

# STUDENTS' ECONOMIC FORUM

A monthly publication from South Indian Bank

*To kindle interest in economic affairs...  
To empower the student community...*

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Theme 293

**UNION BUDGET - PART-II**



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Theme No: 293: UNION BUDGET - PART-II

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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 29<sup>th</sup> February, 2016. This month we continue the discussion on Budget.

**Briefly explain social security measures introduced in budget FY 2016-17?**

In order to help poor and economically weak families, government will launch a new health protection scheme which will provide health cover up to Rs 1 lakh per family. For senior citizen above 60 years additional top-up package up to Rs 30,000 will be provided.

Under Prime minister's Jan Aushadhi Yojana, 3000 medical stores will be opened to supply quality medicines at affordable prizes.

National Dialysis Services Programme will be started under National Health Mission to provide dialysis services in all district hospitals. In order to reduce the cost of dialysis tax exemptions will be provided for purchase of certain parts of dialysis equipments.

**What is 'Stand up India Scheme'?**

Stand up India Scheme is to promote entrepreneurship among SC/ST and women. An amount of Rs. 500 crores has been provided in the budget which is expected to benefit 2.5 lakh entrepreneurs.

**Briefly explain the recommendations/provisions in the budget for education?**

62 new Navodaya Vidyalaya will be opened in uncovered districts with in next two years. A Higher Education Financing Agency (HEFA) will be set up with an initial capital base of Rs1000 crores. HEFA will be a not-for-profit organization and CSR funds and donations will supplement the fund requirement.

**What are the various skill development measures in the budget 2016-17?**

Under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) entrepreneurship development will be made available at the door steps of youth.

1500 multi skill training institutions will be established across India and an amount of Rs1700 crores has been allocated for this purpose.

A National Board for Skill Development Certification will be set up in partnership with industry and academia

2200 colleges, 300 schools, 500 government ITI's and 50 vocational training centers will provide entrepreneurship education and training

### **Briefly explain the proposals for the development of infrastructure in the budget 2016-17 ?**

According to Finance Minister, Government is determined to speed up the process of road construction. An amount of Rs55, 000 crores has been allocated for roads and highways.

In addition to this an amount of Rs 15000 crores will be raised by NHAI through bonds. Including the allocation of PMGSY (Pradhan Mantri Gram Sadak Yojana) amount the total allocation to the road sector will be Rs 97000 crores. The outlay on roads and railways will be Rs 2, 18,000 crores.

**CIVIL AVIATION SECTOR:** To revive unserved and under served airports government is drawing up an action plan. By investing about Rs 50 to Rs 100 crores each, 160 airports / air strips can be revived. Out of 25 non-functional air strips with Airport Authority of India, 10 will be developed.

**OIL AND GAS SECTOR:** With an aim of achieving self sufficiency, Government is considering to incentivize gas production from deep water, ultra deep water and high pressure- high temperature areas.

### **What are the 3 new initiatives announced in the budget to encourage PPP (Public Private Partnership) mode in the development of infrastructure?**

1. To resolve the disputes in infrastructure related construction contracts, a public utility (resolution of disputes) bill will be introduced.
2. Guidelines for renegotiation of PPP concession agreement will be issued.
3. A new credit rating system for infrastructure projects.

### **What are the recommendations regarding the duty drawbacks scheme?**

In order to include more products and countries duty drawback scheme will be widened and deepened. Steps will be taken to support the export sector.

### **What is the FDI Policy regarding food processing industry?**

The requirement of farmers and food processing industry has to be addressed by FDI policy. Through FIPB route 100 % FDI to be allowed in marketing of food produced

and manufactured in India which will benefit the farmers.

### **What is the new name of Department of Disinvestment?**

The new name of Department of Disinvestment is 'Department of Investment and Public Asset Management' (DIPAM)

### **What are the major financial sector reforms in the budget 2016-17?**

1. Introduction of a comprehensive code on resolution of financial firms as bill in parliament in 2016-17 is one of the major financial sector reforms in the budget 2016-17.  
In solvency and Bankruptcy Code 2015 along with new code will provide a complete resolution mechanism for Bankruptcy situations in the banks, insurance companies and financial sector entities.
2. In order to facilitate integrated data aggregation and analysis, a Financial Data Management Centre will be opened under the control of Financial Stability Development Council (FSDC).
3. SEBI will develop new derivative products
4. Various steps will be taken to deepen the corporate bond market
5. Amendments in the SARFESI Act, 2002
6. To have more members and benches of Securities Appellate Tribunal, SEBI Act, 1992 will be amended.

### **What are the major steps taken to strengthen the Public sector banks?**

1. Budget allocation of Rs25,000 crores for recapitalization of public sector banks
2. In case they require additional capital, it will also be taken care
3. During 2016-17, Bank Board Bureau will be operationalized.
4. A road map for consolidation of public sector banks will be made.
5. Debt Recovery Tribunal will be strengthened so that there will be speedier resolution of stressed assets
6. In rural areas there will be nation wide massive rollout of ATMs and Micro ATM's in post offices

### **What are the three steps recommended for easy prompt distribution of subsidies and financial assistances to the actual beneficiaries?**

1. A bill will be introduced for targeted delivery of financial and other subsidies during the current financial year. The distribution of subsidies and benefits will be by using the Aadhar frame work
2. On a pilot basis in few districts fertilizer subsidy distribution will be done through Direct Beneficiary Transfer (DBT)
3. Out of 5.35 lakh Fair Price Shops, 3 lakh Fair Price Shops will be automated by March 2017.

**Briefly explain ‘EK Bharat Shreshtha Bharat’?**

‘EK Bharat Shreshtha Bharat’ is a programme intended to link states and districts. It will connect people through exchange in areas of language, trade, culture, and travel and tourism exchange.

**What is the Fiscal Deficit projected in the budget 2016-17?**

For the financial year 2016-17 the estimated fiscal deficit is 3.5% of Gross Domestic Product.

**Fiscal Deficit (% of GDP)**

YEAR	PERCENTAGE
2013-14	4.5
2014-15	4
2015-16	3.9*
2016-17	3.5**

\*- provisional   \*\*- budgeted estimates

The total expenditure projected is Rs.19.78 lakh crores.

Name of Expenditure	Amount in Rs lakhs crores
Plan	5.50
Non-plan	14.28
Total	19.78

The existing classification of plan and non-plan expenditure estimate system will be done away by fiscal 2017-18.

**What are the thrust areas of tax proposals?**

The following are the 9 thrust area of tax proposals

1. Relief to small tax payers
2. Measures to boost growth and employment generation
3. In incentivizing domestic value addition to help Make In India
4. Measures for moving towards a pensioned society
5. Measures for promoting affordable housing
6. Additional resource mobilization for agriculture, rural economy and clean environment
7. Reducing litigation and providing certainty in taxation
8. Simplification and rationalization of taxation
9. Use of technology for creating accountability

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