

RAILWAY BUDGET

The Rail Budget 2016, Railway Minister Suresh Prabhu announces a capital plan of Rs. 1,21,000 crore for 2016-17; claims action initiated on 139 budget announcements made last year. Railway Budget is a unique feature of the Indian Parliamentary system. Probably, India is the only country in the world to have a budget dealing with a specific segment of the transport sector. A separate budget for the Railways also signifies the fact that the central role the Railways play in the economic and social life of the country.

Headlines

- No hike in passenger fares.
- Action has been initiated on 139 budget announcements made last year.
- Eliminate all unmanned level crossings by 2020.
- Swacch Bharat: 17000 biotoilets and additional toilets in 475 stations before the close of this financial year.
- Increased quota for senior citizens and women travellers this year.
- Wifi at 100 stations this year and 400 stations next year.
- Enhanced capacity of e-ticketing system from 2,000 tickets/min to 7,200/min. Supporting 1.2 lakh concurrent users now, as opposed to 40,000 earlier.
- All major stations to be brought under CCTV surveillance in a phased manner.
- Deen Dayal coaches for long distance trains for unreserved passengers. These coaches will include potable water and higher number of mobile charging points.
- IRCTC to manage catering service in phased manner. Local cuisine of choice will be made available to passengers.
- Cleaning of toilets by requests through SMS.
- Children's menu, baby foods, baby boards to be made available for travelling mothers.
- GPS-based digital display in coaches for showing upcoming stations.
- Will open cancellation facility through 139 helpline number.
- Introduce bar-coded tickets on pilot basis to tackle menace of ticketless travel.

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On new projects to be implemented this year

- Overnight double-decker trains to be introduced on business travel routes.
- 1,600 km of electrification this year and 2,000 km proposed for the next year.
- Broad Gauge Lumding-Silchar section in Assam, connecting Barak Valley with rest of country.
- North-East India, especially Mizoram and Manipur, to be connected through broad gauge soon.
- Special purpose vehicle for the Ahmedabad-Mumbai high speed corridor registered this month.

What Prabhu Proposed?

- Theme of the Budget - '**Chalo, Milkar Kuch Naya Karen**' for overcoming challenges – Reorganize, Rejuvenate, Restructure Indian Railways.
- Three pillars strategy: **Nav Arjan** – New revenues, **Nav Manak** – New norms, **Nav Sanrachna** – New Structures.

Railway Fares

No new hike in passenger fares and Freight fares. Promised to bring down freight rates and double non-tariff revenue for the ailing national transport.

NEW INITIATIVES

For the unreserved passengers

- Antyodaya Express superfast unreserved service.
- Deen Dayalu unreserved coaches with potable water facility and higher number of mobile charging points.

For the reserved passenger

- Humsafar: Fully air-conditioned service with an optional service for meals.
- Tejas: It will operate at speeds of 130 kmph and above and shall showcase the future of train travel in India. It will offer onboard services such as local cuisine, entertainment, WiFi, etc.
- (iii)UDAY (Utkrisht Double-Decker Air-conditioned Yatri) Express: Overnight double-decker express on the busiest routes. Potential to increase carrying capacity by almost 40%.

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- SMART (Specially Modified Aesthetic Refreshing Travel) Coaches: These coaches are designed to ensure higher carrying capacity and provision of new amenities including automatic doors, bio-vacuum toilets, bar-code readers, water-level indicators, accessible dustbins, ergonomic seating, vending machines, improved aesthetics, LED lit boards for advertising, entertainment screens, PA system.

Cleanliness

- SMS service 'Clean my Coach', ranking of A1 and A railway stations based on periodic third party audit and passenger feedback, Awareness campaigns.
- Waste segregation and recycling centres, additional 30,000 bio-toilets etc.

Catering and stalls at stations

IRCTC will manage catering services in a phased manner; explore possibility of making catering services optional, build local ownership and empowerment. Railway is extending e-catering to all rail stations. IRCTC will make available local cuisine of choice, hygienic food. Travelling mothers, Children's menu, baby foods, baby boards will be made available.

Women Quota

33 per cent sub-quota for women will be provided under all reserved categories. Railways will also increase the quota of lower berths for women and senior citizens

Rail Mitra Sewa

- Strengthening the existing services for enabling passengers to book battery operated cars, porter services, etc.
- Expanding Sarathi Seva in Konkan Railway to help the disabled and old passengers.

Ticketing

- Capacity of e-ticketing system has been enhanced from 2000 tickets per min to 7,200 per min.
- Railway introduces 1,780 ticket-vending machines. e-ticket facility for foreign debit, credit card holders

Mobile Applications

- Integrating all facilities into two mobile apps that will deal with ticketing issues and for receipt and it will also redressal of complaints and suggestions.

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Pilgrimage centres

- The provisions of passenger amenities and beautification on stations at pilgrimage centres including will be undertaken on priority basis.
- Aastha circuit trains will connect important pilgrim centres.

High Speed Rail

- From Mumbai to Ahmedabad will be undertaken with the assistance of the Government of Japan.
- Prime benefit would be providing technology advancements and new manufacturing capability.

Entertainment

- Invite FM Radio stations for providing train borne entertainment.
- Extension of 'Rail Bandhu' in all regional languages to all reserved classes of travellers.
- Rationalising the tariff structure: Tariff policy will be revived to evolve a competitive rate structure, signing long term tariff contracts customers using pre-determined price escalation principles with key freight.
- Building terminal capacity: Developing Rail side logistics parks and warehousing in PPP mode, TRANSLOC (Transport Logistics Company of India) will develop 10 goods sheds in 2016-17.
- India's first rail auto hub will be inaugurated in Chennai. Rail University will come at Vadodara, Gujarat.
- Development of cold storage facilities on vacant land near freight terminals in which local farmers and fisherman will be given preferential usage of the facility.
- Nurturing customers: Appointing key Customer Managers to liaison major freight stakeholders. Each Zonal Railway will develop customer commitment charter indicating service level commitments of Indian Railways.
- Travel Insurance to passengers: Optional travel insurance will be offered for rail journeys at the time of booking.

Process Improvements

- Finalization of EPC projects standard document to implement at least 20 projects in 2016-17. In future, endeavouring all works valuing above Rs. 300 crore through EPC contracts.
- Contracts based on performance output parameters in order to review service contracts to integrate them outcome focused and simpler.

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- Leveraging technology for project management, using latest drone technology and Geo Spatial based satellite technology for remotely reviewing the physical progress across major projects. GPS-based digital display in coaches for showing upcoming stations.
- System-wide Information Technology integration through innovative partnership models.

Rail Development Authority

- It will be established as statutory body to enable fair pricing of railway services and promote competition, protect customer interests and determine efficiency standards.

Tourism

- Indian Railways will partner with State Governments for operating tourist circuit trains, promotion of tourism through UNESCO world heritage Railways and Railway museums.
- To spread awareness about our National Animal, the Tiger, complete packages including train journey, safaris and accommodation to cover the wildlife circuit comprising Kanha, Pench and Bandhavgarh will be offered.

ECONOMIC SURVEY

The Economic Survey, prepared by Chief Economic Adviser Arvind Subramanian, has been tabled in Parliament three days ahead of budget.

Highlights of Economic Survey 2016

- The survey pointed out that over Rs 1 lakh crore worth subsidies go to the well-off and advocated that they should be cut for better fiscal welfare management.
- It said the benefits were given to the well-off on small savings schemes and tax or subsidy policies on six commodities — cooking gas, railways, power, aviation turbine fuel, gold and kerosene.
- Economic Survey 2015-16 projects that the real GDP growth for the current financial year and for 2016-17 will be in the range of 7-7.75 per cent.
- The government can achieve FY16 fiscal deficit target of 3.9 per cent of GDP.

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- The government should review its medium-term fiscal strategy, in view of the 7th Pay Commission salary hike proposal and upcoming recapitalization of banks.
- Consumer price or retail inflation is seen around 4.5 to 5 per cent in FY17 as against 4.9 per cent between April to January 2016. Inflationary expectations are muted because of the weakness in crude oil prices.
- India's current account deficit is seen around 1-1.5 per cent of GDP in FY17.
- The rupee's fair value can be achieved through monetary relaxation. India needs to prepare itself for a major currency readjustment in Asia in wake of a similar adjustment in China.
- Stretched corporate and bank balance sheets have affected the prospects for reviving private investments.
- Tax exemptions should be phased out and tax base should be widened from current 5.5 per cent of earning individuals to more than 20 per cent. Tax revenue will be higher than budgeted levels in FY16.
- In order to take advantage of the democratic dividend and meet growing aspirations of those entering the workforce, the economy needs jobs that are good, safe, productive and well paying.
- The Economic Survey enumerated three downside risks- turmoil in global economy.
- The Economic Survey could worsen the outlook of exports, oil prices rise would increase the drag from consumption and the most serious risk is combination of the above two factors.

FISCAL DEFICIT

- 2015/16 fiscal deficit seen at 3.9 percent of GDP seems achievable
- 2016/17 expected to be challenging from fiscal point of view
- Credibility and optimality argue for adhering to 3.5% of GDP fiscal deficit target

INFLATION

- CPI inflation seen around 4.5 to 5% in 2016/17
- Low inflation has taken hold, confidence in price stability has improved* Expect RBI to meet 5 percent inflation target by March 2017
- Prospect of lower oil prices over medium term likely to dampen inflationary expectations
- Low inflation has taken hold, confidence in price stability has improved

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CURRENT ACCOUNT DEFICIT

- 2016/17 current account deficit seen around 1-1.5% of GDP

CURRENCY

- Rupee's value must be fair, avoiding strengthening; fair value can be achieved through monetary relaxation
- India needs to prepare itself for a major currency readjustment in Asia in wake of a similar adjustment in China
- Gradual depreciation in rupee can be allowed if capital inflows are weak

TAXES

- Proposes widening tax net from 5.5% of earning individuals to more than 20%
- Tax revenue expected to be higher than budgeted levels in FY15/16
- Easiest way to widen the tax base would be not to raise exemption thresholds
- Favours review and phasing out of tax exemptions

BANKING & CORPORATE SECTOR

- Estimated capital requirement for banks likely around Rs 1.8 trillion by 2018/19
- Corporate, bank balance sheets remain stretched, affecting prospects for reviving private investments
- Underlying stressed assets in corporate sector must be sold or rehabilitated
- Govt could sell off certain non financial companies to infuse capital in state-run banks
- Govt proposes to make available 700 bln rupees via budgetary allocations during current, succeeding years in banks
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UNION BUDGET 2016

Finance Minister Arun Jaitley has presented the Union Budget 2016. With an eye on supporting the small tax-payer and the small investor, the Minister announced a slew of schemes, and income tax exemptions. Finance Minister Arun Jaitley did not change income tax slabs in his third Budget, but he did tweak some deductions and announced multiple new cesses, which will impact tax liability for the common man.

Highlights of Union Budget 2016

Tax

- Infrastructure and agriculture cess to be levied.
- Excise duty raised from 10 to 15 per cent on tobacco products other than beedis
- 1 per cent service charge on purchase of luxury cars over Rs. 10 lakh and in-cash purchase of goods and services over Rs. 2 lakh.
- SUVs, Luxury cars to be more expensive. 4% high capacity tax for SUVs.
- Companies with revenue less than Rs 5 crore to be taxed at 29% plus surcharge
- Limited tax compliance window from Jun 1 – Sep 30 for declaring undisclosed income at 45% incl. surcharge and penalties
- Excise 1 per cent imposed on articles of jewellery, excluding silver.
- 0.5 per cent Krishi Kalyan Cess to be levied on all services.
- Pollution cess of 1 per cent on small petrol, LPG and CNG cars; 2.5 per cent on diesel cars of certain specifications; 4 per cent on higher-end models.
- Dividend in excess of Rs. 10 lakh per annum to be taxed at additional 10 per cent.

Personal Finance

- No changes have been made to existing income tax slabs
- Rs 1,000 crore allocated for new EPF (Employees' Provident Fund) scheme
- Govt. will pay EPF contribution of 8.33% for all new employees for first three years
- Deduction for rent paid will be raised from Rs 20,000 to Rs 60,000 to benefit those living in rented houses.
- Additional exemption of Rs. 50,000 for housing loans up to Rs. 35 lakh, provided cost of house is not above Rs. 50 lakh.
- Service tax exempted for housing construction of houses less than 60 sq. m
- 15 per cent surcharge on income above Rs. 1 crore

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Social

- Rs. 38,500 crore for Mahatma Gandhi MGNREGA for 2016-17
- Swachh Bharat Abhiyan allocated Rs.9,500 crores.
- Hub to support SC/ST entrepreneurs
- Government is launching a new initiative to provide cooking gas to BPL families with state support.
- LPG connections to be provided under the name of women members of family: Rs 2000 crore allocated for 5 years for BPL families.
- 2.87 lakh crore grants to gram panchayats and municipalities – a quantum jump of 228%.
- 300 urban clusters to be set up under Shyama Prasad Mukherji Rurban Mission
- Four schemes for animal welfare.

Health

- 2.2 lakh renal patients added every year in India. Basic dialysis equipment gets some relief.
- A new health protection scheme for health cover upto 1 lakh per family.
- National Dialysis Service Prog with funds thru PPP mode to provide dialysis at all district hospitals.
- Senior citizens will get additional healthcare cover of Rs 30,000 under the new scheme
- PM Jan Aushadhi Yojana to be strengthened, 300 generic drug store to be opened

Education

- Scheme to get Rs.500 cr for promoting entrepreneurship among SC/ST
- 10 public and 10 private educational institutions to be made world-class.
- Digital repository for all school leaving certificates and diplomas. Rs. 1,000 crore for higher education financing.
- Rs. 1,700 crore for 1500 multi-skill development centres.
- 62 new navodaya vidyalayas to provide quality education
- Digital literacy scheme to be launched to cover 6 crore additional rural households
- Entrepreneurship training to be provided across schools, colleges and massive online courses.
- Objective to skill 1 crore youth in the next 3 years under the PM Kaushal Vikas Yojna-FM Jaitley
- National Skill Development Mission has imparted training to 76 lakh youth. 1500 Multi-skill training institutes to be set up.

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Energy

- Rs. 3000 crore earmarked for nuclear power generation
- Govt drawing comprehensive plan to be implemented in next 15-20 years for exploiting nuclear energy
- Govt to provide incentive for deepwater gas exploration
- Deepwater gas new disc to get calibrated market freedom, pre-determined ceiling price based on landed price of alternate fuels.

Investments and infrastructure

- Rs. 27,000 crore to be spent on roadways
- 65 eligible habitats to be connected via 2.23 lakh kms of road. Current construction pace is 100 kms/day
- Shops to be given option to remain open all seven days in a week across markets.
- Rs. 55,000 crore for roads and highways. Total allocation for road construction, including PMGSY, – Rs 97,000 crore
- India's highest-ever production of motor vehicles was recorded in 2015
- Total outlay for infrastructure in Budget 2016 now stands at Rs. 2,21,246 crore
- New greenfield ports to be developed on east and west coasts
- Revival of underserved airports. Centre to Partner with States to revive small airports for regional connectivity
- 100 per cent FDI in marketing of food products produced and marketed in India
- Dept. of Disinvestment to be renamed as Dept. of Investment and Public Asset Management
- Govt will amend Motor Vehicle Act in passenger vehicle segment to allow innovation.
- MAT will be applicable for startups that qualify for 100 per cent tax exemption
- Direct tax proposals result in revenue loss of Rs.1060 crore, indirect tax proposals result in gain of Rs.20,670 crore

Agriculture

- Total allocation for agriculture and farmer welfare at Rs 35984 crores
- 28.5 lakh hectares of land will be brought under irrigation.
- 5 lakh acres to be brought under organic farming over a three year period
- Rs 60,000 crore for recharging of ground water recharging as there is urgent need to focus on drought hit areas cluster development for water conservation.
- Dedicated irrigation fund in NABARD of Rs.20.000 cr
- Nominal premium and highest ever compensation in case of crop loss under the PM Fasal Bima Yojna.

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Banking

- Banks get a big boost: Rs 25,000 crore towards recapitalisation of public sector banks. Jaitley says: Banking Board Bureau will be operationalised, we stand solidly behind public sector banks.
- Target of disbursement under MUDRA increased to 1,80,000 crore
- Process of transfer of government stake in IDBI Bank below 50% started
- General Insurance companies will be listed in the stock exchange.
- Govt to increase ATMs, micro-ATMs in post offices in next three years.

Following is a list of items that will turn costlier

- 1.Cars
- 2.Cigarettes
- 3.Cigar
- 4.Tobacco
- 5.All services like bill payments, eating out, air travel
- 6.Ready made garments and branded apparel of more than Rs 1,000
- 7.Gold and Silver; jewelery articles excluding silver
- 8.Water including mineral water, aerated water containing added sugar or sweetening matter
- 9.Goods and services above Rs 2 lakh in cash
- 10.Aluminum foil
- 11.Air Travel
12. Plastic bags and sacks
- 13.Ropeway, cable car rides
- 14.Imported imitation jewellery
- 15.Industrial solar water heater
- 16.Legal services
- 17.Lottery tickets
- 18.Traveling by hiring stage carriage
- 19.Hiring of packers & movers
- 20.E-reading devices
21. Instruments for VoIP (Voice over Internet Protocol)
- 22.Imported Golf Cars
23. Gold bars



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Following is a list items that will turn cheaper

1. Footwear
2. Solar lamp
3. Router, broadband modems and set top boxes, Digital video recorder and CCTV cameras
4. Hybrid electric vehicles
5. Sterilised dialyser
6. Low cost houses with less than 60 sq mt carpet area
7. Hiring of folk artists for performance
8. Refrigerated containers
9. Pension plans
10. Microwave ovens
11. Sanitary pads
12. Braille paper.

