

THE AWARE CONSUMER

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HORIZONS

Budget for Small Business

THE PRESCRIPTION

Health Insurance Schemes



Fasal bima yojana

Under this new scheme, losses incurred by them at any stage of the farming activity from the sowing to the after harvesting would all be covered with premium rates within reach.



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Where the **MONEY** comes from and where it goes ...

Despite the fact that India has always had a low economic growth, high rates of inflation and almost no confidence in its investors or government's capability to govern, it has been able to convert these difficulties and challenges into opportunities.

AMIDST ALL THE turmoil and the slowdown in global growth, the Indian economy has managed to hold its ground firmly. Global growth has slowed down to 3.1% in 2015. Due to the strong fiscal policies of the Indian government, it has managed to hold its own. The IMF has called Indian economy a bright spot in the slow world economy. The finance minister Mr. Arun Jaitley while delivering his budget speech said that, despite the fact that India has always had a low economic growth, high rates of inflation and almost no confidence in its investors or government's capability to govern, it has been able to convert these difficulties and challenges into opportunities.

He also said that India has achieved strong growth despite very unfortunate conditions across the globe and two consecutive years shortfall in monsoon by 13%. There has also been a decline in the Current Account deficit from 18.4 billion US dollars in the first half of last year to 14.4 billion this year. It is estimated to be 1.4% of GDP at the end

of this year. He also said that our foreign exchange reserves were at the highest ever level of about 350 billion US dollars.

It was also decided in the budget that the government of India will concentrate on ways to ensure overall economic stability and timely fiscal management, boosting domestic demand, continuing with the bold economic reforms and policy started to change the lives of the people for the better. The government will also focus on enhancing expenditure in priority areas of farm and rural sector, social sector, infrastructure sector employment generation and growth and development of the banks. It has been good to see the government taking an active part in the development of the downtrodden sectors of the country and building new policies for their growth and development.

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Fundamental
Rights, IT is our
Duty to ensure
we are not
shortchanged ”**

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THE AWARE CONSUMER QUARTERLY | FEBRUARY 2016



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HORIZONS



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About 33 lakh small units of business are benefitted from the burden of getting audit done regularly or maintain detailed accounts. The purpose is to increase the turnover limit under this scheme to Rs 2 crore.

IN FOCUS



17 | AADHAR TO GET MANDATORY

In the budget of 2016-17 it was declared that the government will provide legal backing to the Aadhaar Unique Identification (UID) scheme.

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The cess on crude oil would improve revenue of upstream companies by \$2 a barrel and decrease the government receipts by Rs 4,000 crore.

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The number of days it takes to start a new business has gone up marginally from 28.4 to 29 this year, but the report has taken note of other measures in the last year that made starting a business easier.

THE PRESCRIPTION



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The proposal for additional Rs 30,000 health cover for senior citizens will help reduce the burden of expenses for healthcare of the aged.

OUT OF THE BOX



27 | Agriculture and farmer welfare

Since more than half the population of India is dependent on Agriculture as their means of income, the government thought it necessary to strengthen them to have a better growth in the country.

The financial year 2016-17 will cast an additional burden on account of the recommendations of the 7th Central Pay Commission and the implementation of Defence OROP. The Government, therefore, has to prioritise its expenditure.



ROUNDUP



TAXATION System

DURING THE UNION Budget 2016-2017, the Finance Minister listed nine areas and ways that will transform India. These include reforms in tax, investment in infrastructure, promoting ease of doing business, agriculture, rural sector, social sector, education and job creation. Some of the highlights of the taxation system in this budget were:

- Infrastructure and agriculture cess is going to be levied.
- Relief to small taxpayers, simplification of taxation.
- The tax rebate at Rs.5,000 for income less than Rs.5 lakh
- For people living in rented houses Deduction will be raised from Rs.20,000 to Rs.60,000.
- Schemes to increase turnover limit to Rs.2 crore relief to many in the MSME category
- Taxation scheme for all professionals with gross income of up to Rs.50 lakh.
- Tax rate for corporate for establishments with turnover less than Rs.5 crore lowered to 29% plus cess.
- Make in India 100% deduction of profits for start-ups following guidelines
- Less duty on refrigerated containers
- Exemptions for braille paper
- Exemption of service tax for NPS, EPFO to employees for pension society
- Affordable housing 100% deduction on profits for flats up to 30 sq.m in metro cities from 2016-19;
- For First-time home buyers there will be a relief on housing loans for up to Rs.50 lakh
- There will be a surcharge on luxury cars costing more than Rs.10 lakh
- 0.5% KrishiKalyan surcharge cess on all taxable services from 1 June 2016, for agriculture development
- Environment Pollution cess on all vehicles
- Jewellery sector will have added duty to face
- branded ready-made garments will have changed excise duty
- Revive clean energy cess on coal, others
- tobacco products will levied with more duty (other than beedi) by 10-15%.

DATA BRIEFING

Cash purchases of goods & services which are worth more than Rs. 2,00,000 will be subject to TCS (Tax collection at Source).

Personal finance

BUDGET 2016 presented by the Finance minister was quite great as far as personal finance is concerned. There were several positive facts about the personal income tax, National Pension System, dividend tax distribution on Real Estate Investment Trusts and rent paid deductions were high points, but there were sore points also in the form of tax on dividend income. The current income tax slab will remain the same with no changes whatsoever. The ceiling on tax rebate under section 87A was raised from Rs 2,000 to Rs 5,000, for individuals with



income of up to Rs 5 lakhs. The relief on House Rent Allowance (HRA), was also increased from Rs 24,000 to Rs 60,000. For the 10% tax payers bracket this means an additional saving of 3600 rupees. An additional exemption of Rs 50,000 was announced for housing loans up to Rs 35 lakh for properties worth less than Rs 50 lakh. This helps to save Rs. 15,000 for those in the 30% tax bracket. The service tax on single premium insurance policies will be reduced from 3.5 per cent to 1.4 per cent. Withdrawals from the National Pension System on maturity will be tax-free up to 40 per cent of the amount accumulated. The budget also poses a 10 per cent tax on dividend income above the limit of Rs 10 lakh. Surcharge on the rich with income exceeding Rs one crore is raised from 12% to 15% which might affect the personal finances of a person. A 60% tax on PF withdrawal will affect the personal finances of the common man too. Thus, budget 2016 has good as well sore points too for the personal finances of common man. ▶

Social health

THIS YEAR'S budget began with clear ways to enhance social spending and listing social sector, healthcare and education, on the top in the key priorities of this government. While there has been an overall increase in social sector allocation, these are by no means significant particularly for the main social sector programs.



Here are a few areas which have seen some really significant increase, like:

- The SarvaShikshaAbhiyan budget was increased by 2% from 2015-16
- The budget for the Mid-Day Meal scheme increased by 5%.
- The National Health Mission budget also saw an increase by 2%.
- The Mahatma Gandhi National Rural Employment Guarantee Scheme, which has received the highest allocation yet in this budget, increased by 4% from the last year.
- Swachh Bharat Mission (SBM), one of the well-known program on sanitation in rural areas, saw one of the steepest increase at 38%.
- RashtriyaSwasthyaBimaYojana has been named differently now and has been allotted a 152% hike (Rs.900 crore).

The new dynamic budget also included schemes regarding the social sector like the new Gas connection, the health insurance program, the Stand Up India scheme, the Jan AushadhiYojana, although they may not be too helpful for the social health of the people of the country. Although there is not much for the social health in this budget, yet the government has tried its best to please all give them what they desire for a better life. ▶

Education

DURING THE BUDGET in the Lok Sabha, the Finance Minister said that a regulating body will be provided to 10 public and 10 private institutions to emerge as world-class teaching institutions which will provide high quality education to the ordinary Indians.

In his Budget speech, Jaitley said that the government aims to skill one crore youth in the next three years under the Pradhan MantriKaushalVikasYojana. The government also plans on creation of Higher education financing agency for the educational institutes and to open 62 more NavodayaVidyalayas. It also aims to start a digital literacy



Energy

THIS BUDGET has doubled the clean energy cess to Rs.400 per tonne of coal from Rs.200 per tonne at present and has levied an infrastructure cess on petrol, diesel and other luxury and costly cars. In another important move for the protection of the environment in the budget, the finance minister has proposed an infrastructure cess of 1% on small cars running on CNG, LPG and petrol, 2.5% on small diesel cars and 4% on luxury vehicles and SUVs worth above Rs.10 lakh.

The government has also set aside Rs. 2,000 crore to provide LPG connections to people below the

poverty line in the rural areas. The government has started this move in an attempt to help rural households move away from using firewood as cooking fuel which not only results in breathing problems for women here but also leads to cutting down of trees. The Finance Minister said the LPG connections will be given to women in BPL families. He also appreciated the 750,000 middle-class and lower-middle-class families who gave up their LPG subsidy in response to a request from the prime minister.

The government has also had Rs. 3000 crore earmarked for nuclear power generation. The Government has been drawing elaborate plans for the next 15-20 years for exploiting nuclear energy and be able to produce clean and easy energy. ▶



Investment and infrastructure

A TOTAL OF Rs. 27,000 crore will be spent on the betterment of the roadways sector as decided in the budget of this year. There have been plans of 65 places to be connected via 2.23 lakh kms of road has been approved by the budget this time. The current construction pace is 100 kms/day. A sanction of Rs. 55,000 crore for roads and highways has been passed by the Government of India in the budget of 2016-17. Another Additional Rs 15,000 crore to be raised by NHA through bonds. A total of rupees 2,21,246 has been laid out as the infrastructure budget.

There are also plans for new Greenfield ports to be developed on east and west coasts of the country. The Centre is planning to partner with the states to revive small airports for regional connectivity. Another great investment is by FDI in marketing of food products grown and sold in India. The Dept. of Disinvestment to be renamed as Dept. of Investment and Public Asset Management and the Government will amend Motor Vehicle Act in passenger vehicle segment to allow innovation. The budget also proposes that MAT will be applicable for startups that qualify for 100 per cent tax exemption. There will be amendments to be made in Motor Vehicles Act to open up the road transport sector in the passenger segment. ▶



scheme for rural India. The department of School education and literacy has got an allocation of 43, 554 crore in the financial budget of 2016-17, compared to the 42,186 crore of the last budget. The government has said that the Higher Education Financing Agency (HEFA) with an initial capital of 1000 crore

will provide leverage to create infrastructure for India's top institutes like IIT'S etc.

The budget also shows great effort to strengthen the economy through good investment in infrastructural development, healthcare, job creation, skill development, and micro, small and medium enterprises. The setting up of 1500 multi-skill training institutes (MSTIs) is a great public-private partnership initiative that will help to develop skill in the country. They are the new generation ITIs set up in Public Private Partnership mode. This model will certainly ensure quality and ease of delivery to the ITIs which will be set up in those areas of the country which are yet to focus on skill development. ▶

AGRICULTURE

THE UNION BUDGET of 2016-17 provided a great boost for agriculture by increasing the funding of the recently launched crop insurance scheme under the prime minister's guidance (PMFBY) from Rs.2,589 crore in 2015-16 to Rs.5,500 crore for 2016-17. Total allocation for agriculture and farmer welfare will be at Rs 35984 crores. 28.5 lakh hectares of land will be brought under irrigation through the prime Minister's kishisinchaiyojna scheme and the 89 projects under the Accelerated Irrigation Benefits Programme will be fast-tracked. This will help irrigate nearly 8 million hectare, and the centre will spend Rs.17,000crore on these projects next year, and Rs.86,500 crore in the next five years.

The budget also established a fund for long-term irrigation under National Bank for Agriculture and Rural Development with an initial fund of Rs.20,000crore. Apart from this 5 lakh acres of land are to be brought under organic farming over a three year period and for this the government has allocated 412 crore rupees. Rural credit got a boost in this budget too, and was allocated an amount of Rs.9 trillion to help the farmers out. For increase in pulses production in the country, the budget allocated Rs.500 crore under the National Food Security Mission which will cover approximately 622 districts in the country. To help farmers get the right price for their produce, a national agriculture market is going to be established in April this year to connect 585 regulated wholesale markets across the country as per the budget this year. Thus, this year's budget has brought a lot of joy to the farmers of our country and hopefully will be able to solve all their problems. ▶



Banking

PUBLIC SECTOR BANKS get Rs 25,000 crore towards their consolidation. Of this nearly half of the amount is to be given to those banks which need support, and all PSBs will be brought to the level where they will have at least 7.5 % core capital by the end of fiscal 2016. The process of transfer of

government stake in IDBI Bank below 50% has started and it could be test case for the government before it moves to reduce stake in other banks as capital infusion is becoming a difficult job for the government considering its tight fiscal stance.

The budget also says that the government will now allow sponsors to hold up to 100% in asset reconstruction companies (ARCs) will also help tackle bad assets. Foreigners till date could hold up to 100% in ARCs but an individual foreign entity could not hold more than 49%. A sponsor is someone who holds at least 10% stake in an Asset Reconstruction Company. By allowing the sponsors to have 100% stake, in effect, the government is allowing a single foreign entity to have 100% stake. This will encourage foreign entities to come and address the capital problem of these ARCs.

There will also be a formation of the monetary policy committee which will oversee the central bank's policy rate movement. This committee will have six members of which three will be appointed by RBI and another three nominated by an outside committee. The governor of the Reserve Bank of India will have the last word in the form of a casting vote in case of a tie. ▶



Education, skills and job opportunities



TO TRANSFORM India into a developed nation the government will focus on nine pillars said the Finance minister during his budget speech in the house. The nine pillars consist of Agriculture and farmers' welfare, rural sector, social sector like healthcare, education sector, skills and job creation, infrastructure, financial sector reforms, tax reforms to reduce compliance burden etc. some of the initiatives undertaken to promote education, skill and job opportunities among the people of India are:

1. He said that the government aims to train one crore youth with skills under the Pradhan MantriKaushalYojana scheme in the next three years and a sum of 1700 crores has been set aside for it. It has been a great start by the government to provide skilled training to those who do not have the monetary means to pay for their training.
2. The setting up of 1500 multi-skill training institutes (MSTIs) is a great public-private partnership initiative that will help in the skill

- development. These will be the new generation ITI made with the help of the public private partnership.
3. The model skill centres, which will be set up across more than 500 districts in the country,
4. The government plans to open 62 more NavodayaVidyalayas. The government has also allocated Rs.500 crore to help the SC/ST learn ways of business, 10 public and 10 private educational institutions are to be made of world class standards. The government has also said that they make digital copies for all school leaving certificates and diplomas.
5. The Budget proposed to launch digital literacy scheme to cover 6 crore additional rural households. It also plans to provide business training across schools, colleges and massive online courses.
6. This year the Government has focused more on the development of skills and creating job ready people for the industry and at the same time created a body to look into the funding of higher education



1
YEAR OF
MODI
GOVT.

9 PILLARS OF DIGITAL INDIA

BUDGET
— 2016 —



Broadband Highways



Public Internet Access Programme



Information for everyone



Early Harvest Programmes



Universal Access to Phones



IT for Jobs
Electronic Delivery of Services



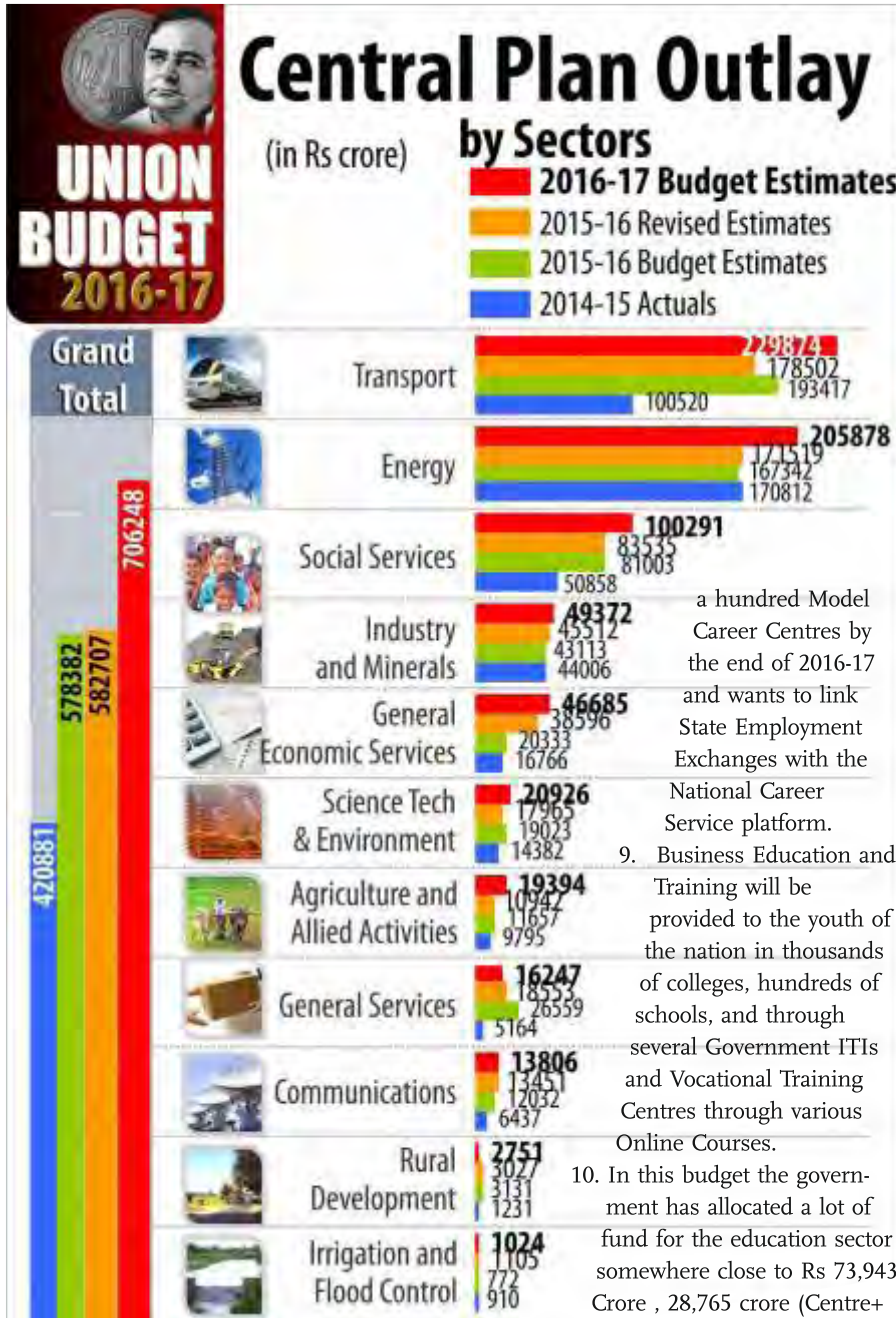
eKranti
Electronic Delivery of Services



E-Governance
Reforming Government through Technology



Electronic Manufacturing
Target NET ZERO Import



#VikasKaBudget

EMPOWERING INDIA'S YOUTH

Better Skills, More Opportunities, More Jobs

- ▶ Pradhan Mantri Kaushal Vikas Yojana (PMKVY) - 1500 Multi Skill Training Institutes to be set up
- ▶ National Board for Skill Development Certifications - 40 skill 1 to youth in next 3 years
- ▶ 100 Model Career Centres
- ▶ Model Shops and Establishments - 100 to be circulated to states
- ▶ Entrepreneurship Education and Training - 2200 colleges, 300 schools, 500 Government ITIs and 50 Vocational Training Centres through Massive Open Online Courses
- ▶ Go to pay off 8.33% on behalf of all new employees enrolling to EPFO in first 3 years
- ▶ Deduction under Section 80GAA of IT Act available to all startups

month and a budget provision of Rs.1000 crore has been made for this.

Although the education sector had high expectations from the budget this year, there was a marginal increase only in the resources allocated to this sector, and the Government has focused more on the skill development and creating fully skilled people for the industry. Budget 2016-17 has been good for India's youth as it offers not only quality education, but focuses on skill development, improving teaching and research outcomes, stresses on job creation etc. The Public Private Partnership model has worked reasonably well for the country's development so far and this model needs to be given more encouragement.

This year the budget has stressed more on the skills development of the youth of India and how to make them job ready for any industry. More stress has been given on digitization of rural India and has provided them with opportunities to be able to get jobs in any of the sectors of the country. So, the budget 2016-17 has provided the youth of India with an opportunity to train from some of the best institutes and get employed in good places too. It has given the chance to the youth from the lower strata of the society to get a chance at good education, skills and employment. ▶

institutions, Higher Education Financing Agency. Higher Education Financing Agency (HEFA) has been created to help with the education of the people of India with the initial capital of 1000 crores.

7. The approval of the 'Stand-Up India Scheme' to promote entrepreneurship among SC/ST and women can get a help of about 2.5 lakh.
8. The government is planning to have

a hundred Model Career Centres by the end of 2016-17 and wants to link State Employment Exchanges with the National Career Service platform.

9. Business Education and Training will be provided to the youth of the nation in thousands of colleges, hundreds of schools, and through several Government ITIs and Vocational Training Centres through various Online Courses.

10. In this budget the government has allocated a lot of fund for the education sector somewhere close to Rs 73,943 Crore , 28,765 crore (Centre+state) for the higher education

sector, while school education has been allocated 43,372 crore (Centre+state). Rupees1804 crore has been allotted for various skill developments related initiatives in 2016-17.

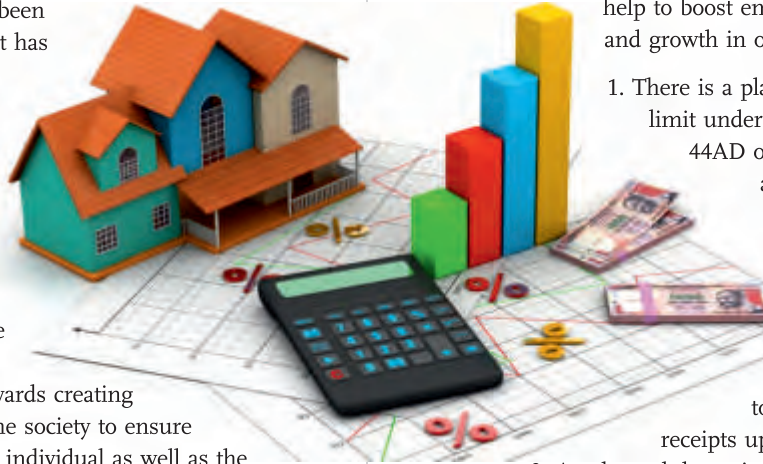
11. To create new jobs in the formal sector, Government of India will pay 8.33% for the employees' pension scheme for people who enrol for EPFO for the first three years of their employment. The Scheme is for people with salary of Rs.15,000 per

Boost employment and growth

THE BUDGET OF 2016-17 has been greatly appreciated for all that it has provided for the growth and development of the economy and for the generation of employment in the country. It has looked into the various aspects of the economy and has provided solution for the growth and improvement in the lives of the people of the country.

The Budget clearly aims towards creating equality across all sections of the society to ensure overall economic growth of the individual as well as the country. This budget has shown a clear effort to strengthen the economy through a good amount of investment in infrastructural development, healthcare sector, job creation, skill development, and micro, small and medium enterprises. Although many may argue otherwise, yet this budget does look promising and expectedly will help to strengthen the economy.

Many would say that it looks marginal yet it may be able to boost employment and growth in our country in a time where all other countries are facing an economic downturn. The government wants to spread the benefits of growth more widely among India's huge population of people, but they would stick to the government's existing fiscal deficit target for the coming year. Many steps have been taken by the government during the budget of 2016-17 to help to increase the growth of the nation. Here are some important points from the budget which will



help to boost employment opportunities and growth in our country:

1. There is a plan to increase the turnover limit under the taxation under section 44AD of the Income Tax Act to around 2 crores to help out a large number of assesseees in the MSME category.
2. Extend the taxation scheme with profit fixed to be at 50%, to professionals with gross receipts up to Rs 50 lakh.
3. Accelerated depreciation phasing out deduction under Income Tax: wherever provided in IT Act the maximum limit will be up to 40% from 1.4.2017.
4. The Research deduction benefits would be limited to 150% from 1.4.2017 and 100% from 1.4.2020.
5. For new SEZ units the benefit of section 10AA will be available to those units which started activity before 31st of march 2020.
6. The required deduction under the section 35CCD for skill development will continue up to 1.4.2020.
7. New manufacturing companies Corporate Tax rate proposals are that any company established on or after 1.3.2016 can be taxed at 25% + surcharge and cess if they do not claim profit linked or investment linked deductions and do not apply for investment allowance and accelerated depreciation.



BUDGET ALLOCATION FOR MAJOR SCHEMES

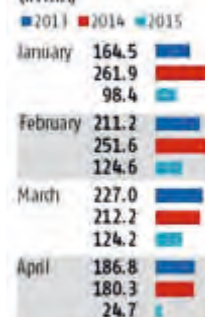
All figures in ₹crore unless specified

| | 2012-13 (Actual) | 2013-14 (Actual) | % (Change) | 2014-15 (Revised) | % (Change) | 2015-16 (Budgeted*) | % (Change) |
|--|---------------------|---------------------|---------------|----------------------|---------------|------------------------|---------------|
| National Rural Employment Guarantee Scheme | 30,273.60 | 32,992.14 | 8.98 | 33,000.00 | 0.02 | 41,699.00 | 26.40 |
| Aadhaar/UIDAI | 1,336.78 | 1,544.41 | 15.50 | 1,617.73 | 4.70 | 2,034.00 | 25.70 |
| Food Security | 85,000.00 | 92,000.00 | 8.24 | 1,22,675.81 | 33.30 | 1,28,914.00 | 5.08 |
| Rashtriya Krishi Vikas Yojana | 8,400.00 | 7,052.00 | -16.04 | 8,444.00 | 19.70 | 4,506.00 | -46.60 |
| National Rural/Urban Health Mission* | 18,046.73 | 18,633.81 | 3.25 | 18,790.82 | 0.84 | 18,379.50 | -2.20 |
| Gramin Vidyutikaran/ Gram Jyoti Yojana | 1,372.79 | 2,938.52 | 114.05 | 2,886.38 | -1.77 | 33,453.00 | 1059.00 |
| Sarva Shiksha Abhiyan | 23,873.38 | 24,801.96 | 3.90 | 24,380.00 | -1.70 | 22,015.42 | -9.70 |
| Rashtriya Madhyamik Shiksha Abhiyan | 3,171.62 | 2,678.91 | -15.50 | 3,480.10 | 30.00 | 3,565.00 | 2.40 |
| National Rural Drinking Water Programme | 10,489.91 | 9,691.29 | -7.60 | 9,250.00 | -4.55 | 3,796.00 | -59.00 |

* Combined as National Health Mission under NDA; % change from previous fiscal year; Budgeted plus 1st and 2nd supplementary demand Source: unionbudget.nic.in

TAKING A BLOW

Employment generated in person-days (in mn)



* Up to April 25, with a normal lag in data being captured by the central government. All data is assessed from dynamic MANDI (MIS) and data bank on April 25. SOURCE: www.nrega.nic.in accessed on April 24-25, 2015

8. For relatively small enterprises with turnover not exceeding ₹5 crore the corporate tax levels will be lower i.e companies to 29% plus surcharge and cess.
9. There will be full deduction of profits for 3 years out of the 5 years for startups setup during April, 2016 to March, 2019 and MAT will apply in such cases.
10. It is also proposed that there will be a 10% rate of tax on income from worldwide usage of patents developed and registered in India by a resident.
11. There will be a let through of income-tax to securitization trusts counting in the trusts of ARCs. Such trusts are required to deduct tax at source.
12. The period for getting the gains of long term capital gain for unlisted companies is now supposed to be reduced from three to two years.
13. All Non-banking financial companies are eligible for deduction to the extent of 5% of its income to provide for the provision for bad and doubtful debts.
14. Any foreign company's residency status on the basis of Place of Effective Management (POEM) is to be postponed by one year.
15. This has also provided for the commitment to implement General Anti Avoidance Rules (GAAR) from 1.4.2017.
16. There will also be an exemption of service tax on services provided under fixed schemes and services provided by authorities empowered by Ministry of Skill Development and Entrepreneurship.
17. There will a service tax exemption on general insurance services under 'Niramaya' Health Insurance Scheme launched by National Trust for Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability.
18. The basic custom and excise duty on refrigerated containers would reduced to 5% and 6%.

Hopefully all these measures taken by the government will help in the growth and development of job opportunities for the people of our country and will help to boost the economy. Thus, the youth of India will hope that this budget is able to fulfill all its promises and is able to lift the country to a good economic position. ■





Budget for small business

About 33 lakh small units of business are benefitted from the burden of getting audit done regularly or maintain detailed accounts. The purpose is to increase the turnover limit under this scheme to Rs 2 crore.

THE BUDGET OF 2016-17 offers tax exemptions for small businesses with turnover of up to Rs 2 crore, which is twice the previous limit of Rs 1 crore, and will encourage them to expand and do business fairly due to the increased exemption limit. This will enable the small business to not only produce more, but also make use of modern technologies so as to become more competitive in the market. It will encourage people to do business fairly, declare actual business turnover and profit, thereby becoming more bankable. This plan will ease tax compliance burden on small businesses and professionals. For small enterprises with a yearly revenue up to Rs 5 crore, the government has decided to lower the corporate income tax rate to 29 per cent plus surcharge along with cess for the financial year 2016-17 which was previously 30% in financial year 2015-16.

Under Section 44AD of the Income Tax Act, the presumptive taxation scheme, offers for small and medium enterprises with turnover or revenue not exceeding Rs 1 crore. In case of businesses, a sum equal to eight per cent of the total revenue or turnover, is going

to be known as profits and gains of such business which are chargeable to tax. At present, about 33 lakh small units of business are making use of this benefit, which frees them from the burden of getting audit done regularly or maintain detailed accounts. The purpose is to increase the turnover limit under this scheme to Rs 2 crore, which will be a huge advantage to the small and medium sized business in the country. To keep the tax burden minimum, the government has also allowed businessmen using the above taxation scheme to pay advance tax by March 15 of the financial year.

So as to give a rise to economic growth and employment a full deduction of profits for 3 years for start-ups out of 5 years, during April, 2016 to March 2019, will be available. Similarly, in order to promote innovation, a special patent scheme with a 10% rate of tax on income from worldwide the use of patents developed and registered in India was also proposed. It has also set up a hub for the by allocating 500 crore for its stand up India scheme which will provide 2.5 lakh small entrepreneurs from the backward class to stand on their own feet. ▶



Connected digital market

NOTING THAT THE Indian farmers often do not get the right price for their produce despite working hard as they often have no choice but to sell it in the nearby mandis or wholesale markets, the government has decided to solve this problem by adopting a digital mechanism. Finance minister Mr. Arun Jaitley announced during the budget 2016-17 that a unified marketing e-platform for farmers will be created. This digital or electronic platform was initially announced earlier by President of India and has been devised to create a wholesale market online to ensure fair remuneration for the farmers. This agriculture market e-platform was unveiled on the birthday of Dr. B.R. Ambedkar on 14th April. So, a digital platform is nothing but an electronic platform to enable farmers to sell their produce at a better rate anywhere in the country. This was one of the best initiatives that the government undertook to ensure the welfare of the farmers who have been in distress due to the varied moods of the weather.

This unified electronic platform aims to connect up to 250 Agriculture markets or mandis by September 2016, and up to 585 mandis by March 2018. All state governments will be requested to launch the e-market platform to bring unity among the mandis in the state, thereby letting farmers sell their crops in any market which suits them. The Department of Agriculture will be providing free software to the state governments for this purpose and help them to customize the software as per their requirements. The government plans on doubling farmers' income in the coming five years, and it is also setting up an irrigation fund worth Rs 20,000 crore under NABARD for this.

The government is pushing for greater use of modern technology and equipment along with traditional methods of farming to boost the agriculture sector, to meet not only the



This unified electronic platform aims to connect up to 250 Agriculture markets or mandis by Sept. 2016, and up to 585 mandis by March 2018. All state governments will be requested to launch the e-market platform to bring unity among the mandis in the state, thereby letting farmers sell their crops in any market which suits them.

domestic needs but produce excess crops to meet demands from abroad. They want greater usage of technology in the agricultural sector. The government says that his electronic platform will help the farmers, using a mobile phone, to sell their produce anywhere in the country, wherever they can get a better price.

The government says that India is a country where more than half of the population is dependent on agriculture to earn their living, so steps must be taken to take care of these farmers and help them to get the right price for their produce. They say they will do whatever is required to help these people so that they do not have to languish in poverty or commit suicide for not getting the right price for their produce. So, under the e-agriculture platform, the government is working towards getting

together all the 585 wholesale mandis of the country by 2018 one by one, for which Rs 200 crore have been allotted for this purpose already. During the first phase, 200 mandis will be connected by this March-end while another 200 will be connected to the online platform in 2017 and the rest will be by 2018. The government has received proposals from states like Karnataka, Gujarat, and other farming prominent states for developing necessary infrastructure to develop this kind of markets. The farmers will get a compensation even if 1/3 rd of the crop area has been damaged due to natural calamity and will get insurance claim even if the harvest is damaged within 14 days of the harvest. Consequently, connected digital market will help the farmers in every way possible. ▶

Relief to small tax payers

THIS BUDGET MAY have increased the worries of the super-rich but has brought smile on the face of the small tax payers. The benefit under Section 87A has been raised from Rs 2,000 to Rs 5,000, which means those earning Rs 5 lakh or less a year will get a basic exemption of Rs 3 lakh. On the other hand, the rich taxpayers earning over Rs 1 crore a year will have to give up more as surcharge. The 10% surcharge, which was introduced in 2013 as a one-time measure, was hiked from 10% to 12% last year. In the budget the finance minister also announced relief for small taxpayers who do not have a house of their own and don't get allowance for house rent from employers. Before this, such taxpayers got a relief of only Rs. 24,000 per year, which has now been increased to Rs. 60,000 per annum under Section 80GG, which is quite good. This move has lifted some of the great burden of tax from the shoulders of the small tax payers.

The Small tax payers will also get another deduction on home loans of 35lakhs, of amount Rs. 50,000 on interest paid by first-time home buyers provided the house value doesn't exceed Rs. 50 lakh. Thus, this budget has brought great relief to the small tax payers but is proving to be quite dear for the rich and the affluent. Where on one hand this budget has brought relief to the small tax payers, it has increased the worries of the rich in the form of increase in tax and surcharge. ▶

Transforming India

DURING THE BUDGET 2016-17, the finance minister Mr. Arun Jaitley outlined the nine pillars based on which he hopes to enhance India's economic growth. Not only does it focus on agriculture, tax and financial sector reforms, but here we have the nine pillars that would help in the transformation of India.

- 1) The budget aims at agriculture and farmer welfare with an aim to increase the farmers' income to twice its level in the next five years
- 2) Rural sector will have better roads, education and get digital connectivity.
- 3) The Social sector including healthcare
- 4) Stress to be given on educational skills and job creation to make India a knowledgeable and productive economy.
- 5) Infrastructure investment to enhance quality of life
- 6) The Financial sector reforms
- 7) Governance reforms and ease of doing business
- 8) Prudent management of government finances
- 9) Tax reforms to reduce compliance burden

It was also decided in the budget that the government of India will concentrate on ways to ensure overall economic stability and fiscal management, boosting domestic demand, continuing with the bold economic reforms and policy started to change the lives of the people for the better. The government will allocate expenditure in priority areas of farm and rural sector, social sector, infrastructure sector employment generation and growth and development of the banks. So, the nine pillars for the transformation of India will hopefully play an important role in the development of India and provide its people with the right growth. ▶



AADHAR to get mandatory

THE AADHAAR PROJECT, in which at least 98 crore citizens have been enrolled, began through a government notification in January 2009 and has been lacking legislative backing. It was mainly started to prevent leakages in benefit transfers and verifying whether the recipients of such benefits were authentic or not.

In the budget of 2016-17 it was declared that the government will provide legal backing to the Aadhaar Unique Identification (UID) scheme. They said that they will undertake significant reforms such as the passing of a law to make sure that all government benefits are given to persons who deserve it, by giving a legal backing to the Aadhaar scheme. The government's move to introduce a law to give the required recognition for Aadhaar will make the way easier for the JAM trinity, which are: the Jan-Dhan Yojana, Aadhaar and Mobile which will be used in expanding access to various types of monetary services. The signs from the government are clear now and in order to be a beneficiary of any government scheme, you will need an Aadhaar card. The Aadhaar is being used for a few services like the public distribution system, cooking gas and kerosene subsidies, the Rural Employment Guarantee Scheme, the Jan-Dhan Yojana, central and state government's pension payment, and the Employees' Provident Fund scheme. The government hopes that the AADHAR will get the statutory backing it requires soon, and will be available for use for various other purposes. Hence, this Unique Identification Scheme may become statutory soon and it is best to get registered under this or else people may lose out on a lot of services. ▶

“

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Social sector including healthcare

THE BUDGET OF 2016-17 also included some relief for the social sector and had some great news in the healthcare sector. A quick look at the budget numbers presents an interesting story. While there has been an overall increase in social sector allocation, these are by no means really very great. The government has tried its best to please all and has provided them with the following measures:

- The government has allocated around 1,51,581 crore rupees for social sector including education and health care in the budget.
- It has also sanctioned Rs 2,000 crore initially as the cost of providing LPG connections to families below poverty line.
- There will be new health protection scheme which will cover up to Rs One lakh per family.
- An additional top-up package up to Rs 30,000 will be provided to the senior citizens.
- Under Prime Minister's Jan Aushadhi Yojana 3000 stores will be opened.
- National Dialysis Services Programme' under National Health Mission is to be started soon for the people.
- "Stand Up India Scheme" for SC/ST women will help at least two projects per bank branch and it will benefit at least 2.5 lakh entrepreneurs.
- A hub for National Scheduled Caste and Scheduled Tribe is to be set up along with industry associations
- An allocation of Rs 100 crore for celebrating the 100th birthday of Pandit Deen Dayal Upadhyay and the 350th Birth Anniversary of Guru Gobind Singh has been made.
- The Sarva shiksha abhiyaan budget is to be increased by 2% and mid-day meals in schools budget too increased by 5%
- The old Rashtriya Swasthya Bima Yojana has been renamed and has received a 152% hike which is almost Rs.900 crore. ▶



Renovating rural sector

THE BUDGET OF 2016-17 has proposed to launch digital literacy scheme to cover 6 crore additional rural households to help in their growth. It also plans to provide business training across schools, colleges and massive online courses for the development of the rural

sector. The government has announced an enhanced budget allocation of over Rs 8200 crore for rural development for which funds have been increased by about Rs 3,800 crore. A sum of Rs 2.87 lakh crore will be given as aid to gram panchayats and municipalities as per the recommendations of the commission. This is an increase by 228 per cent compared to the last five year period. The funds thus allocated will provide monetary help of Rs 80 lakh per gram panchayat and over Rs 21 crore for every urban local body.

There was an urgent need to focus on areas of drought and distress, and every block in such areas of distress will be taken up as an "intensive Block". Self-help groups to help people with multiple livelihood and cluster facilitation teams will be formed to help in water conservation and natural resource management. These areas will also come under the Krishi Sinchai Yojana and will provide infrastructure and market to farmers. A mission of full village electrification by May 1st 2018 has also been planned by the government. ▶


Falling crude prices

THE PRICE OF Crude oil is expected to remain less and range between \$33 and \$38 a barrel in 2016 due to uneven balance between the demand and supply globally. The demand today is less and the supply is high. Many companies could thus experience a sharp decrease in profitability. Oil PSUs and the government are expected to benefit from lower subsidy rates. Domestic gas prices could fall 25% year on-year in 2016-17 to \$3.5-4/mmBtu due to lesser global gas demand and falling crude prices.

In the last five years around 55% of rural connections of LPG have been added and the demand for it keeps rising, like it rose by 3% in 2016-17. The cess on crude oil would improve revenue of upstream companies by \$2 a barrel and decrease the government receipts by Rs 4,000 crore. A budgeted subsidy of Rs 27,000 crore in 2016-17 would be enough to cover the low recovery in LPG and kerosene. The government has also announced a 20 per cent cess.

The government wants to give incentive for gas production from deep-water, ultra deep-water and high pressure and high temperature areas. During the budget it was said that a proposal is under consideration for new discoveries and areas which are yet to start production, first, is to provide calibrated marketing freedom; and second, to do so at a fixed price to be discovered on the principle of landed price of alternative fuels.

The best implementation of the plans to incentivise deep-water, ultra deep-water areas is expected to help in improving self-sufficiency in alternate fuel through enhanced domestic production and also bring in foreign investment and modern technologies which are required for exploitation of these areas. So, the government seems to be doing the right thing in trying to be self-sufficient in fuel production while the crude prices are falling all around. The budget seems to provide incentive to this sector and help in its growth. ▀



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A LOOK AT REALTY SECTOR

THE REALTY SECTOR has a lot to cheer about from the Union budget 2016-17. The Finance minister Arun Jaitley has removed the last tax hurdle in the way of Real Estate Investment Trusts (REIT), and has given incentives to first-time home buyers by trying to make affordable housing available for all. Any distribution made out of the income of SPV to the REITs and Infrastructure Investment Trusts having known shareholding will not be subjected to Dividend Distribution Tax. With this amendment, all the required fiscal support for REIT and InvIT to make it a reality has been at last accomplished. This will help the developer and fund managers to raise funds through REIT/InvIT and create liquidity.

The biggest beneficiaries of this would be companies with large rent generating, commercial portfolios, like DLF Ltd, Blackstone Group Lp, etc. To increase housing activity the government has proposed to give full deduction for profits earned by an undertaking from any housing project for flats measuring 30sq.m. in the metro cities and 60sq.m. in the second tier cities, approved between June 2016 to March 2019, and completed within three years of the approval. Minimum Alternate Tax (MAT) will, apply to these constructions. It has also been proposed to remove service tax on building of affordable homes measuring 60sq.m. For new home buyers, there will be a deduction of extra interest of Rs.50,000 every year for loan

taken up to Rs.35 lakh sanctioned during the next financial year, but keeping in mind that the value of the house does not exceed Rs.50 lakh

100% deduction in tax from profits of affordable housing developers would put their focus on the segment that has been largely ignored owing to business viability issues, the most attractive of housing space limits measuring 30sq.m. in four

metro cities and 60sq.m. in tier II cities should have been equitable. Although the three year time for the completion of the projects could have been increased, yet it is a good budget for the realty sector definitely. So, there is a lot to cheer for the realty sector, and hopefully this will help people to get their dream homes easily and at the right time and price. This budget has really brought joy to the realty sector. ▶

Business Tax structure

THE MAIN MESSAGE of the Budget's corporate tax proposals is well said in the Government's messages to tax payers over the past several months. These include reduction in corporate tax rate, phase out of tax exemptions, focus on Make in India, measures to aid ease of doing business.

A tax rate of 29 per cent is being proposed for small companies, meaning companies having gross revenue of less than Rs 5 crore during FY 2014-15. Further, to make way for new start-ups, 25 % tax rate is being proposed for new companies dealing in manufacturing business. Some tax incentives for start-ups are also being granted in form of exemption of full profits for the initial three years out of the first five years starting from the year of inception.

It also proposes to promote innovation in India by incentivizing people for developing and registering the patents in India, in the form of concessional tax rate of 10 per cent on royalties for use of patents registered in India. This may lead to many to consider India as a destination for their IP holding company, which will bring in the royalties as well as promote an innovation culture in the country. The Budget proposes a one-time Dispute resolution by payment of arrears in tax and offering to waive off penalty and interest. The design of the penalty provisions, which have not been solved for several decades, have seen a fresh approach, which is largely a welcome provision. Thus, the business tax structure looks quite welcoming from the point of view of new business and old ones. Hopefully this will help in the economic growth and development of the country. ▶



Governance and ease of doing business

INDIA IMPROVED its position from last year's 134 to 130 in the World Bank Doing Business 2016 ranking, which was released last year. The government's focus today is on the ease of doing business is not for corporate only but also for ordinary people, with steps being taken to remove all hurdles in their dealings with the government. The number of days it takes to start a new business has gone up marginally from 28.4 to 29 this year, but the report has taken note of other measures in the last year that made starting a business easier. The WB Doing Business report commended the legislative changes that eliminated the minimum capital requirement and the requirement to obtain a certificate to start business operations.

The UPA government had created many hurdles for those who were doing business, but the Government now is walking in the right direction and taking steps to rectify these errors so, that Indian environment can become business friendly and there is an ease in doing business here. Earlier in 2014, the report ranked India at 140, but this year's report features the recalculated 2015



rankings, in which India comes at 130, computed according to a new methodology. The WB Doing Business reports, started in 2002, review business regulations and their enforcement across 189 countries.

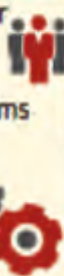
Government has taken the following steps to easy governance and ease of doing business:

1. The government has made up a committee for providing human resources in the government and in autonomous bodies.
2. They have proposed accelerating investments in infrastructure, which

are the main areas of concern for the budget. These are some of the important criteria for ease of doing business.

3. A technology driven platform will be established to help in the acquiring of goods and services by different ministries and agencies of the Government. This will bring more transparency and ease in govt. procurement of goods and services
4. Government will introduce a bill to rectify the Companies Act, to remove the difficulties and hurdles to ease doing business in our country.
5. They would also look to improve the environment for start-ups here.
6. It has also insisted on buffer stock of crops so as to stop inflation of prices so as to ease business for farmers.
7. It seeks to link states and districts through various exchanges so there is a close engagement between them which will help to ease governance and ways of doing business among them.

How India will Move Up

| CURRENT REFORMS WILL BE FACTORED IN | | MORE INSTITUTIONAL REFORMS WILL HAPPEN BY THEN | | | |
|---|---|---|---|---|--|
| <ul style="list-style-type: none"> ▶ The cutoff date for the ranking was June 1 ▶ Many of the reforms were still on the works then ▶ Usage of some of the reforms was low |  | <ul style="list-style-type: none"> ▶ World Bank did not consider reforms where usage was low | <ul style="list-style-type: none"> ▶ A committee set up to reform the Income Tax Act ▶ Commercial courts will speed up dispute resolution | <ul style="list-style-type: none"> ▶ Difficulties in Companies Act being worked on ▶ Goods and Service Tax to be taken up in the winter session | <ul style="list-style-type: none"> ▶ Law to amend the bankruptcy law soon |
|  | |  | | |  |

8. Govt. has introduced a bill for specific Delivery of Financial and Other Subsidies, Benefits and Services on usage of the Aadhar framework. A social security platform will be developed using Aadhar to provide these services to the beneficiaries.
9. Govt. will introduce DBT for fertilizers on a test basis in a few

The number of days it takes to start a new business has gone up marginally from 28.4 to 29 this year, but the report has taken note of other measures in the last year that made starting a business easier.

- districts across the country so as to improve the quality of service delivery to farmers
10. Govt. will provide automation facilities in 3 lakh Fair Price Shops out of five and half lakh Fair Price Shops which will be there by March 2017.
11. They will establish a technology driven platform to keep transparency in procurement of goods by various Ministries and agencies of the Government.
12. To remove the difficulties and impediments to ease of doing business, they will introduce a Bill to amend the Companies Act, 2013 in the Session of the Parliament. The Bill would also improve the environment for start-ups in our country and the registration of companies will be easy and can be done in one day.



By laying down these steps the government is certainly showing that it wants the environment for business in this country to be easy and is inviting people and startups to do business here. So, companies thinking of starting up now will have to face much lesser problems to face than the companies which registered some years ago due to the hurdles they faced while doing business. ▶

Health insurance schemes



POOJA
KHAITAN

The proposal for additional Rs 30,000 health cover for senior citizens will help reduce the burden of expenses for healthcare of the aged.



BUDGET 2016 had many messages for the insurance sector, which are expected to offer more options to the insurance buyers in India. The government has launched a new health insurance scheme which will be for families below the poverty line. The Finance minister Arun Jaitley said that this scheme will offer a health cover of up to Rs 1 lakh per family and for senior citizens who are above the age of 60 years, an additional amount of Rs 30,000 will be available. There is a proposal in the budget to launch a new health protection scheme to ensure health insurance reaches the remotest corners of the country and promotes financial inclusion. The proposal for additional Rs 30,000 health cover for senior citizens will help reduce the burden of expenses for healthcare of the aged.

Right now, India only has the Rashtriya Swasthya Bima Yojana (RSBY) was initiated to provide health insurance coverage to Below Poverty Line families. The beneficiaries of this scheme are entitled to hospitalization coverage of up to Rs 30,000 for most diseases. The Service tax on the works of general insurance business provided under 'Niramaya Health Insurance Scheme' started by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability will be free, with effect from 01.04.2016. Also the Service tax on service of life insurance business provided by way of annuity under the National Pension System regulated by PFRDA will be also exempted with from 1st April 2016. Thus, the health insurance schemes have brought just marginal relief for the people of our country. ▶

Transforming healthcare



THE ALLOCATION FOR social sector including education and health care in this budget has been of Rs 1,51,581 crore. New scheme for health protection will provide health cover up to Rs One lakh per family in the country and for senior citizens an additional Rs 30,000 will be provided. It is proposed that 3,000 Stores under Prime Minister's Jan Aushadhi Yojana start operating from 2016-17. 'National Dialysis Services Program' is to be started under National Health Mission through PPP mode and many dialysis centres are planned to open in so that people do not have to travel too far and expend money travelling while going in for dialysis. The National Health Mission budget also saw an increase by 2%, India only has the Rashtriya Swasthya Bima Yojana (RSBY) which was initiated to provide health insurance coverage to Below Poverty Line families. The beneficiaries of this scheme are entitled to hospitalization coverage of up to Rs 30,000 for most diseases.

Many of the other healthcare schemes have been exempted from tax as per the budget this year and has helped to bring smiles on many peoples face. For a stronger and healthier India, the government has proposed these plans and hopes it will help in the strengthening the countries position. By providing healthcare schemes to the BPL, government has been able to win their confidence and has shown care towards them. This has provided a great boost to the healthcare system in our country and hopefully more people will be able to use these funds for a healthier country. So, healthcare has been a major issue for all governments and by pointing out these points, this government has been able to please most people. ▶

RELIEF FOR RENAL DISEASE PATIENTS

WHAT THE FM SAID

2.2 lakh new end-stage renal disease patients of get added every year

3.4 CRORE more dialysis sessions needed every year

4,950 (APPROX) dialysis centres, mostly privately owned and concentrated in major towns

A dialysis session costs around **RS 2,000, OR OVER RS 3 LAKH** a year

THE COST

Consumables: Dialyser, tubing etc: Rs 600 at a charitable hospital, up to Rs 1,500 at a private one

Equipment: Rs 6.5 lakh

Each session: Rs 400-Rs 2,200 (depending on hospital)



**“ Let's
Not Fall
Victims
to Fraud
Be Aware ”**



Agriculture and farmer welfare

THIS BUDGET HAS highlighted some great features for agriculture and farmer welfare. Some have even referred to the 2016-17 budget as the farmers budget and the government has done its best to introduce some good features for the farmers of the country. Since more than half the population of India is dependent on Agriculture as their means of income, the government thought it necessary to strengthen them to have a better growth in the country.

Here are some of the main points of the features provided by the government to this sector:

1. An allocation of Rs 35,984 crore for Agriculture and Farmers' benefit has been done in this budget.
2. The 'Pradhan Mantri Krishi Sinchai Yojana' scheme is to be implemented and through this Rs 28.5 lakh hectares of farmland will be brought under irrigation.

3. Implementation of 89 irrigation projects under AIBP, which have been lying around for a long time, will be fast tracked.
4. A good Long Term Irrigation Fund will be created in NABARD with an initial deposit of about Rs 20,000 crore from the government.
5. The Programme for managing the ground water resources which will cost about Rs 6,000 crore will be done through 3 phases of funding.
6. 5 lakh farm ponds and dug wells will be made in rain fed areas and 10 lakh compost pits to produce organic manure will be taken up under MGNREGA.
7. The Soil Health Card scheme will cover all 14 crore farm holdings by March 2017.
8. The government has said that 2,000 model retail outlets of Fertilizer companies will be provided with soil and facilities for seed testing during the next three years.
9. They will also promote organic farming through krishi vikas yojana and 'Organic Chain Development in the North East Region'.
10. Unified Agricultural Marketing will provide an electronic Platform to provide a common e- market platform for wholesale markets for the farmers so that they get the right price for their produce by selling the anywhere they feel like.
11. The Allocation under Pradhan Mantri Gram Sadak Yojana has been increased to ` 19,000 crore. This will connect remaining 65,000 eligible habitations by 2019.
12. They aim to reduce the burden of loan repayment on farmers, and for this a provision of Rs 15,000 crore has been made in the budget of 2016-17 towards interest subvention.
13. To insure the crops an allocation under Prime Minister Fasal Bima Yojana has been made for Rs 5,500 crore.
14. There has been an allocation of Rs 850 crore for four dairying projects - 'Pashudhan Sanjivani', 'Nakul Swasthya Patra', 'E-Pashudhan Haat' and National Genomic Centre for indigenous breeds.

The government has looked into the requirements of the farmers and agriculture more than any other sector in this budget. ▶



Fasal Bima Yojana

THE RECENT GOVERNMENT has allocated Rs. 5,500 crore for the recently announced Pradhan Mantri Fasal Bima Yojana (PMFBY) in the budget 2016-17, which will provide crop insurance cover to at least half of country's 14 million farmers by the end of Financial Year 2019. The new crop insurance scheme would be launched from next kharif season. Under this scheme, the premium paid by farmers

Under this new scheme, losses incurred by them at any stage of the farming activity from the sowing to the after harvesting would all be covered with premium rates within reach.

would be at 2% of the insured value for the more rain requiring kharif crop and 1.5% for the other season, compared with 3.5-8% under the other schemes. In the case of horticultural crops, the premium burden will be 5% of the sum assured half of the total premium.

Only 20 million out of the 140 million farmers in the country working in the fields had crop insurance cover and if they had it hardly provided any income protection. According to the government, most of the farmers who took crop insurance were from the states of Rajasthan, Bihar, Uttar Pradesh, Maharashtra etc.

The existing schemes, the Modified National Agricultural Insurance Scheme and the Weather-based Crop Insurance Scheme have done very badly, with a very low coverage. With the initiation of the Pradhan Mantri Fasal Bima Yojana in Sehore, Madhya Pradesh, Prime Minister said farmers were

NDA Govt launches a Pioneering Crop Insurance Scheme

Minimum Premium, Maximum Insurance for Farmer Welfare

Pradhan Mantri Fasal Bima Yojana



not joining the crop insurance scheme or failure of such schemes were delay in settlement of claims and high premium rates. Many occasions, the premium amounts were very high as compared to that of the insured amount. So, under this new scheme, losses incurred by them at any stage of the farming activity from the sowing to the after harvesting would all be covered with premium rates within reach.

Rural credit got a boost, from a first of Rs.8.5 trillion in 2015-16 to even more for the coming year. And to decrease the burden of repayment on drought-hit farmers, the budget allocated Rs.15,000 crore to help them. To increase crop yields in rain-fed areas the budget allocated Rs.412 crore towards organic farming. The emphasis is on value addition so that organic produce grown in all parts finds domestic and export market. For enhancement in pulses production, it was allocated with a good sum

under the National Food Security Mission. The programme will cover hundreds of districts in the country.

This budget stressed on irrigation and crop insurance schemes on the back of consecutive monsoon failures, and after a lot of criticism for the government from all sectors. While 2014 saw a deficit of 12% in the south-west monsoon, last year (2015) recorded even worse deficit of 14% with more than 10 states declaring a drought. The centre spent nearly Rs.13,000 crore to help these states during 2015-16. Thus, the government has done its best to provide the right help to the poor farmers in case of a crop failure or any mishap due to inclement weather. Hopefully all the farmers will register for the insurance scheme and get protected under it and this budget has brought a smile on the farmers face. ■

Budget 2016 will forecast well for inclusive growth

This is a great Budget that attempts to strike a balance between reviving demand and continuing on the path of fiscal consolidation. For the FMCG sector, the steps taken to support the recovery of rural and urban consumption should help to bring growth back on the way again.

Allowing small and medium shops to remain open for all days a week should boost retail trade. Millions of consumers are today looking for affordable and quality products. Growth has however recently been slow due to insufficient job creation and the little growth in disposable income.

This budget seems to make focused efforts to remove rural distress; to uplift the agricultural economy and address the impact of little monsoons and less prices, through better irrigation, increased productivity and better targeted subsidies, will help put more money in the hands of farmers and do well for all inclusive growth.

Insurance schemes have been started for farmers so that they can be saved from the burdens of regular crop failure. Rural India will benefit from initiatives by the government like, electrifying all villages in India by 2018, health insurance and spreading digital literacy. By giving statutory backing to the Aadhaar scheme and other such initiatives, the government will ensure more targeted delivery of benefits to those who need it. Speeding up rural infrastructure projects and investing in capacity building will also lead to more productive jobs being created in rural India.



Right now what is needed is job creation, which we hope will be increased through make in India initiative and investments in manufacturing and infrastructure of the country. Concrete steps towards improving the ease of doing business, flexible labour markets and speeding up infrastructure projects, will greatly help this.

Focusing on skill providing and education is imperative to make people more employable and provide the long-term backbone to sustain this change. Education will help to bridge the gap between skill and employment. Digital literacy in the rural areas will also help in their growth and development and will help the people of the villages be able to join the main stream.

For the medium term, the implementation of transformative reforms, like the GST, at the earliest, will be necessary to fast track economic growth and boost consumer confidence. The government is eager to stick to the path of fiscal consolidation so we look forward to an interest rate cut or more liquidity in the system to drive private capital investment. Going forward, given the number of schemes that have been announced, it will be important for the Government to fulfil all promises made through effective execution. By these points in the budget the government of India will concentrate on ways to ensure overall economic stability and timely fiscal management, boosting demand, continuing with the bold economic reforms and policy started to change the lives of the people for the better. They have taken the steps and now it is time to implement them. If the government is able to pull this off then there will be no looking back for the Indian economy. ▀

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