

KEY POINTS BUDGET 2015-16 VOLL-II

Finance Minister Arun Jaitley today presented the [Union budget](#) for FY16 in the backdrop of easing inflation and interest rates but continued growth challenges which the government needs to address. Jaitley is under pressure to unveil reforms that will put the country's economy on a path of 7-8 percent growth over the next two years.

The 3 achievements of Govt have been —PM's Jan Dhan Yojana, transparent auctions & Swachh Bharat, said Jaitley: Here are the highlights of his speech in parliament:

- The world is predicting it is India's chance to fly and credibility of the economy has been re-established. Not only is ours the second best performing stock markets among the big economies, but India is poised to be the fastest-growing economy

- Coal bearing states will get several lakhs of crores thanks to the coal block auction

- 50 lakh toilets have already been constructed in 2014-2015 and we will achieve our target of six crore toilets

- GST will be put in place as a state of art indirect tax system by April 1st 2016

- Our achievement is to conquer inflation; will be only five percent by end of year

- GDP growth for 2015-16 seen at between 8 - 8.5 percent. Estimated GDP for current fiscal is 7.4%

- Increase in agriculture productivity is essential for welfare for rural population, we should commit to increase irrigation area

- Need to upgrade 80,000 secondary schools so that they are within 5 km reach for students. According to the FM, Skill development should start from class XI for those who are not that bright academically. Students should work as trainee in the industry and the industry should give stipend to these students. In the classroom should be taught about their rights and responsibility towards the country. FM proposes new scheme called Nai Manzil to enable youth without school leaving certificates to get employment

- Fiscal discipline has to be achieved despite demands for public investment. States will now be empowered with more resources as recommended by the Financial Commission report.

Devolution will be Rs. 5.2 lakh crore in 2015. Total transfer to States will 62 per cent.

- Economic growth this year at 11.5 percent is lower in nominal terms but will meet the challenging fiscal target of 4.1 percent of GDP. Jaitley further said that fiscal deficit target of 3 percent will be achieved in three years rather than the two years announced earlier.

So fiscal deficit seen at 3.9% of GDP in 15/16; 3.5% of GDP in 16/17 and 3% in 2017/18.

- CPI inflation to remain close to 5 pct by March, opening room for more monetary policy easing

- Economy faces five challenges: Agri income are under stress, increase in public and private investment, manufacturing reduced to 17%, fiscal discipline, devolution to states

- Need to cut subsidy leakage, not subsidy itself. Working towards rationalisation of subsidies, says FM. Subsidies will be targeted and done directly, expect those in the top tax bracket will give up LPG subsidy voluntarily. Direct Transfer of Benefits will be expanded from 1 crore accounts to 10.3 accounts

- Government to set up Mudra Bank aimed at lending to lower income groups

- Rural Infrastructure Development Fund to be 25000 crore

- FM proposes much needed bankruptcy code in the year 2015-2016 to meet global standards and provide for judicial capacity. The code is aimed at addressing bad loan challenges

- Social security systems for all poor and an affordable insurance policy for the poor is also being promised. Measure to bring in more equity. Atal Pension Yojana will provide defined pension according to contribution ; 50% contribution to be from the government

- Infrastructure outlays for roads and railways go up. Investment in infrastructure will go up by Rs 70000 crore in 2015/16 over last year
- PPP model of Infrastructure to be revitalized and realigned where government will bear larger part of the risk
- Second unit of Kudankulam nuclear power station to be commissioned in 2015/16. Govt also proposes to set up 5 ultra mega power projects, each of 4000 MW, will be plug and play projects
- Deepening of bond markets is the need of the hour. FM proposes to merge FMC with Sebi to reduce speculation
- MNREGA allocation to go up by Rs 5000 crore. This is the highest ever allocation to the scheme
- Ports in public sector will be encouraged to corporatize & become companies under companies act
- FM promises Rs 1,000 crore corpus for establishing a mechanism to facilitate startups
- FM proposes to introduce gold monetisation scheme to allow investors to earn interest in metal account. Also says an alternative sovereign gold bond to replace physical gold.

Jaitley also proposes to work on developing Indian gold coin which carries the Ashok Chakra to help recycle gold available in country

- Debit card transactions to be encouraged and cash transaction dis incentivised
- Employees EPF contribution may become optional
- Jaitley now proposes to do away with different types of foreign investment and replace them with composite caps instead
- Another Rs 1,000 crore committed to the Nirbhaya Fund
- Jaitley proposes increase in Visa on Arrivals to 150 countries from its current 43 in an attempt to boost tourism
- Dispute of resolution bill to be set to see that stuck projects can be unlocked
- FM propose to set up AIIMS this year in J&K, Punjab, Tamil Nadu, HP and Assam and new New Indian Institute of Managements in J&K and Andhra Pradesh. Meanwhile ISM Dhanabad will be upgraded to full IIT
- India ups defence budget to Rs 2,46,727 crore for coming fiscal
- FM proposes to develop heritage sites Elephanta Caves; old Goan churches; Varanasi; Hampi etc

- Taxation: FM Proposes to reduce the rate of corporate tax to 25 percent from the current 30 percent over the next four years
- Black money law shall be implemented by next year: Foreign Exchange Management Act and Money Laundering Act will be amended in relation to confiscation of assets
- In order to curb benami transaction in property deals, Jaitley has proposed to rationalise capital gains tax regime for real estate investment trusts.
- GAAR deferred by another 2 years
- Indirect tax: Govt to reduce custom duty on 22 items
- FM proposes to replace wealth tax with additional 2% surcharge on super rich (those earning above Rs 1 crore in a year) This will add Rs 9000 crore to the government's kitty
- Pan Number quoting made compulsory for transactions more than Rs 1 lakh.
- For senior citizens, health insurance premium will now be Rs 30,000
- Additional deduction of Rs 50000 under section 80CCD, with aim of moving from pensionless to a pension society
- An individual tax payer can now get exemptions up to Rs 4.4 lakh.
- Transport allowance increased to Rs 1600 a month from the current Rs 800

- Service tax has been raised from 12.3 percent to 14 percent
- To discourage transactions in cash, Rupee debit card to incentivise credit transactions
- Clean energy cess increased from 100 to 200 Rupees per metric ton of coal to finance

Green Energy Fund

- Custom duty on tobacco increased to Rs 70 a kg from the current Rs 60/kg. This means cigarettes are getting more expensive.
- Custom duty on commercial vehicles hiked to 40 percent from 10 percent
- Excise duty on footwear with leather uppers to be reduced to six percent
- 100 percent Tax exemption for contributions to 'Swachh Bharat Abhiyan' and 'Clean Ganga Fund' by corporates as part of CSR
- Swachh Bharat cess of two percent, if necessary
- Law against Benami property in fight against black money
- Splitting of transaction not to be permitted
- Tax regime to be rationalised
- Rigorous imprisonment of up to 10 years for concealing income

- Prevention of Money Laundering Act to be amended to provide for forfeiture of property in India if the one abroad cannot be attached
- Exemption to individual tax payers to continue
- In last nine months several steps taken to effectively deal with problem of black money
- Comprehensive new law to be brought against black money
- New structure to be put in place in banking sector for seamless integration of data
- Adequate provision for defence with Rs.246,727 crore earmarked this year
- Fully IT-based student-help facility for needy students
- Eastern states to be given opportunity to develop faster. Special boost to Bihar and West Bengal as in the case of Andhra Pradesh and [Telangana](#)
- Good progress in DMIC corridor and other infra-projects. Rs.1,200 crore earmarked and additional funds if pace of work picks up on ongoing projects

Check out concise highlights of Budget 2015-16 in my previous upload exclusively at

CACLUBINDIA. Thank you.