dr. Baba Saheb Ambedkar the Unified Agriculture Marketing platform will be dedicated to the Nation.

In order to strengthen the Prandhan Mantri Gram Sadak Yojana (PMGSY) an amount of Rs 19, 000 crores has been allocated in the financial year 2016-17. The states also supposed to contribute this programme. The total amount allocated including the state contribution will be Rs 27,000 crores.

10. What is the target for Agricultural Credit for the financial year 2016-17?

All time high amount of Rs 9 lakh crores has been fixed as the target for the agricultural credit for the financial year 2016-17. An amount of Rs 15, 000 crores has been earmarked for Interest Subvention.

11. What is Fasal Bima Yojana Scheme?

Fasal Bima Yojana Scheme is a path breaking crop insurance scheme approved by the government and Rs 5500 crores has been earmarked for it in the budget for the financial year 2016-17.

12. What are the specific initiatives taken up in FY 2016-17 Budget for strengthening Minimum Support Prize?

The three specific initiatives for strengthening Minimum Support Prize are:

- ❖ States will be encouraged to take up decentralized procurement.
- ❖ Food Corporation of India will be the procuring agency and there will be transparency.
- ❖ For pulses procurement effective arrangement will be made.

13. What are the steps taken in the Budget 2016-17 to make dairying more Profitable?

Following are the 4 steps taken to make dairying business remunerative:

- ❖ ‘Pashudhan Sanjivank’ – an animal wellness programme and issuance of Animal Health Cards (Nakal Swasthya Patra).
- ❖ An advanced breeding technology.
- ❖ Creation of E-‘Pashudhan Hatt’, an e-market portal for connecting breeders and farmers.
- ❖ A National Genomic Centre for indigenous breeds.

14. Explain the steps taken to improve the rural sector?

A sum of Rs 2.87 lakh crores has been earmarked as Grant in Aid to Gram Panchayat and Municipality. On an average each Gram Panchayat will get over Rs 80 lakhs and over Rs 21 crores per urban local body.

Deen Dayal Antyodaya Mission, Self Help Group and Cluster Facility Team will help each block to come out of distress situation.

Under Shyama Prasad Mukherjee Urban Mission, 300 Urban clusters will be developed. Special efforts will be taken for electrification of villages. An amount of Rs 8500 crores has been provided for Deen Dayal Upadhyaya Gram Jyothi Yojana and Integrated Power Development Scheme.

Rs. 9000 crores have been provided for Swachh Bharat Abhiyan.

As a whole for Rural development an amount of Rs 87,765 crores has been allocated.

15. What are the new schemes proposed in the budget for FY 2016-17 to spread Digital Literacy?

We already have 2 schemes to promote Digital Literacy:

- ❖ National Digital Literacy Mission
- ❖ Digital Saksharta Abhiyan (DISA)

In addition to the above 2 schemes a new Digital Literacy mission scheme for Rural India has been declared in the Budget for FY 2016-17 which will cover additional 6 crores additional households over a period of 3 years.

16. What is Rashtriya Gram Swaraj Abhiyan Scheme?

Rashtriya Gram Swaraj Abhiyan Scheme is newly introduced scheme for the development of governance capabilities of Panchayat Raj institutions. An amount of Rs 655 crores has been earmarked in the budget 2016-17.

17. What is the Mission LPG Connection?

Women members from poor households will be provided with a LPG connection and it will be a massive mission. About 1.50 crores households below poverty line will be covered during FY 2016-17. The scheme will be continuing for 2 more years. An amount of Rs 2000 crores has been provided for initial cost of providing LPG connections.

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