UNION BUDGET 2017-18:

KEY ECONOMIC INDICATORS
(Absolute Values)

	2014-15	2015-16	2016-17
Gross Domestic Product at factor cost (` trillion)			
At current market prices	125	136	152[a]
At 2011-12 prices	106	114	122[a]
Output			
Foodgrains (million tonnes)	252.0	252.2	135.0[b]
Power generation (by utilities) (billion units)	1048.7	1107.8	873.0[c]
Prices (Average)			
Wholesale Price Index (All commodities)	181.2	176.7	182.3[d]
CPI-Combined (Rural & Urban) (Base 2012)	118.9	124.7	130.2[d]
External Sector (US$ billion)			
Export	310	262	200[d]
Import	448	380	276[d]
Current Account Balance (net)	-27	-22	-4[e]
Foreign Direct Investment (net)	31	36	21[e]
Monetary and Finance			
Money Supply (M3) (` trillion)*	106	116	121[f]
Foreign Exchange Reserves (US$ billion)*	341.6	360.2	360.8[g]
Exchange rate (`/US$) (Average)	61.15	65.44	67.22[h]

Footnotes - a: Advance Estimates; b: 1st Advance Estimates for Kharif foodgrains only; c: Apr-Dec FY17 (tentative); d: Apr-Dec FY17; e: Q1 and Q2 FY17; f: As of 6 Jan, 2017; g: Upto 20 Jan, 2017; h: Apr-Jan FY17;*: Outstanding till date

Source: RBI, CSO, Ministry of Commerce, Ministry of Power, Ministry of Agriculture & Farmers Welfare

KEY ECONOMIC INDICATORS
(Percentage Change Over Previous Year)

(%)	2014-15	2015-16	2016-17
Gross Domestic Product at factor cost			
At current market prices	10.8	8.7	11.9[a]
At 2011-12 prices	7.2	7.6	7.1[a]
Sectoral Growth Rates at Constant (2011-12) prices			
Agriculture & allied	-0.2	1.2	4.1[a]
Industry	5.9	7.4	5.2[a]
Services	10.3	8.9	8.8[a]
Prices (Average)			
Wholesale Price Index (All commodities)	2.0	-2.5	2.9[d]
CPI-Combined (Rural & Urban) (Base 2012)	5.8	4.9	4.8[d]
External Sector			
Export	-1.3	-15.6	1.1[d]
Import	-0.5	-15.1	-7.2[d]
Foreign Direct Investment (net)	44.9	15.3	28.8[e]
Monetary and Finance			
Money Supply (M3)*	10.9	10.1	6.3[f]
Foreign Exchange Reserves*	12.3	5.4	3.8[g]
Exchange rate (` /US$) (Average)	1.1	7.0	3.4[h]

Footnotes - a: Advance Estimates; d: Apr-Dec FY17; e: Q1 and Q2 FY17; f: As of 6 Jan, 2017; g: Upto 20 Jan, 2017; h: Apr-Jan FY17; *: Outstanding till date

Source: RBI, CSO, Ministry of Commerce, Ministry of Power, Ministry of Agriculture & Farmers Welfare

BUDGET AT A GLANCE

billion	**2016-17** Revised Estimates	**2017-18** Budget Estimates
1) Revenue Receipts	**14,236**	**15,158**
1.1) Tax Revenue (net to centre)	10,888	12,270
1.2) Non-Tax Revenue	3,348	2,888
2) Capital Receipts (2.1+2.2+2.3)$	**5,908**	**6,310**
2.1) Recoveries of loans	111	119
2.2) Other receipts	455	725
2.3) Borrowings and other liabilities *	5,343	5,465
3) Total Receipts (1+2)$	**20,144**	**21,467**
4) Scheme Expenditure	**8,698**	**9,451**
4.1) On Revenue Account	6,315	6,741
4.2) On Capital Account	2,383	2,710
5) Expenditure on Other than Schemes (5.1+5.3)	**11,446**	**12,017**
5.1) On Revenue Account	11,030	11,629
5.2) of which, Interest Payments	4,831	5,231
5.3) On Capital Account	415	388
6) Total Expenditure (4+5)	**20,144**	**21,467**
6.1) Revenue Expenditure (4.1+5.1)	17,346	18,369
6.2) Of which, Grants for creation of Capital Assets	1,715	1,954
6.3) Capital Expenditure (4.2+5.3)	2,798	3,098
7) Revenue Deficit (6.1-1)	**3,110**	**3,212**
% of GDP	(2.1)	(1.9)
8) Effective Revenue Deficit (7-6.2)	**1,395**	**1,258**
% of GDP	(0.9)	(0.7)
9) Fiscal Deficit {6-(1+2.1+2.2)}	**5,343**	**5,465**
% of GDP	(3.2)	(3.2)
10) Primary Deficit (9-5.2)	**512**	**235**
% of GDP	(0.3)	(0.1)

$ Excluding receipts under Market Stabilisation Scheme

[illegible] of Cash Balance

[illegible]

Estimates of 2016-2017 (` 150,754.29 billion).

Individual items in this document may not sum up to the totals due to rounding off

Source: Union Budget FY18

ALLOCATION FOR IMPORTANT SCHEMES

(` billion)	2016-17 Revised Estimates	2017-18 Budget Estimates
Bharatnet	60.0	100.0
Blue Revolution	3.9	4.0
Employment Generation Programmes other than MGNREGS, including PM Kaushal Vikas Yojana, ATUFS, PM Mudra Yojana, PMEGP and ASPIRE	106.8	116.4
Environment, Forestry and Wildlife	8.2	9.6
Green Revolution	103.6	137.4
Integrated Child Development Services	165.8	207.6
Integrated Power Development Scheme and Deen Dayal Upadhyaya Gram Jyoti Yojna	78.7	106.4
LPG connection to poor households	25.0	25.0
Mahatma Gandhi National Rural Employment Guarantee Programme	475.0	480.0
Metro Projects	157.0	180.0
Mission for Empowerment and Protection for Women	8.2	10.9
Namami Gange- National Ganga Plan	14.4	22.5
National Education Mission including Sarva Shiksha Abhiyan	282.5	295.6
National Health Mission	226.0	271.3
National Livelihood Mission - Ajeevika	33.3	48.5
National Programme of Mid-Day Meal in Schools	97.0	100.0
National Rural Drinking Water Mission	60.0	60.5
National Social Assistance Progamme	95.0	95.0
Optical Fibre Cable based network for Defence Services	32.1	30.0
Pradhan Mantri Awas Yojna	209.4	290.4
Pradhan Mantri Fasal Bima Yojana	132.4	90.0

ALLOCATION FOR IMPORTANT SCHEMES

Pradhan Mantri Gram Sadak Yojna	190.0	190.0
Pradhan Mantri Krishi Sinchai Yojana (PMKSY) aggregated across three ministries	51.9	73.8
Price Stabilisation Fund for pulses	34.0	35.0
Recapitalization of Public Sector Banks according to the Indradhanush scheme	250.0	100.0
Sagarmala	4.1	6.0
Swachh Bharat Mission	128.0	162.5
Urban Rejuvenation Mission : AMRUT	95.6	90.0
White Revolution	13.1	16.3

Source: Union Budget FY18

ALLOCATION FOR SECTORS

(` billion)	2016-17 Revised Estimates	2017-18 Budget Estimates
1. Agriculture and Allied sectors	**528.2**	**586.6**
2. Rural Development	**1149.5**	**1285.6**
3. Infrastructure	**3586.3**	**3961.4**
of which Transport	2169.0	2413.9
4. Social sectors	**1762.3**	**1954.7**
4.1 Education and Health	1148.1	1302.2
4.2 Social sectors with welfare orientation	614.2	652.6
5. Employment Generation, Skill and Livelihood	**148.7**	**172.7**
6. Scientific Ministries	**343.6**	**374.4**

Source: Union Budget FY18

SECTORAL IMPACT

Agriculture	Positive
Social Sector	Positive Plus
Infrastructure	Positive Plus
Services	
Banking/Insurance/Financial Service and Market	Positive/Marginally Positive/ Positive
Hospitality	Marginally Positive
IT-BPM	Marginally Positive
Media & Entertainment	Neutral
Retail	Marginally Positive
Telecom	Marginally Positive
Manufacturing	
Automotive	Marginally Positive
Capital and Engineering Goods	Positive
Cement	Positive
Consumer Goods	Marginally Positive
Gems and Jewellery	Neutral
Metals & Mining	Marginally Positive
MSMEs	Marginally Positive
Oil & Gas, Petrochemicals	Marginally Positive
Pharma & Healthcare	Positive
Power	Positive
Real Estate and Construction	Positive Plus
Textiles & Garments	Neutral

Ratings:

Positive Plus	Predominantly positive proposals
Positive	Positive proposals
Marginally Positive	Positive proposals but not upto industry expectations
Neutral	Negative proposals offsetting positive proposals
Negative	Negative proposals impacting the sector

Agriculture

- Total allocation for agriculture and allied sectors is around ` 587 billion. The allocation towards rural development is around ` 1.3 trillion.
- Target for agricultural credit in FY18 fixed at a record level of ` 10 trillion
- To ensure flow of credit to small farmers, Government to support NABARD for computerisation and integration of all 63,000 functional Primary Agriculture Credit Societies with the core banking system of District Central Cooperative Banks. This will be done in 3 years at an estimated cost of ` 19 billion.
- Coverage under Fasal Bima Yojana scheme will be increased from 30% of cropped area in FY17 to 40% in FY18 and 50% in FY19 for which a budget provision of ` 90 billion has been made.
- New mini labs in Krishi Vigyan Kendras (KVKs); 1000 mini labs will be set up by qualified local entrepreneurs and the Government will provide credit linked subsidy to these entrepreneurs.
- The Long Term Irrigation Fund already set up in NABARD to be augmented by 100% to take the total corpus of this fund to ` 400 billion.
- Dedicated Micro Irrigation Fund in NABARD to achieve ‘per drop more crop’ with an initial corpus of ` 50 billion.
- Coverage of National Agricultural Market (eNAM) to be expanded from 250 markets to 585 APMCs. Assistance up to ` 7.5 million will be provided to every e-NAM.
- A model law on contract farming to be prepared and circulated among the states for adoption.
- Dairy Processing and Infrastructure Development Fund to be set up in NABARD with a corpus of ` 20 billion and will be increased to ` 80 billion over 3 years.
- Market reforms will be undertaken and the States would be urged to denotify perishables from APMC.

Positive

In continuation with the last year's Budget, the agri flavour in this Budget remains strong with increased focus on improving the fundamental strength of the sector through interventions in irrigation, farm and credit insurance. Though devoid of dramatic announcements, the increase in allocation on certain key schemes is a positive sign for the overall sector. There is a 6% (y-o-y) increase in allocation on agriculture and famers' welfare, that includes 45% increase in irrigation spend.

The higher fund allocation towards micro irrigation and dairy processing is critical to bringing sustainability to agriculture. Focus on irrigation would go a long way in drought-proofing the economy while the dairy processing infra fund would allow NABARD to finance modernisation of milk processing units and improve milk production and increasing modernisation of breeding facilities. The digital thrust on co-operative banks would help to ease the flow of credit to small and marginal farmers.

The e-platform of National Agriculture Market (NAM) is an attempt to use modern technology for transforming the system of agricultural marketing and in turn multiplying the farmers' choice of buyers and increasing their income. However, a huge ground remains to be covered to translate NAM into reality and these include putting in place system of scientific grading of agricultural commodities at the market yard, necessary amendment in APMC laws by states, providing quality warehousing and creating convergence in the agricultural marketing value chain such as eNAM, NCDEX, farmers, APMCs etc. While expanding the crop insurance coverage is a welcome step, ensuring transparent assessment of crop damage within a specified time following weather shocks, and the ability to adequately compensate farmers for the losses within the shortest possible time will be critical to ensure the usefulness of the scheme. This would, however, require a sharper increase in budget allocation.

Social Sector

- Allocation for social sector increased by 16% to ` 1.95 trillion in FY18 as compared to FY17 (BE).
- Allocation for Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) proposed to be increased to ` 480 billion in FY18 from ` 385 billion FY17 (BE).
- Allocation of ` 95 billion for National Social Assistance Programme (NSAP).
- Allocation for Pradhan Mantri Awas Yojana (PMAY) – Gramin increased from ` 150 billion in FY17 (BE) to ` 230 billion in FY18 with a target to complete 10 million houses by 2019 for the houseless and those living in kutcha houses.
- Mahila Shakti Kendra proposed to be set up with an allocation of ` 5 billion in 1.4 million Integrated Child Development Services (ICDS) Anganwadi Centres.
- Aim to bring 10 million households out of poverty and to make 50,000 Gram Panchayats poverty free by 2019.
- Allocation of ` 45 billion for the National Rural Livelihood Mission.
- ` 25 billion for LPG connections to poor households.

Education

- Allocation for education sector increased by 10% to ` 796.86 billion in FY18 as compared to FY17 (BE).
- Allocation of ` 295.56 billion for National Education Mission, out of which ` 235 billion proposed to be allocated for Sarva Shiksha Abhiyan.
- Innovation Fund for Secondary Education proposed to be introduced in 3,479 educationally backward blocks.

- SWAYAM platform, leveraging IT, proposed to be launched with at least 350 online courses.
- National Testing Agency proposed to be set up as an autonomous and self-sustained premier testing organisation to conduct all entrance examinations for higher education institutions.
- As part of the UGC reforms, good quality higher education institutions to have greater administrative and academic autonomy. A revised framework will be put in place for outcome based accredition and credit based programmes.
- Proposition to introduce a system of measuring annual learning outcomes in schools.

Skill Development & Job Creation

- For imparting new skills to people in rural areas, mason training proposed to be provided to 0.5 million persons by 2022.
- A programme of "human resource reforms for results" proposed to be launched during FY18 for human resources development in Panchayati Raj Institutions.
- Pradhan Mantri Kaushal Kendras proposed to be extended to more than 600 districts across the country. 100 India International Skills Centres will be established across the country.
- Skill Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) programme proposed to be launched at a cost of ` 40 billion.
- Next phase of Skill Strengthening for Industrial Value Enhancement (STRIVE) proposed to be launched in FY18 at a cost of ` 22 billion.
- A scheme for creating employment in the leather and footwear industries along the lines in textiles sector proposed to be launched.

- To foster a conducive labour environment, legislative reforms will be undertaken to simplify, rationalise and amalgamate the existing labour laws into 4 Codes on (i) wages; (ii) industrial relations; (iii) social security and welfare; and (iv) safety and working conditions.

Health & Sanitation

- Allocation for health sector increased by 27% to ` 488.78 billion in FY18 as compared to FY17 (BE).
- Allocation of ` 271.31 billion for National Health Mission.
- Allocation of ` 60.50 billion for National Rural Drinking Water Mission (NRDWM). As part of the mission, safe drinking water is proposed to be provided to over 28,000 arsenic and fluoride affected habitations in the next four years.
- Allocation of ` 162.48 billion for Swachh Bharat Mission.
- Under the Maternity Benefit Scheme, ` 6,000 each will be transferred directly to the bank accounts of pregnant women who undergo institutional delivery and vaccinate their children.
- An action plan has been prepared to eliminate Kala-Azar and Filariasis by 2017, Leprosy by 2018, Measles by 2020 and Tuberculosis by 2025.
- Action plan has been prepared to reduce Infant Mortality Rate (IMR) from 39 in 2014 to 28 by 2019 and Maternal Mortality Rate (MMR) from 167 in 2011-13 to 100 by 2018-2020.
- To create additional 5,000 post graduate seats per annum to ensure adequate availability of specialist doctors to strengthen secondary and tertiary levels of healthcare.
- Two new All India Institutes of Medical Sciences are proposed to be set up in Jharkhand and Gujarat.

- Proposed to amend the Drugs and Cosmetics Rules to ensure availability of drugs at reasonable prices and promote use of generic medicines.
- For senior citizens, Aadhar-based smart cards containing their health details are proposed to be introduced.

SC/ST and Minorities

- Allocation of ` 523.93 billion for the welfare of SC; ` 319.20 billion for the welfare of ST and ` 41.95 billion for minority affairs.

Positive Plus

The social sector for the second consecutive year has witnessed significant increase in the budgetary allocation. The allocation for the social sector increased by 16% in FY18 as against 9% in FY17 (BE). The Union Budget's focus on rural economy, education and health augurs well for the sustainable growth of the economy. The proposals like providing greater autonomy to good quality higher education institutions, launch of online courses through SWAYAM platform and set-up of National Testing Agency to conduct all entrance examinations for higher education institutions are noteworthy and are expected to provide fillip to the higher education sector.

A significant step up in the health sector allocation is a welcome move. The proposals like providing safe drinking water and creation of additional 5,000 medical post graduate seats per annum are expected to have positive impact especially on rural health sector. Moreover, the proposal to amend the Drugs and Cosmetics Rules are likely to ensure availability of drugs at reasonable prices.

To reap the benefits of India's demographic dividend, it is imperative to transform our young population into skilled and productive workforce. In recent years, the government has initiated various skill development programmes foryouth. The Union Budget also proposes some commendable measures such as extension of Pradhan Mantri Kaushal Vikas Kendras to more than 600 districts, set up of 100 International Skill Centres, launch of SANKALP to provide market relevant training to 35 million youth, etc. These measures are expected to help in generating skilled manpower through effective use of vocational and skill development training.

Post demonetisation, the rural population especially labourers/ daily wage earners witnessed some hardships due to lack of liquidity. Hence in order to mitigate this, the government has proposed to increase the allocation of MGNREGS. This is expected to provide the livelihood security to rural population. Overall, the Budget has continued to focus on skill development, higher education and health which will help in shaping India's growth story in the long term.

Infrastructure

- The Budget has allocated around ` 4 trillion to the infrastructure sector.
- For the transportation sector, including rail, roads and shipping, provision of ` 2.41 trillion has been made.

Road and Highways

- Proposed budgetary allocation for roads and highways raised to ` 649 billion in FY18 from ` 579.76 billion in FY17 (BE).
- About 2,000 km of coastal connectivity roads identified for construction and development.

Railways

- Total capital and development expenditure of Railways for FY18 pegged at ` 1.31 trillion, of this, ` 550 billion will be provided by the Government, while the rest will be met through Internal and Extra Budgetary Resources (IEBR).
- Indian Railways' subsidiaries, Indian Railway Catering and Tourism Corporation (IRCTC), Indian Railway Finance Corporation (IRFC) and IRCON International Limited to be listed.
- A safety fund named Rashtriya Rail Sanraksha Kosh to be created over a period of five years for passenger safety, with a corpus of ` 1 trillion; besides seed capital from the Government, resources to be arranged from the Indian Railways' own revenues and other sources; Government to lay down guidelines and timeline for implementing various safety works to be funded from this Kosh.
- Plans to eliminate unmanned level crossings on broad gauge lines by 2020.
- Railway lines of 3,500 km to be commissioned in FY18, as against 2,800 km in FY17.

- Plan to increase the Railways' throughput by 10% over a period of three years through the modernisation and upgradation of identified corridors.
- About 70 rail projects identified for construction and development to be executed by the Indian Railways' joint ventures with nine State Governments.
- Railways to focus on redevelopment of railway stations; redevelopment projects for about 25 stations expected to be awarded during FY18.
- 500 stations to be made differently abled-friendly by providing lifts and escalators.
- Proposal to feed about 7,000 stations with solar power in the medium term.
- With a focus on Swachh rail, SMS-based Clean My Coach Service launched; proposal to launch 'Coach Mitra', a single window interface to register all coach-related complaints and requirements.
- Plan to equip all coaches of Indian Railways with bio toilets by 2019.
- Plan to fix tariffs of railways, taking into consideration costs, quality of service and competition from other modes of transport.
- New Metro Rail Act to be introduced by rationalising existing laws; this is expected to encourage greater private participation and investment in construction and operation.
- New Metro Rail Policy to be announced with focus on innovative models of implementation and financing as well as standardisation and indigenisation of hardware and software.

Rural Infrastructure

- The Budget has allocated ` 190 billion to the Pradhan Mantri Gram Sadak Yojana (PMGSY); with the states' contribution, it goes up to ` 270 billion.

- Plans to connect habitations in left wing extremism-affected blocks with a population of at least 100 people under the Pradhan Mantri Gram Sadak Yojana (PMGSY) by 2019.
- Allocation to the corpus of the Long Term Irrigation Fund set up by the National Bank for Agricultural and Rural Development (NABARD) to be augmented by 100%, taking the corpus of the Fund to ` 400 billion.
- Dedicated Micro Irrigation Fund set up by NABARD with an initial corpus of ` 50 billion.
- Dairy Processing and Infrastructure Development Fund to be set up in NABARD with a corpus of ` 20 billion; corpus to be augmented to ` 80 billion over a period of three years.
- About 0.5 million farm ponds to be completed in FY18 under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA); about 1 million are set to be completed in FY17 as against the targeted 0.5 million.
- The budgetary allocation to the Pradhan Mantri Awas Yojana – Gramin (PMAY – Gramin) increased to ` 230 billion in FY18 from ` 150 billion in FY17 (BE); through the scheme, the government targets the completion of 10 million houses for the homeless and those living in kutcha houses by 2019.
- In order to meet its target of 100% rural electrification by May 1, 2018, the budgetary allocation towards the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) has been proposed to be increased to ` 48.14 billion for FY18 from ` 33.50 billion in FY17 (RE).
- Sanitation coverage under the Swachh Bharat Mission (Gramin) has gone up from 42% in October 2014 to about 60%; open defecation-free villages to be given priority for piped water supply.
- As part of a sub mission of the National Rural Drinking Water Programme (NRDWP), safe drinking water to be provided to over 28,000 arsenic and fluoride affected habitations over the next four years.

- Affordable housing to be given infrastructure status; higher investment to be facilitated therein.
- About ` 100 billion allocated to the BharatNet project in FY18; high speed broadband connectivity on optical fibre to be made available in more than 150,000 Gram Panchayats by the end of FY18 under the scheme.

Aviation

- Select airports in tier 2 cities to be taken up for operation and maintenance in the public-private partnership (PPP) mode.
- Proposal to amend the Airports Authority of India Act to monetise surplus land for the development of airports.
- Exemption of service tax on viability gap funding (VGF) payable to the airline operator under Regional Connectivity Scheme (RCS) for a period of one year.

Renewable Energy

- Second phase of Solar Park development proposed to be taken up for additional 20,000 MW capacity.

Others

- Mechanism to be introduced to streamline institutional arrangements for the resolution of disputes in infrastructure related construction contracts, PPP and public utility contracts, as an amendment to the Arbitration and Conciliation Act 1996.
- Strategic crude oil reserves proposed to be set up at 2 more locations, namely Chandikhole in Orissa and Bikaner in Rajasthan, which will take the country's strategic reserve capacity to 15.33 MMT.
- With an eye on creating an eco-system to make India a global hub for electronics manufacturing, ` 7.45 billion to be allocated towards incentive schemes like Modified Special Incentive Package Scheme (M-SIPS) and Electronic Development Fund (EDF).

- A new and restructured central scheme with a focus on improving export infrastructure named Trade Infrastructure for Export Scheme (TIES) to be launched in FY18.

Positive Plus

The Government has christened its agenda for FY18 as 'Transform, Energise and Clean India' (TEC India), of which Infrastructure is one of the major themes. By providing a record allocation of around ` 4 trillion to the infrastructure sector, of which ` 2.41 trillion has been allocated to the transportation sector, the Government seeks to provide additional thrust to economic development. The pace of road construction under the PMGSY has already improved to 133 km per day in FY17 as compared to 73 km per day during 2011-14. India has also been constructing highways at a rate of around 28 km per day, with the aim of eventually speeding up the rate to 41 km per day. In the aviation sector exemption of service tax on viability gap funding (VGF) would encourage the participation of the state government in the RCS. The Union Budget 2017-18 has also sought to help the Indian Railways match up to alternate modes of transport by focussing on safety, cleanliness and passenger comfort, and offering higher levels of service. The ` 1.31 trillion allocation to the Indian Railways aimed to strengthen not only physical infrastructure but also to improve various services and facilities. Overall, the Union Budget 2017-18 seeks to bridge the gaps in infrastructure that have been obstacles to growth in the past.

Services

Banking

Agriculture, Rural and Housing Finance

➢ Aimed at enhancing the role of agriculture in the Indian economy, the government has set up a target of ` 10 trillion for agricultural credit in FY18. For strengthening the credit facility to farmers, they will also get the benefit of 60 days' interest waiver in respect of their loans from the cooperative credit structure.

➢ The government plans to ensure the flow of credit to small farmers, by supporting NABARD for computerisation and integration of all 63,000 functional Primary Agriculture Credit Societies (PACS) with the Core Banking System of District Central Cooperative Banks with an estimated cost of ` 19 billion.

➢ The long term irrigation fund set up in NABARD will be 100% augmented to take the total corpus of the fund to ` 400 billion. Further, the micro irrigation fund will be set up in NABARD with an initial corpus of ` 50 billion to achieve optimum output through 'per drop more crop'.

➢ For augmenting farm income, the government announced the Dairy Processing and Infrastructure Development Fund to be set up in NABARD with an initial corpus of ` 20 billion which will be increased to ` 80 billion over three years.

➢ Under the Pradhan Mantri Mudra Yojana (PMMY), the government proposes to double the lending target to ` 2.4 trillion from 2015-16, giving priority to Dalits, Tribals, Backward Classes, Minorities and Women.

➢ With affordable housing as a top priority, the National Housing Bank to refinance individual housing loans of about ` 200 billion in FY18. Additionally, the government has announced interest sub-vention scheme to make cost of home loans affordable.

Recapitalisation, Structure and Policy

- To meet the capital requirement in line with Basel – III norms, the government has decided to provide ` 100 billion in the coming fiscal year under the Indradhanush roadmap.
- In order to ensure that holders of dishonored cheque get fair payment, the government is under consideration to amend the Negotiable Instruments Act.
- In line with the recommendation of the committee on digital payments constituted by the Department of Economic Affairs, the Board for Regulation and Supervision of Payment and Settlement system will be replaced by setting up a new Payment Regulatory Board in RBI to regulate electronic payments.
- To encourage digital payments, government has exempted basic customs duty (BCD), excise/countervailing duty (CVD) and special additional duty (SAD) on various PoS machines and iris scanner. Accordingly, the banks will introduce additional 1 million new PoS terminals by March 2017 which in turn will be encouraged to introduce 2 million Aadhaar based PoS by September 2017.

Positive

The Union Budget announcements for the banking sector are focused to build a strong, stable and resilient financial system. The demonetisation move has helped the government to create surplus liquidity in the banking system that will enhance access to credit, which in turn will boost the economic activity. The measures towards housing for all vision such as refinancing housing loans and interest subvention will boost demand and help the real estate businesses in clearing inventories. Further, the initiative of lending under PMMY schemes will help the weaker sections of the society to avail the credit facilities.

Continuing with the recapitalisation of banks under the Indradhanush regime, the government's committed approach to provide necessary funds to help the PSU banks to adhere to Basel III requirements is a welcome step. Further, the increased provisioning for non-performing assets (NPAs) from 7.5% to 8.5% is likely to provide some amount of relief by reducing the tax liability of the banks.

The government has taken various steps to digitise the banking sector and thus taking several measures to ensure smooth functioning and integrity of financial systems. However, the only setback the banking sector is facing is the inadequate infrastructure to implement the digitisation process. The exemption of PoS machines to encourage digital payment is another step towards digitisation.

Insurance

- The government has proposed to exempt the deduction of TDS of 5% from commission payable to insurance agents if the income is below the taxable limit subject to self-declaration of the same.
- Under crop insurance scheme, the government has set aside a provision of ` 90 billion under the Pradhan Mantri Fasal Bima Yojana. The scheme will cover 40% of the crop area in FY18 and 50% of the crop area by FY19. The sum insured under this scheme has more than doubled from ` 690 billion in Kharif FY15 to ` 1.4 trillion in Kharif FY16.

Marginally Positive

Exemption from TDS for agents having income below taxable limit will ease the burden of TDS compliance on the insurance company, while the agents will have higher income at their disposal.

The coverage provision provided by the government for safeguarding the interests of the farmers can be interpreted as a sign of positive sentiment which is evident from the fact that the sum insured under the scheme has doubled in a years' time.

Financial Service and Market

Financial Market Reforms

- After successful implementation of e-filing and online processing of FDI applications, the government has decided to abolish Foreign Investment Promotion Board and the roadmap for the same will be announced in the coming months. Further, the government is also considering liberalising FDI policy over the time.
- For exploring the full potential of public sector enterprises, the government will put a revised mechanism and procedure to ensure time bound listing of identified CPSEs on stock exchanges. The Budget has proposed to list shares of select Central Public Sector Enterprises (CPSEs) such as Indian Railway Catering and Tourism Corporation (IRCTC), Indian Railway Finance Corporation (IRFC) and Ircon International Limited (IRCON).
- The government has proposed to create an integrated public sector 'oil major' to compete with international and domestic private sector oil and gas companies.
- With recent success of Further Fund Offering (FFO) of CPSEs, the government is planning to launch a new ETF with diversified CPSE stocks and other government holdings in FY18 for further disinvestment of shares.
- The government has placed a draft bill in the public domain in order to safeguard the interests of investors from fraudulent deposit schemes. Further, the government also has plans to amend the Multi-state Cooperative Act, 2002 to protect investors from dubious schemes.

- To strengthen the risk mitigation measures of the country's financial system, the government will be introducing a bill on resolution of financial firms in this session of parliament. This bill, along with the Insolvency and Bankruptcy code is aimed at preventing fiscal disorders thus ensuring further stability and resiliency to the country's financial system.
- The government along with SIDBI will take steps to refinance credit institutions that provide unsecured loans at a reasonable interest rate to borrowers based on their transaction history.
- In order to integrate spot and derivative market for commodities trading, the government will form a new expert committee to study and promote creation of an operational and legal framework where e-NAM (National Agriculture Market) will be an integral part.
- To safeguard the integrity and stability of financial systems, a Computer Emergency Response Team (CERT-Fin) will be established which will work in coordination with all financial sector regulators and other stakeholders.
- SEBI-registered stock exchange will permit listing and trading of Security Receipts issued by a securitisation company or a reconstruction company under the SARFAESI Act which will ease capital flows in the securitisation industry and be helpful to deal with bank NPAs.

Digitisation Reforms

- The government plans to introduce two new schemes viz. Referral Bonus Scheme for individuals and a Cash Back Scheme for merchants for promotion of BHIM (Bharat Interface for Money) App.
- To bring better transparency and accountability in funding of political parties, the government has proposed an amendment in Reserve Bank of India Act to enable issuance of electoral bond against cheque and digital payments only which will be redeemable in the designated account of a registered political party.
- The government will be launching Aadhaar Pay - a merchant version of Aadhaar Enabled Payment System that will benefit those who do

not have debit cards, mobile wallets and mobile phones. It will set up a mission to target 25 billion digital transactions in FY18 through UPI, USSD, Aadhaar Pay, IMPS and debit cards.

- The registration of financial market intermediaries like mutual funds, brokers, portfolio managers, etc. will be completely made online by SEBI.
- SEBI, RBI and CBDT will take necessary steps to put in place systems and procedures to introduce a common application form for registration, opening of bank and demat accounts, and issue of PAN will be introduced for Foreign Portfolio Investors (FPIs). The government is also planning to link individual demat accounts with Aadhaar.
- The government will strengthen the Financial Inclusion Fund to augment resources needed to support the digital payment infrastructure and grievance handling mechanisms.

Positive

With abolishment of FIPB and further plans of liberalizing FDI policy, the government is making efforts to open its doors to the foreign players to do business in India. The announcement to publicly list the shares of CPSEs will further bring transparency and accountability in the entities. Further, the initiative of consolidating the PSUs in oil and gas sector will help to create better synergies to compete with the private players in the domestic and global market.

The Government has stepped in to take serious steps to prevent entities to exploit the regulatory gaps by bringing necessary amendments in the Multi State Cooperative Societies Act, 2002 to protect the innocent investors from unscrupulous schemes. This will encourage the public to develop confidence in financial system of the country. Introduction of one *common application for foreign portfolio investors enhances the greater participation from them, while ease of compliance is another key measure by the government.*

On digitisation front, government has taken various measures which will encourage the public to use the government developed apps and instruments instead of a private one. The initiative of forming a cyber- security team to address the cyber emergencies in the financial sector will help the industry to strengthen the integrity of the system, build consumer confidence and foster greater adoption.

Hospitality

➢ Five Special Tourism Zones, anchored on Special Purpose Vehicles (SPVs), to be set up in partnership with the states

➢ Incredible India 2.0 campaign to be launched across the world.

➢ Service tax on e-tickets booked through IRCTC to be withdrawn.

➢ Select airports in Tier 2 cities to be taken up for operation and maintenance in the PPP mode.

➢ Steps to be taken to launch dedicated trains for tourism and pilgrimage.

➢ Allocation of ` 9.6 billion during FY18 for Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan) compared to ` 7.06 billion during FY17.

Marginally Positive

The hospitality sector is expected to benefit from the announcements made for the tourism sector, although the impact of the announcements will be realised only in the mid to long term. Tourism is likely to receive a boost with the setting up of Special Tourism Zones, the launch of Incredible India

2.0 campaign, select Airports in Tier 2, enhanced infrastructure investment and dedicated trains for tourism and pilgrimage, which in turn will lead to the development and establishment of the related ecosystem such as hotels, restaurants etc. Further, the reduction in income tax rate could provide a fillip to the sector by increasing tourist traffic and spending, while the lowering of tax rate for MSMEs is expected to improve industry net profitability. Measures announced to boost skill development such as Skill Acquisition and Knowledge Awareness for Livelihood Promotion programme augurs well for this sector to bridge the demand-supply gap for skilled manpower. Steps like operationalizing Tier 2 city airports, redeveloping railway stations and building transport infrastructure are welcome developments for a sector currently fighting a lackluster demand.

IT-BPM

- To build an eco-system to make India a global hub for electronics manufacturing, special provisions have been made in this Union Budget. Allocation for incentive schemes like Modified Special Package Scheme (M-SIPS) and Electronic Development Fund (EDF) has been increased to ` 7.45 billion.
- Aadhar Pay, a merchant version of Aadhar Enabled Payment System, to be launched. This will be specifically beneficial for those who do not have debit cards, mobile wallets and mobile phones.
- To enhance usage of digital transactions, the Budget has proposed to set up a mission with a target of 25 billion digital transactions for FY18 through Unified Payment Interface (UPI), Unstructured Supplementary Service Data (USSD), Aadhar Pay, Immediate Payment Service (IMPS) and debit cards.
- In addition to this, banks have targeted to introduce additional 1 million new Point of Sales (PoS) terminals by March, 2017. The

government will encourage banks to introduce 2 million Aadhar-based PoS by September, 2017.

- The government will launch two new schemes to promote the usage of Bharat Interface for Money (BHIM); these are Referral Bonus Scheme for individuals and a Cashback Scheme for merchants.
- The Budget exempts BCD, CVD and SAD on miniaturized PoS card reader for m-PoS, micro ATM standards version 1.5.1, Finger Print Readers/Scanners and Iris Scanners. Simultaneously, it also proposes to exempt parts and components for manufacture of such devices, so as to encourage domestic manufacturing of these devices.
- The Budget has proposed to create a Payments Regulatory Board in the Reserve Bank of India by replacing the existing Board for Regulation and Supervision of Payment and Settlement Systems.
- The profit linked deduction available to the start-ups for 3 years out of 5 years is being changed to 3 years out of 7 years.
- The Budget lays emphasis on the digital payment infrastructure and grievance handling mechanisms which the government plans to strengthen. The focus would be on rural and semi urban areas through Post Offices, Fair Price Shops and Banking Correspondents. Steps would be taken to promote and possibly mandate petrol pumps, fertilizer depots, municipalities, Block offices, road transport offices, universities, colleges, hospitals and other institutions to have facilities for digital payments, including BHIM App.

Marginally Positive

The Union Budget 2017-18 has made several announcements which are focused on promoting 'Digital India' mission of the Government. Announcements made in the Budget will help further enhance usage of cashless transactions. This will aid in cleaning the system and weeding out corruption and black money. It has a transformative impact in terms *of greater formalisation of the economy and mainstreaming of financial savings into the banking system.*

Exemption of customs duty on miniaturized PoS card reader for m-PoS, micro ATM standards version 1.5.1, Finger Print Readers/Scanners and Iris Scanners is a positive step towards building a digital India. Profit linked deduction available to the start-ups for 3 years out of 5 years has been changed to 3 years out of 7 years, which will help start-up businesses. Last but not the least, the Budget announcements will promote an eco- system of digital transactions in India.

Media & Entertainment

- High speed broadband connectivity on optical fibre to be made available in more than 150,000 gram panchayats, under BharatNet by the end of FY18.

Neutral

The Budget is neutral for the media & entertainment sector as there are no sector-specific announcements or changes in excise and service tax. The sector is likely to see a marginal positive impact from the expansion in rural broadband connectivity under BharatNet and the increase in consumer spending on entertainment following a reduction in income tax rate.

Retail

- Allocation of ` 100 billion for BharatNet Project in FY18.
- BCD, CVD and SAD will be charged at Nil rate on Miniaturized PoS card reader for m-PoS (not including mobile phones or tablet

computer), Micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner, and Iris Scanner.

➢ The Government to launch two new schemes to promote the usage of BHIM app – Referral Bonus Scheme for individuals and a Cashback Scheme for merchants.

➢ Aadhar Pay, a merchant version of Aadhar Enabled Payment System, to be launched shortly. This will be specifically beneficial for those who do not have debit cards, mobile wallets and mobile phones

Marginally Positive

The reduction in corporate tax rate to 25% from 30% for companies with a turnover up to ` 500 million is a positive for the retail sector, especially for the small and unorganized retailers. The measure to reduce tax rate to 5% on income of ` 0.25-0.5 million and thrust on rural and agriculture sectors will provide boost to consumption demand, thereby benefitting the retail sector. With the BharatNet Project, the broadband connectivity will be available in 150,000 Gram Panchayats with hotspots and digital services at lower tariff which will further aid the burgeoning online retail space.

Further, the government's increased thrust on moving to a digital platform for transactions will pave the path for the unorganised segment or small retailers to transition to the organised space. This is critical and is also the need of the hour in order to improve overall competitiveness of the sector, in the light of entry of global retailers in the Indian market. Additionally, cap on cash payments above ` 0.3 million augurs well for the e-commerce sector. Moreover, from a long term perspective, measures to enhance overall infrastructure sector will significantly aid in enhancing supply chain efficiencies in the retail sector.

Telecom

- The budgetary allocation to the Department of Telecommunications (DoT) has been increased to ` 266.9 billion in FY18 from ` 184.1 billion in FY17 (BE).
- The government has proposed an allocation of ` 100 billion for BharatNet Project in FY18. By the end of FY18, high speed broadband connectivity on optical fiber will be available in more than 150,000 Gram Panchayats, with WiFi hot spots and access to digital services at low tariffs. A DigiGaon initiative will be launched to provide tele- medicine, education and skills through digital technology.
- BCD exemption available on co-polymer coated MS tapes/stainless steel tapes for manufacture of specified telecommunication grade optical fibers or optical fiber cables is withdrawn; now to be levied at the rate of 10%.

Marginally Positive

Overall, there were no major announcements in the Budget for the telecom sector apart from the proposed allocation of ` 100 billion for BharatNet Project. The budgetary allocation towards the sector has increased by around 45%. Further, the Finance Minister mentioned that the recent spectrum auctions have removed spectrum scarcity in the country. This will give a major fillip to mobile broadband and Digital India for the benefit of people living in rural and remote areas.

The extension of the period for claiming MAT credit carry forward and withholding rate of 5% on ECBs and Masala Bonds will also benefit some players in the telecom industry.

Manufacturing

Automotive

- Total budgetary allocation of around ` 4 trillion for infrastructure development in FY18.
- Allocation of ` 2.4 trillion for the transportation sector, including rail, roads and shipping.
- Proposed budgetary allocation for roads and highways increased to ` 649 billion in FY18 from ` 579.76 billion in FY17 (BE).
- Allocation of ` 2.74 trillion for defense expenditure.
- About 2,000 kms of coastal connectivity roads identified for construction and development.

Marginally Positive

Although the Budget is devoid of any direct measures for the automobiles industry, certain announcements forthe agriculture, rural and infrastructure sectors are expected to provide the much needed impetus to the automobile sector, which has witnessed a sharp slump in the recent months on account of demonetisation and overall slowdown in economy. The government's strong thrust on agricultural and rural sectors would drive consumption demand, particularly for motorcycles, passenger cars and tractors, due to the expected increase in rural incomes. Increased allocation to the infrastructure and defence sectors augurs well for manufacturers of commercial vehicles. From an operational aspect, the focus on further development of National Highways and coastal connectivity will aid ease of doing business by improving last mile connectivity, thereby aiding exports. Further, the Budget announcements bring some cheer to the auto component sector, which has been one of the worst hit following *the government's demonetisation move. As a significant number of auto component companies in the country are MSMEs, the announcement related to reduction in income tax rate for companies with annual turnover upto ` 0.5 billion is expected to make them more competitive.*

Capital and Engineering Goods

- Total capital and development expenditure of Railways stands at ` 1.31 trillion in FY18.
- Total outlay for infrastructure development stands at around ` 4 trillion in FY18.
- Setting up of pilot plants for environment friendly disposal of solid waste and conversion of bio-degradable waste to energy at New Delhi and Jaipur railway stations.
- Reduction in BCD from 7.5% to 2.5% on ball screws and linear motion guides used in manufacturing of CNC machine tools.
- Reduction in BCD from 10% to 2.5% on CNC systems used in manufacturing of CNC machine tools.
- Reduction in CVD from 12.5% to 6% and BCD to 5% on all items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes.
- Reduction in CVD from 12.5% to 6% and BCD to 5% on all items of machinery required for balance of systems operating on biogas/ biomethane/by-product hydrogen.
- Reduction in CVD from 12.5% to 6% on parts/raw materials used in the manufacturing of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications.

- ➢ Reduction in BCD from 7.5% to 5%, and exemption of CVD and SAD, on resin and catalyst used in the manufacturing of cast components for wind operated energy generators.

Positive

The Budget outlines the importance of the infrastructure sector with emphasis on investment required in construction of roads and railways which is likely to boost demand for construction equipment.

Further, allocation of ` 190 billion for Pradhan Mantri Gram Sadak Yojana (PMGSY), increase in capital outlay on railways, solar park development, setting up of strategic crude oil reserves and operation & maintenance of selected airports in tier 2 cities will further provide boost to the capital & engineering goods sector. Strong proposals made by the government in the infrastructure and rural sectors and affordable housing segment is going to increase demand for heavy machineries and equipment, thereby having a positive impact on the capital & engineering goods sector.

Further, measures such as reduction in customs duty on components used in the manufacture of CNC machine tools and on all items of machinery required for fuel cell based power generating systems to be set up in the country is likely to facilitate growth of the capital & engineering goods industry.

Overall, the Budget is anticipated to have a positive impact on the capital
& engineering goods industry.

Cement

- Allocation of around ` 4 trillion for infrastructure development in FY18.
- Total capital and development expenditure of Railways stands at
  ` 1.31 trillion in FY18.
- Allocation for highways, Ministry of Housing and Urban Poverty Alleviation, Urban Rejuvenation Mission, Pradhan Mantri Gram Sadak Yojana (PMGSY), Pradhan Mantri Awaas Yojana (PMAY) – Gramin and Swachh Bharat Mission (SBM) increased to ` 1.38 trillion in FY18 from ` 1.16 trillion in FY17 (BE).
- Commissioning of railway lines of 3,500 kms in FY18 and 25 stations to be awarded for station redevelopment.
- Selected airports in Tier 2 cities to be taken up for operation and maintenance in the PPP mode.
- Second phase of Solar Park development to be taken up for additional 20,000 MW capacity.
- Setting up of new All India Institute of Medical Sciences (AIIMS) in Jharkhand and Gujarat.

Positive

Infrastructure and rural sector are the two key themes amongst the ten themes envisaged by the government to foster "Transform, Energise and Clean India" Agenda. While there are no direct announcements for the cement sector, the focus on the above two themes is expected to translate into increased demand for the cement sector that is struggling on account of slowdown in the real estate sector and the rural economy.

In this backdrop, several initiatives announced by the government for providing basic infrastructure for rural population, emphasis on *agriculture with aim to double farmer's income in five years, strengthening the systems of healthcare & affordable housing, commitment to build roads at faster pace bodes well for the cement industry. Increased budget allocation for PMAY-G, focus on a dedicated long term irrigation fund, budget allocation of ` 190 billion for PMGSY with ambitious road connectivity target, emphasis on sanitation coverage in rural India under SBM, emphasis on railways and airport infrastructure and fund allocation for Smart Cities will drive demand for cement.*

The government's commitmenttowards building thecountry's infrastructure will positively impact the cement industry.

Consumer Goods

- ➢ BCD, CVD reduced to 5% and 6% respectively on all parts used for manufacturing of LED lights or fixtures, including LED lamps.
- ➢ BCD reduced to 5% on all the inputs used in the manufacturing of LED driver and Metal Core Printed Circuit Board (MCPCB) for LED lights or fixtures, including LED lamps.
- ➢ CVD on Membrane Sheet and Tricot/Spacer for use in the manufacture of RO membrane element for household type filters rationalised from 12.5% to 6%.
- ➢ SAD on Populated Printed Circuit Boards (PCBs) used inmanufacturing of mobile phones increased to 2% from nil.
- ➢ BCD on RO membrane element for household type filters increased from 7.5% to 10%.
- ➢ Limit of duty free import of eligible items for manufacturing of leather footwear or synthetic footwear or other leather products used in the manufacturing of said goods for export increased from 3% to 5% of FOB value exported during the preceding financial year.

- Excise duty on Membrane Sheet and Tricot/Spacer for use in manufacturing of RO membrane element for household type filters, subject to actual user condition reduced to 6% from 12.5%.
- Excise duty on all parts used in the manufacturing of LED lights or fixtures, including LED lamps, subject to actual user condition reduced to 6%.
- Excise duty on cigars, cheroots and cigarillos hiked to 12.5% or

` 4,006 per thousand, whichever is higher, from 12.5% or ` 3,755 earlier.

- Additional excise duty on Pan Masala increased to 9% from 6%.
- Additional excise duty on unmanufactured tobacco increased to 8.3% from 4.2%.
- Additional excise duty on Chewing tobacco (including filter khaini), Jarda scented tobacco, and Pan Masala containing Tobacco (Gutkha) increased to 12% from 10%.

Marginally Positive

The announcements made in the Union Budget are likely to impact the performance of the consumer goods sector both directly and indirectly. The Budget has made a slew of changes in indirect taxes, particularly customs duty for intermediary products that are aimed at providing a greater push to local manufacturing – in line with the Make in India initiative. On the other hand, prices of certain consumer goods would increase in the short term as companies adapt to the new duty structure. For instance, imports of certain mobile phone accessories, batteries and populated printed circuit boards have been made more expensive through the imposition of BCD, CVD and SAD. This would in turn drive up prices of mobile phones, as manufacturers may pass on the new tax burden to the end users. The strong focus on rural economy is likely to push rural/farm income and hence demand for consumer goods. Weighing pros and cons, the Union Budget would have a positive impact on the consumer goods sector.

Gems & Jewellery

- Transaction in cash above ` 0.3 million banned.
- CVD levied on silver medallion, silver coins, having silver content not below 99.9%, semi-manufactured form of silver and articles of silver increased to 12.5% in FY18 from Nil in FY17.

Neutral

The Budget did not have much to offer to the gems and jewellery sector. The limit of ` 0.3 million announced on cash transactions will not have significant impact on demand since there is already a requirement of mandatory PAN card for transaction of ` 0.2 million and above. Nevertheless, from a long-term perspective, the focus on digitisation would bring in greater transparency in the sector.

Metals & Mining

- Increase in export duty from nil to 15% for other aluminum ores,
  including laterite.
- Decrease in BCD from 5% to 2.5% for Liquefied Natural Gas.
- Increase in BCD from nil to 10% for co-polymer coated MS tapes / stainless steel tapes.
- Decrease in BCD from 2.5% to nil for nickel.
- Decrease in BCD from 10% to 5% for MgO coated cold rolled steel coils.
- Decrease in BCD from 12.5% to 10% for hot rolled coils.
- Increase in CVD from nil to 12.5% for silver medallion, silver coins having silver content not below 99.9%.

- Increase in Clean Energy Cess (renamed as Clean Environment Cess) levied on coal, lignite and peat from ` 200 per tonne to ` 400 per tonne.
- Infrastructure cess @ 1%/2.5%/ 4% levied on certain specified motor vehicles.

Marginally Positive

The strong focus and increased thrust on rural development, infrastructure, housing and railways are likely to act as growth drivers for the metals and mining sector.

On the railway front, increased allocation along with various measures are likely to significantly drive the demand for metals such as iron and steel and the need for rail track ballast will boost the mining industry.

On the road front, increased allocation to the road sector will not only help revive steel demand, it will also push demand for quarry outputs and bitumen.

The government's aim to establish India as an electronic manufacturing hub augurs well for the domestic metals industry. Some of the major metals used in electronic manufacturing are copper, lithium, tin, nickel and aluminum. The expansion of the electronic manufacturing sector in India will augment the growth of the metals industry.

Moreover, government's ambitious plan to enable high-speed broadband connectivity on optical fiber in over 150,000 Gram Panchayats by the end of FY18 is expected to marginally drive the demand for aluminum and copper alloys used in optical fibers.

The increase in Clean Energy Cess on coal and lignite coupled with a strong focus on solar energy pose as a hindrance for the mining industry. Further, given increased focus on solar power, the coal mining industry is expected to be impacted as coal has been used as the primary fuel for generating electricity.

The announcement to infuse funds on major development segments such as rural development, infrastructure, housing and railways, coupled with new policies is expected to provide the much required impetus to the metals industry. While there are various announcements which are likely to hurt the sector, there are indirect announcements which will provide a boost to the sector. Therefore, the announcements made in the Budget would have an overall marginally positive impact on the metals and mining sector.

MSMEs

- Credit worth ` 2.44 trillion will be provided under the Pradhan Mantri Mudra Yojana to start-up companies.
- Corporate tax is proposed to be reduced to 25% for companies which have a turnover of less than ` 500 million.
- Pradhan Mantri Kausal Kendra that trains the unskilled labour will be set up in more than 600 districts in India.
- In order to skill the youths as per market requirements, the Government has proposed to launch Skill Acquisition and Knowledge Awareness for Livelihood Promotion program (SANKALP) at a cost of ` 40 billion. Under this program, around 35 million youth will be trained.
- The Government has proposed to initiate Skill Strengthening for Industrial Value Enhancement (STRIVE) program in order to increase the efficiency of labour. This program will be launched at a cost of ` 22 billion.
- Threshold limit of audit for business entities, who opt for presumptive income scheme, increased from ` 10 million to ` 20 million.
- The presumptive income tax for small and medium tax payers whose turnover is up to ` 20 million will be reduced from the present 8% of their turnover which is counted as presumptive income to 6% in respect of turnover which is received by non-cash means.

➢ Credit rating scheme administered by the Ministry of MSME's NSIC has received a funding of ` 100 million as against ` 2 billion in the previous year.

Marginally Positive

The trimming of corporate tax rate for companies whose turnover is less than ` 500 million to 25% will lower the tax burden of MSMEs and thereby make them more competitive. This was a long standing demand of the corporate sector and the MSME segment will get the benefit. The presumptive tax reduction from 8% to 6% for firms up to ` 20 million turnover will bring even more transparency in MSME sector, help in broad basing the tax base and encourage SME players to adopt digital means of doing business. Similarly, programs such as SANKALP, STRIVE, and expansion of Pradhan Mantri Kausal Kendra is a move in the right direction in bridging the skill gaps in the sector. This will improve productivity of labour and also promote entrepreneurship among the youth. However, lower allocation towards Credit rating scheme is expected to impact the segment negatively. The scheme aids assessing credit worthiness of MSMEs by accredited credit rating agencies at a subsidised rate. Overall, the Union Budget for FY18 may have a marginally positive impact on the performance of the sector as it continues with its 'enabling' philosophy for long term benefits.

Oil & Gas and Petrochemical

- Allocation of ` 291.58 billion to the Ministry of Petroleum and Natural Gas, out of which ` 160.76 billion is allocated for subsidy on LPG and ` 89.24 billion for kerosene subsidy.
- ` 25.79 billion allocated towards strategic oil reserves to insulate the country from future shortage of crude oil. Two more strategic oil reserves to be set up in Chandikhole in Odisha and Bikaner in Rajasthan. The investment is expected to increase strategic oil reserves to 15.33 MMT.
- It is proposed to create an integrated public sector 'oil major' which will be able to match the performance of international and domestic private sector oil and gas companies.
- Allocation for scheme to provide LPG connections to poor households increased to ` 25 billion in FY18 from ` 20 billion in FY17.
- BCD for Liquefied Natural Gas (LNG) reduced to 2.5% from 5% and for Medium Quality Terephthalic Acid (MTA) & Qualified Terephthalic Acid (QTA) reduced to 5% from 7.5%.
- Sale of leftover stock of crude oil in case of strategic petroleum reserve after the expiry of agreement or the arrangement in case of foreign company not to be taxed subject to fulfillment of certain conditions.
- ` 2.98 billion allocated to the Department of Chemicals and Petrochemicals; which is about ` 959.6 million or 47.5% higher than the previous year budget estimates.
- Benefit of nil BCD on o-Xylene.
- BCD for 2-Ethyl Anthraquinone for use in manufacture of hydrogen peroxide, subject to actual user condition reduced to 2.5% from 7.5%.
- BCD for Vinyl Polyethylene Glycol (VPEG) for use in manufacture of Poly Carboxylate Ether, subject to actual user condition reduced to 7.5% from 10%.

- A new ETF with diversified CPSE stocks and other Government holdings will be launched.

Marginally Positive

The Budget is broadly positive for the oil & gas and petrochemical sector. Reduction in the customs duty on LNG from 5% to 2.5% has come as relief for the sector. The Budget proposes to create an integrated public sector 'oil major', which could create an Indian energy behemoth. This is likely to help in bidding for international energy assets. This will further help in enhancing capacity of Oil PSUs to bear higher risks, avail economies of scale, take higher investment decisions and create more value for the stakeholders. However, it needs to be seen how this merger is done and what shape it takes. Uncertainties with respect to this will have to be addressed on priority by the government.

The announcement for setting up two more strategic crude oil reserves will help in building the country's energy security in the long run. Foreign companies shall not be liable to pay tax for sale of leftover stock of crude oil in case of strategic petroleum reserve after the expiry of agreement or the arrangement, subject to fulfillment of certain conditions will facilitate ease of doing business.

The Budget, however, has failed to address some of the issues related to this sector. One such issue was related to the rationalisation of cess on oil which has been left untouched.

Pharmaceuticals & Healthcare

- Allocation of ` 1.8 trillion for welfare of women and children under various schemes, higher by 18% over FY17 (BE).
- Allocation of ` 5 billion for the setting up of Mahila Shakti Kendras in 1.4 million ICDS Anganwadi Centres. Rural women will get access to nutrition and health services among other support services.
- Under the action plan for poor health, 1.5 lakh sub-health centers will be renovated into health and wellness centers.
- Action plan also prepared to reduce Infant Mortality Rate (IMR) to 28 by the year 2019 and Maternal Mortality Rate (MMR) to 100 by the year 2018-2020.
- Under the Prime Minister's assistance scheme, ` 6,000 will be directly transferred to the bank accounts of pregnant women, who opt for institutional delivery and vaccination of their children.
- Two new AIIMS Hospitals, one each for Gujarat and Jharkhand.
- Senior citizens to get Aadhaar-based smart cards to monitor health.
- Proposal to amend the Drugs and Cosmetic Rules.
- Medical devices category will get new regulations, which will be in line with international standards.
- Structural transformation of medical education and practice is envisaged. Creation of additional 5,000 seats per annum for post graduate studies in the field of medicine. DNB courses will be rolled out in large district hospitals and strengthen PG teaching in select ESI. Private sector hospitals will also be encouraged to start DNB courses.
- Through a Master Plan, the Government envisions the eradication of Kala-Aar and Filariasis (by 2017), Leprosy (by 2018), Measles (by 2020) and Tuberculosis (targeted by 2025).

Positive

For a country that spends a little over 1% of its GDP on healthcare, incremental allocations have been always insufficient in the Budget. Even though there have been several initiatives and targets announced by the Government, the real impact remains to be seen in the coming quarters. The transformation of 1.5 lakh sub health centers into health and wellness centers is a very promising move and will augment in curbing MMR and IMR further. With a renewed focus on medical education combined with a 25% increase in allocation to Ministry of Women and Child Development, the Government has made its intensions clear regarding health standards in India. Allocation of ` 5 billion for 14 lakh ICDS (Integrated Child Development) Anganwadi Centres to set up Mahila Shakti Kendras, however, seems inadequate. Eradication of several diseases in a time bound fashion is a welcome move though.

While there was not any sector specific announcement, various initiatives taken towards health related issues will provide indirect support to the pharma sector. Although, Drugs and Cosmetic rules are proposed to be amended for the availability of generics at affordable prices, no timelines were mentioned regarding the move.

The new regulations on the medical devises category to be formulated as per the international standards might attract more investment, in turn, making them available at a cheaper price.

Power

- Budgetary allocation to Ministry of Power of ` 138.81 billion.
- Allocation of ` 48.14 billion for Deen Dayal Upadhyaya Gram Jyoti Yojana

- Allocation of ` 58.21 billion for Integrated Power Development Scheme.
- Target to achieve 100% village electrification by May 1, 2018, as announced in the previous budget, has been kept unchanged.
- Second phase of Solar Park development to be taken up for additional 20,000 MW capacity.
- BCD on all items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes reduced to 5% from 10%/7.5%, while CVD on the same proposed to be reduced to 6% from 12.5%.
- BCD on solar tempered glass for use in the manufacture of solar cells/ panels/modules reduced to nil.
- CVD on parts/raw materials for use in the manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications reduced to 6% from 12.5%.
- BCD on resin and catalyst for use in the manufacture of cast components for Wind Operated Energy Generators (WOEG) reduced to 5% from 7.5%, while CVD and SAD for the same reduced to nil.

Positive

The government has reiterated its commitment to meet 100% rural electrification target by increasing its allocation for major power sector schemes by almost 25%. This in turn will have positive impact on the power transmission and distribution equipment manufacturers. In the recent years, the government's power policies have shown continuous thrust on the development of renewable energy. The proposals for development *of second phase of solar park with additional 20,000 MW capacity and reduction in customs and excise duties on various raw materials of renewable energy corroborate this thrust in the current Budget as well. Overall, the Budget proposals appear to be positive for renewable energy and distribution and transmission equipment manufacturers.*

Real Estate and Construction

- Proposal to facilitate higher investment in affordable housing and granting infrastructure status to this sector.
- Allocation for Pradhan Mantri Awas Yojana (PMAY) – Gramin increased from ` 150 billion in FY17 to ` 230 billion in FY18 with a target to complete 10 million houses by 2019 for the houseless and those living in kutcha houses.
- The Budget allocation to the Ministry of Housing and Urban Poverty Alleviation enhanced to ` 64.06 billion in FY18 as against ` 54.11 billion in FY17.
- Refinancing of individual housing loans of about ` 200 billion by the National Housing Bank (NHB) in FY18.
- Proposal to consider carpet area instead of built up area of 30 sq mtr (in case of municipal limits of four metropolitan cities) and 60 sq mtr (rest of the country including in the peripheral areas of metros) under the scheme for profit-linked income tax deduction.
- Proposal to extend the profit-linked income tax exemption scheme
  completion period from 3 years to 5 years to be eligible.
- Proposal of application of tax on notional rental income only after one year of the end of the year in which completion certificate of building is received.
- Reduction in the holding period for computing long term capital gains from transfer of immovable property from 3 years to 2 years.

- Proposal to shift the base year for indexation from April 1, 1981 to April 1, 2001 for all classes of assets including immovable property.
- Liability to pay capital gain tax for Joint Development Agreement signed for development of property will arise in the year the project is completed.
- Exemption from capital gain tax for persons holding land on June 2, 2014 and whose land is being pooled for creation of capital city of Andhra Pradesh under the Government scheme.
- Proposal to widen the scope of Section 56 of the Income Tax Act to provide that any money, immovable property or specified movable property received without consideration or with inadequate consideration, by any person, subject to certain exemption and exceptions, shall be taxable if its value exceeds ` 50,000.
- Proposal to restrict set off of loss from house property against income under any other head during the current year up to ` 200,000. The loss which is not set off would be allowed to be carried forward for set off against house property income for eight assessment years.
- Proposal to introduce a mechanism to streamline institutional arrangements for resolution of disputes in infrastructure related construction contracts, PPP and public utility contracts as an amendment to the Arbitration and Conciliation Act 1996.
- Allocation for Urban Rejuvenation Mission: AMRUT (Atal Mission for Rejuvenation and Urban Transformation) & Smart Cities Mission increased from ` 72.96 billion in FY17 (BE) to ` 90 billion in FY18.
- Allocation of funds for Mass Rapid Transit System (MRTS) and Metro Projects increased to ` 180 billion in FY18 from ` 100 billion in FY17 (BE).

Positive Plus

The Government in Union Budget made various announcements for promoting affordable housing. The Government also proposed to facilitate higher investment in affordable housing and has accorded infrastructure status to the sector, which will enable the projects under this sector to avail the associated benefits, mainly cheaper funds as risk premium to this segment is expected to go down.

Further, proposal to consider carpet area instead of built up area of 30 sq mtr and 60 sq mtr under the scheme for profit-linked income tax deduction will provide more area for the deduction and application of tax on notional rental income for unoccupied houses, only after one year of the end of the year in which completion certificate of building is received will give some breathing time to builders for liquidating their inventory. The allocation of funds to the tune of ` 90 billion for Urban Rejuvenation Mission to support Government's mission for development of 100 smart cities will have a direct impact on the construction and real estate sector going forward.

The various other announcements made by the Government, especially related to infrastructure and rural development, will have direct and indirect impact on the construction and real estate sector. Overall, the Budget is expected to have positive impact on the real estate and construction sector.

Textile & Garments

- BCD on Nylon Mono Filament Yarn for use in monofilament long line system for tuna fishing reduced from 7.5% to 5%.
- Allocation under the Amended Technology Upgradation Fund Scheme (ATUFS) has been decreased to ` 20.13 billion in FY18 from ` 26.1 billion in FY17 (RE).

Neutral

Reduction in BCD on Nylon Mono Filament Yarn which is used for the production of various kind of nets (used in sports sector, insect/fishing nets, scrubber yarns etc.) will have marginal positive impact on the textile industry. MGNREGA allocation of ` 48 billion in FY18 may lead to shortage of labour in a sector that is already grappling with labour shortage. A lower corporate tax rate of 25% for businesses with revenue below ` 500 million is a positive for the unorganised segment of the textiles sector. A decrease in the allocation in ATUFS adds to the lackluster budget for the textile sector.

Personal Budget Impact Analysis

- There has been no change in Income Tax slab.
- However, the existing rate of taxation for individual assesses between income of ` 0.25 million to 0.50 million reduced to 5% from the present rate of 10%. This would reduce the tax liability of all persons below ` 0.50 million income either to zero (with rebate) or 50% of their existing liability. In order not to have duplication of benefits, the existing benefit of rebate available to the same group of beneficiaries is being reduced to ` 2,500 available only to assesses upto income of ` 0.35 million.
- If the limit of ` 0.15 million under Section 80C for investment is used fully, the tax would be zero for people with income of ` 0.45 million. While the taxation liability of people with income upto ` 0.50 million is being reduced to half, all the other categories of tax payers in the subsequent slabs will also get a uniform benefit of ` 12,500 per assesse.
- There will be surcharge of 10% of tax payable on categories of individuals whose annual taxable income is between ` 5 million and ` 10 million.
- A simple one-page form to be filed as Income Tax Return for the category of individuals having taxable income upto ` 0.50 million other than business income.
- Also, for the above category of individuals, income tax return filed for the first time would not be subjected to any scrutiny in the first year unless there is specific information available with the Department regarding his high value transaction.

RECEIPTS

(` billion)	2016-17 Revised Estimates	2017-18 Budget Estimates
A. REVENUE RECEIPTS		
1. Tax Revenue		
Gross Tax Revenue	17,032	19,116
Corporation Tax	4,939	5,387
Taxes on Income	3,532	4,413
Wealth Tax	-	-
Customs	2,170	2,450
Union Excise Duties	3,874	4,069
Service Tax	2,475	2,750
Taxes on Union Territories	43	47
Less - NCCD transferred to the National Calamity Contingency Fund/National Disaster Response Fund	65	100
Less - State's share	6,080	6,746
1.a Centre's Net Tax Revenue	10,888	12,270
2. Non-Tax Revenue	**3,348**	**2,888**
Interest receipts	181	190
Dividend and Profits	1,532	1,424
External Grants	29	31
Other Non Tax Revenue	1,591	1,227
Receipts of Union Territories	14	15
Total Revenue Receipts (1a+2)	**14,236**	**15,158**
3 CAPITAL RECEIPTS		
A. Non-debt Receipts		
(i) Recoveries of loans and advances@	111	119
(ii) Miscellaneous Capital Receipts	455	725
B. Debt Receipts*	**5,343**	**5,465**
Total Capital Receipts (A+B)	**5,908**	**6,310**
Total Receipts (1.a+2+3)	**20,144**	**21,467**
4. DRAW-DOWN OF CASH BALANCE	**402**	**128**
Receipts under MSS (Net)	-	-

@excludes recoveries of short-term loans and advances from States, loans to Government servants, etc.

** The receipts are net of repayments and do not include receipts under Market Stabilisation Scheme. Source: Union Budget FY18*

EXPENDITURE

(` billion)	2016-17 Revised Estimates	2017-18 Budget Estimates
A. Centre's Expenditure		
I. Establishment Expenditure of Centre	4,067	4,375
II. Central Sector Schemes/Projects	6,244	6,666
III. Other Central Sector Expenditure	5,856	6,192
a. Statutory and Regulatory Bodies	62	65
b. Autonomous Bodies	493	603
c. Public Sector Undertakings	81	46
d. Public Sector Banks	250	100
e. Financial Institutions	19	41
f. Others	4,951	5,338
B. Centrally Sponsored Schemes and other Transfers		
IV. Centrally Sponsored Schemes	2,454	2,784
V. Finance Commission Grants	991	1,031
VI. Other Grants/Loans/Transfers	531	418
Grand Total	20,144	21,467

The description of the six categories mentioned above is given below:
(i)The Establishment Expenditures of the Centre includes all the establishment related expenditure of the Ministries/Departments and includes establishment expenditure on attached and subordinate offices.
(ii)The Central Sector Schemes includes all schemes which are entirely funded and implemented by the Central Agencies
(iii)The Other Central Expenditure includes provisions made for the Central expenditure on PSUs, Autonomous Bodies etc. and other expenditure not covered in the category of schemes or establishment expenditure.
(iv)The Centrally Sponsored Schemes will include the schemes so decided by the Report of the Sub-Group of Chief Ministers on Rationalization of Centrally Sponsored Schemes as approved by the Cabinet on 3.8.2016.
(v)The category Finance Commission Transfers in the demand titled "Transfers to States" The category Other Transfers to States will include all other transfers to States such those made under National Disaster Relief Fund, Assistance to schemes under proviso(i) to Article 275(1) of the Constitution.

Source: Union Budget FY18

MINISTRY/DEPARTMENT WISE EXPENDITURE ON CENTRALLY SPONSORED SCHEMES (CSS) AND CENTRAL SECTOR SCHEMES (CS)

(` billion)	2016-17 Revised Estimates	2017-18 Budget Estimates	% Change
Ministry of Agriculture and Farmers Welfare	467.5	455.4	-2.6
Department of Atomic Energy	51.5	57.5	11.6
Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH)	4.7	5.1	8.8
Ministry of Chemicals and Fertilisers	702.4	703.7	0.2
Ministry of Civil Aviation	28.7	20.0	-30.4
Ministry of Coal	5.0	6.9	37.0
Ministry of Commerce and Industry	52.4	68.3	30.3
Ministry of Communications	116.9	159.6	36.5
Ministry of Consumer Affairs, Food and Public Distribution	1,435.8	1,540.4	7.3
Ministry of Corporate Affairs	0.1	0.1	10.0
Ministry of Culture	7.2	7.3	2.2
Ministry of Defence	830.5	900.6	8.4
Ministry of Development of North Eastern Region	24.3	26.3	8.3
Ministry of Drinking Water and Sanitation	165.0	200.0	21.2
Ministry of Earth Sciences	9.8	10.8	10.2
Ministry of Electronics and Information Technology	12.2	16.7	37.5
Ministry of Environment, Forests and Climate Change	15.2	18.8	23.3
Ministry of External Affairs	63.0	68.9	9.4
Ministry of Finance	340.3	197.3	-42.0
Ministry of Food Processing Industries	6.5	7.3	11.6
Ministry of Health and Family Welfare	274.0	348.1	27.0
Ministry of Heavy Industries and Public Enterprises	6.5	9.6	47.2
Ministry of Home Affairs	146.7	161.0	9.8
Ministry of Housing and Urban Poverty Alleviation	52.7	63.9	21.3
Ministry of Human Resource Development	417.1	445.1	6.7
Ministry of Information and Broadcasting	8.6	8.4	-2.3
Ministry of Labour and Employment	48.2	67.7	40.5
Ministry of Law and Justice	9.2	10.6	14.9
Ministry of Micro, Small and Medium Enterprises	54.2	64.4	18.7

MINISTRY/DEPARTMENT WISE EXPENDITURE ON CENTRALLY SPONSORED SCHEMES (CSS) AND CENTRAL SECTOR SCHEMES (CS)

(` billion)	2016-17 Revised Estimates	2017-18 Budget Estimates	% Change
Ministry of Minority Affairs	36.9	39.7	7.7
Ministry of New and Renewable Energy	41.7	52.9	26.8
Ministry of Panchayati Raj	6.6	7.7	17.6
Ministry of Personnel, Public Grievances and Pensions	1.4	1.6	14.3
Ministry of Petroleum and Natural Gas	300.6	288.2	-4.1
Ministry of Planning	2.0	1.6	-22.0
Ministry of Power	93.6	122.8	31.2
Ministry of Railways	461.6	550.0	19.2
Ministry of Road Transport and Highways	523.4	647.7	23.7
Ministry of Rural Development	977.1	1,077.0	10.2
Ministry of Science and Technology	33.3	38.1	14.5
Ministry of Shipping	9.6	12.0	24.0
Ministry of Skill Development and Entreprenuership	21.4	29.2	36.7
Ministry of Social Justice and Empowerment	70.2	73.9	5.3
Department of Space	72.9	83.2	14.2
Ministry of Statistics and Programme Implementation	41.2	41.2	0.0
Ministry of Steel	0.2	0.2	0.0
Ministry of Textiles	62.0	61.5	-0.8
Ministry of Tourism	15.8	17.2	8.9
Ministry of Tribal Affairs	35.4	38.0	7.4
Ministry of Urban Development	311.9	328.0	5.2
Ministry of Water Resources, River Development and Ganga Rejuvenation	41.2	60.3	46.3
Ministry of Women and Child Development	174.0	218.4	25.5
Ministry of Youth Affairs and Sports	8.1	10.5	28.9
GRAND TOTAL	**8,698.5**	**9,450.8**	**8.6**

Note:-The statement totals the scheme expenditure of Government of India (GoI). The Centrally Sponsored Schemes (CSS) is the demand-wise total of the list of CSS brought out by the Department of Expenditure in the Ministry of Finance. This list was drawn out on the basis of the 'Rationalization of CSS' approved by the GoI after considering the recommendations of the Shivraj Singh Chouhan Committee in the NITI Aayog.

Source: Union Budget FY18

A MACROECONOMIC PERSPECTIVE

The Union Budget framed by the current government for FY18 should be perceived in the backdrop of major headwinds that has and would have a profound impact on the growth prospects of the Indian economy. The uncertainty related to Brexit and Trump's policy moves, elevated oil prices and geopolitical uncertainty has heightened downside risks to India's growth prospects from the global standpoint, while on the domestic front, weak demand and the extent to which the effects of demonetisation would spill over to the next year, frail private investments, rising NPAs and downbeat corporate sentiment have emerged as major threats to derail the growth momentum.

The Union Budget was thus expected to give a fillip to consumption and investment while treading on the path of fiscal consolidation roadmap besides signaling stability, continuity and clarity. The Finance Minister has done just that by delivering a pragmatic, fiscally prudent and socially inclusive budget. The fiscal deficit target of 3.2% for FY18 would provide impetus to rating agencies worldwide to enhance India's sovereign rating. While the target seems to be quite optimistic amidst the current slowdown and increasing downside risks to the economy, it might be achieved on the back of rationalization of taxes, additional measures to enhance the tax base and implementation of GST.

Based on the agenda of "Transform, Energise and Clean India", the Union Budget focused largely on rural and underprivileged, infrastructure, transparency and accountability initiatives and prudent fiscal management to accelerate economic growth.

The four main takeaways from the Union Budget for FY18 would be focus on accountability and transparency in political funding, undertaking a major reform by abolishing FIPB which would further enhance the FDI inflows, plan to integrate PSU oil majors to compete with global and domestic players and giving infrastructure status to affordable housing which would incentivize private players to participate in this segment.

The budget has signaled continuity in economic policy priorities with a strong focus on rural India. The total allocation for the rural, agriculture and allied sectors in 2017-18 is ` 1.87 trillion, which is 24% higher than the previous year.

Higher allocation to MGNREGA (` 480 billion) and Pradhan Mantri Gram Sadak Yojana (` 190 billion) will help boost rural income and in turn will propel consumption in rural-linked sectors such as tractors, two-wheelers and fast moving consumer goods.

The targeted and time-bound approach of the government – to double the farmers income in 5 years, infra status to affordable housing, Mission Antyodaya to bring 10 million households out of poverty and to make 50,000 gram panchayats poverty free by 2019 and developing a composite index for poverty free gram panchayats to monitor the progress, achieving 100% village electrification by 1st May 2018 and connecting habitations with more than 100 persons in left wing extremism affected blocks by 2019 highlights the strong focus of the government to execute the schemes within a given time frame.

The much-needed emphasis on the languishing capital investment has received a boost through the more than 25% increase in government's capital expenditure, including railways, which is expected to crowd-in private investment. The Trade and Infrastructure for Export Scheme (TIES) to be launched in 2017-18 is a dedicated approach to support the ailing trade sector which would get an additional infrastructure push besides the 'Sagarmala' project of the government. The government also committed to spend ` 2.4 trillion in FY18 for transportation sector, including rail, roads and shipping spanning multi-modal logistics parks together with multi modal transport facilities, development works in railways, the multiplier effect of which would benefit the economy provided the execution starts at the earliest. The total allocation for infrastructure development in FY18 stands at approximately ` 4 trillion. However, the amendment bill for resolution of disputes in infrastructure related construction contracts, PPP and public utility contracts should be fast tracked to clear up long pending projects for effective utilization of the funds allocated.

The push given to digital payments and the Union Budget proposals on cleaning-up political funding reinforces the Government's resolve to bring transparency into the system. The other transparency and accountability measures such as computerisation and integration of all 63,000 functional Primary Agriculture Credit Societies (PACS) with the core banking system of District Central Cooperative Banks, using space technology to plan MGNREGA works and geo-tagging all MGNREGA assets will foster the public faith in the system and reinforce the trust towards transparent governance.

Although the Budget clearly refrained from any big bang announcements, the implications of two major announcements i.e. abolishing of FIPB and integration of public sector oil majors would be realized in the way the policy is framed and executed. While the Budget was overall positive, addressing the key focus areas which would provide traction to the growth momentum of the economy, implementing and effectively executing the various initiatives will hold the key for its successful accomplishment.

GLOSSARY

Appropriation Bill: This Bill entails the Parliament's approval for withdrawal of money from the Consolidated Fund to pay off expenses. After the Demands for Grants are voted by the Lok Sabha, the Parliament approves this bill. Under Article 114(3) of the Constitution, no amount can be withdrawn from the Consolidated Fund without the enactment of such a law by the Parliament.

Capital Expenditure: It is the expenditure incurred on acquisition of assets like land, buildings, machinery, equipment etc and also loans and advances granted by the Central Government to State and Union territories, Public sector enterprises and other parties. This expenditure is also categorised as plan and non-plan capital expenditure.

Capital Receipts: Capital receipts include loans raised by the Government from public which are called Market Loans, borrowings by the Government from the Reserve Bank of India and other parties through sale of Treasury Bills, loans received from foreign Governments and bodies and recoveries of loans granted by Central Government to State and Union Territory Governments and other parties.

Consolidated Fund: All revenues received by the Government, loans raised by it, and also its receipts from recoveries of loans granted by it, form the Consolidated Fund. All expenditure of the Government is incurred from the Consolidated Fund and no amount can be withdrawn from the Fund without authorisation from the Parliament.

Contingency Fund: It is an imprest from the Consolidated Fund, and may be used by the Government without waiting for an appropriation bill to be passed by the Parliament. If it becomes necessary for the Government to incur expenditure not included in the budget, it can do so from the Contingency Fund.

Customs Duties: Customs duty is a type of indirect tax levied on goods imported into India as well as on goods exported from India.

Effective Revenue Deficit: Effective Revenue Deficit is the difference between revenue deficit and grants for creation of capital assets.

Exceptional Grant: Through the Exceptional Grant the House of People can make provision for an exceptional grant that does not form part of the current service of any financial year.

Excise Duties: Central excise duty is an indirect tax levied on those goods which are manufactured in India and are meant for home consumption.

Finance Bill: At the time of presentation of the Annual Financial Statement before the Parliament, a Finance Bill is also presented in fulfilment of the requirement of Article 110(1) (a) of the Constitution, detailing the imposition, abolition, remission, alteration or regulation of taxes proposed in the Budget. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution.

Fiscal Deficit: The difference between the total expenditure of the Government by way of revenue, capital and loans net of repayments on the one hand and revenue receipts of the Government and capital receipts which are not in the nature of borrowing but which finally accrue to the Government on the other, constitutes fiscal deficit.

Non-Plan Expenditure: It includes expenses that do not form a part of the Government's five year plan. These expenses consist of revenue and capital expenditure on defense, subsidies, interest payments, postal deficit, pensions, police, loans to public sector enterprises, economic services and loans as well as grants to State Governments, Union Territories and foreign Governments.

Non-Tax Revenues: Revenues earned by the Government from sources other than taxes are termed as non-tax revenues. The sources of non-tax revenues may include; dividends and profits received from public sector companies, interest receipts, fines, penalties and fees for various services rendered by the Government.

Plan Expenditure: It consists of both revenue expenditure and capital expenditure of the Centre on the Central Plan and Central Assistance to States and Union Territories. Plan expenditure reflects the Government's investment in enhancing the economy's productive aptitude. It arises out of schemes freshly introduced in an ongoing Five Year Plan (FYP) period.

Plan Outlay: Plan Outlay refers to the amount sanctioned for expenditure on projects, schemes and programmes announced in the Plan. The provision for this amount is made through extra budgetary resources and from provisions in the Demands for Grants. The budgetary support is also reflected as plan expenditure in Government accounts.

Primary Deficit: The amount by which the Government's total expenditure exceeds its total revenue generated, excluding the interest payments on debt. It is primarily the difference between the gross fiscal deficit and gross interest payments.

Public Account: Besides the normal receipts and expenditure of the Government which relate to the Consolidated Fund, certain other transactions enter Government accounts, in respect of which the Government acts more as a banker. For example, transactions relating to provident funds, small savings collections, other deposits, etc. The money thus received is kept in the Public Account and the connected disbursements are also made therefrom.

Public Debt: It refers to the total debt of the central and the State Governments. Public debt can be classified into internal debt (comprising of money borrowed within the country) and external debt (comprising of funds borrowed from non-Indian sources). The net accretion to public debt is the difference in borrowing and repayments during a fiscal year.

Revenue Deficit: Revenue Deficit is the excess of Government's revenue expenditure over revenue receipts.

Revenue Expenditure: It is the expenditure incurred by the Government for running of Government departments and conducting various economic, social and general services, interest payments, subsidies, grants and assistance to State and Union territories etc. This expenditure is also categorised as plan and non-plan revenue expenditure.

Revenue Receipts: It includes revenues garnered by the Government through taxes and other non-tax sources. Other receipts of the Government mainly consist of interest and dividend on investments made by the Government, fees, and other receipts for services rendered by it.

Tax Revenues: It comprises of revenue receipts through taxes and other duties levied by the Government. Tax revenue includes revenue generated through both direct taxes (personal income tax, corporate tax, capital gain tax and wealth tax) and indirect taxes (central excise duty, customs duty, service tax and VAT).

Vote on Account: It means a grant made in advance by the Parliament, in respect of the estimated expenditure for a part of the new financial year, pending the completion of the procedure relating to the voting of the demand for grants and the passing of the Appropriation Act.

Vote of Credit: Through the Vote of Credit the House of People can approve grant for meeting an unexpected demand upon the resources of India when on account of the magnitude or the indefinite character of the service, the demand cannot be stated with the details ordinarily given in an annual financial statement.