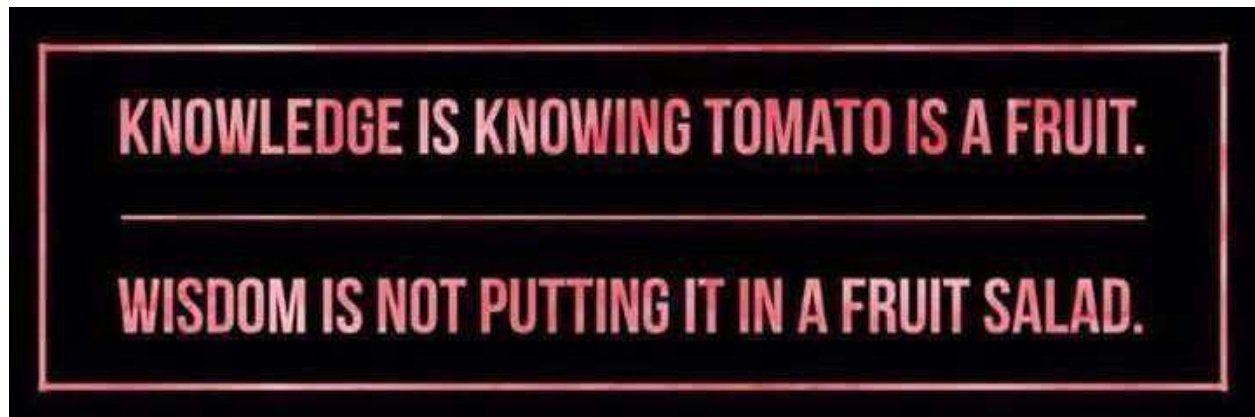


Everything that Matters



Do you know what does TV does to you... It gives you NEWS. And, this is the worst thing as news gives you a superficial CONFIDENCE and not the KNOWLEDGE. If you are really glued to the never ending panel discussions on all the channels regarding budget, please rest your eyes, because we are gonna give you **INFORMATION & KNOWLEDGE** about the CHANGES that are announced in BUDGET 2017.

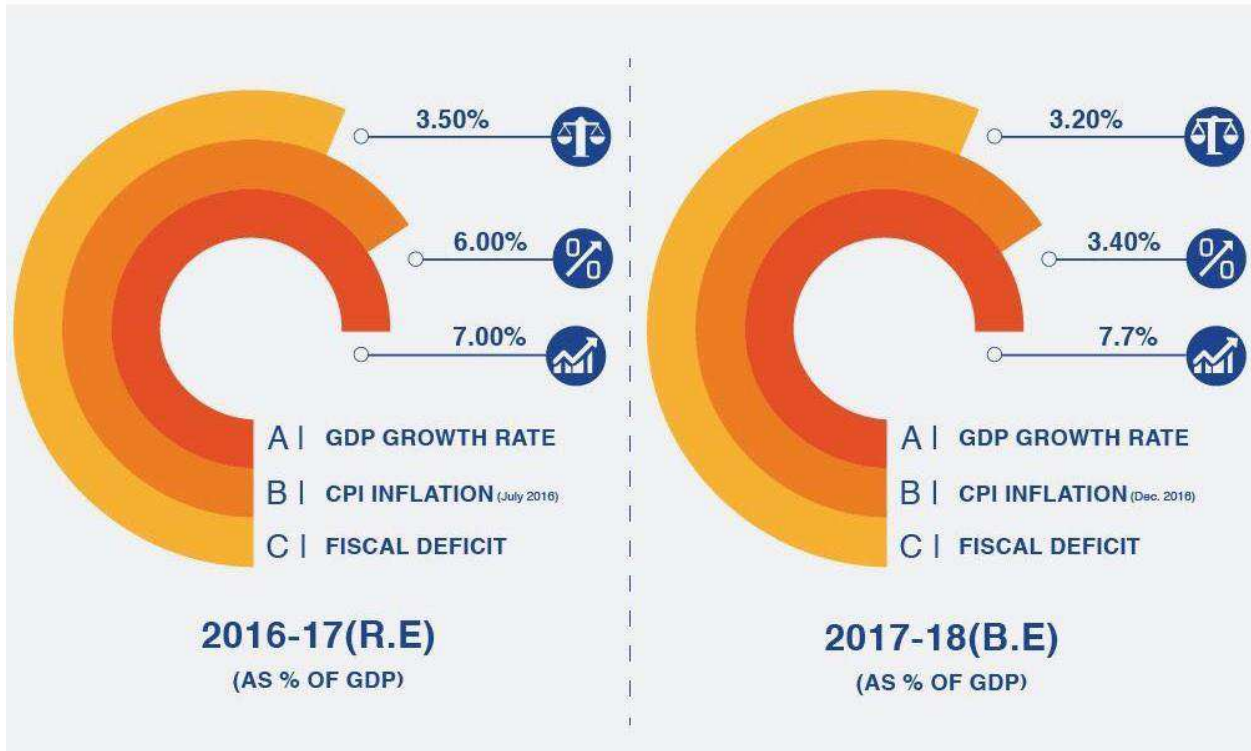


Budget 2017, will be a remarkable budget we all knew. It's at the juncture when the economy is just getting remonetize again. The country is going through a change in the payment system and paytm, airtel payment bank has become common words now. This is the 4th Budget for Mr. Arun Jaietly and he has no option but to – act upon what his government, his economic advisor and above all our PM has been saying.

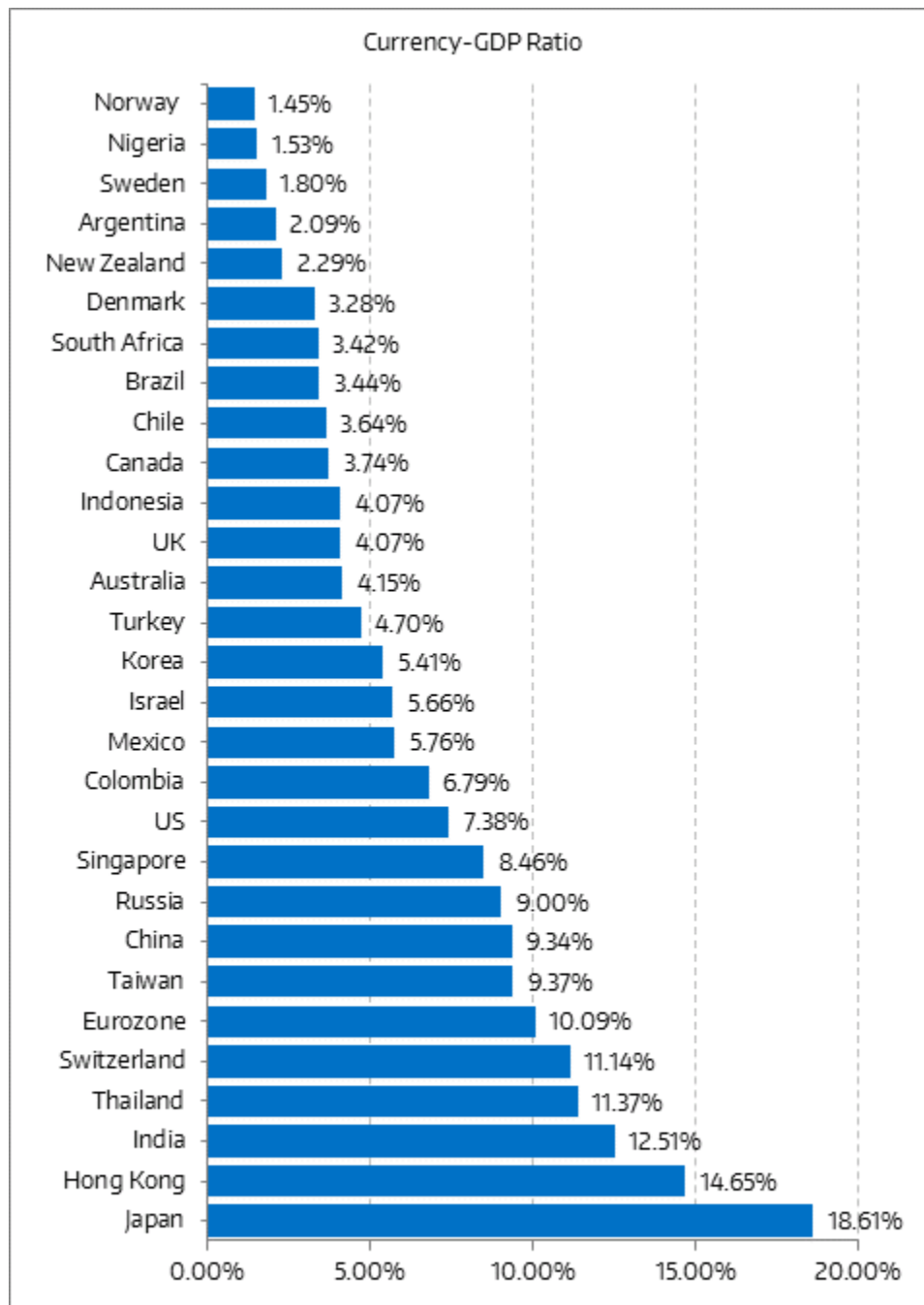


The main thing that Economic Survey Highlighted

KEY ECONOMIC INDICATORS FROM THE ECONOMIC SURVEY



Another Interesting Thing:



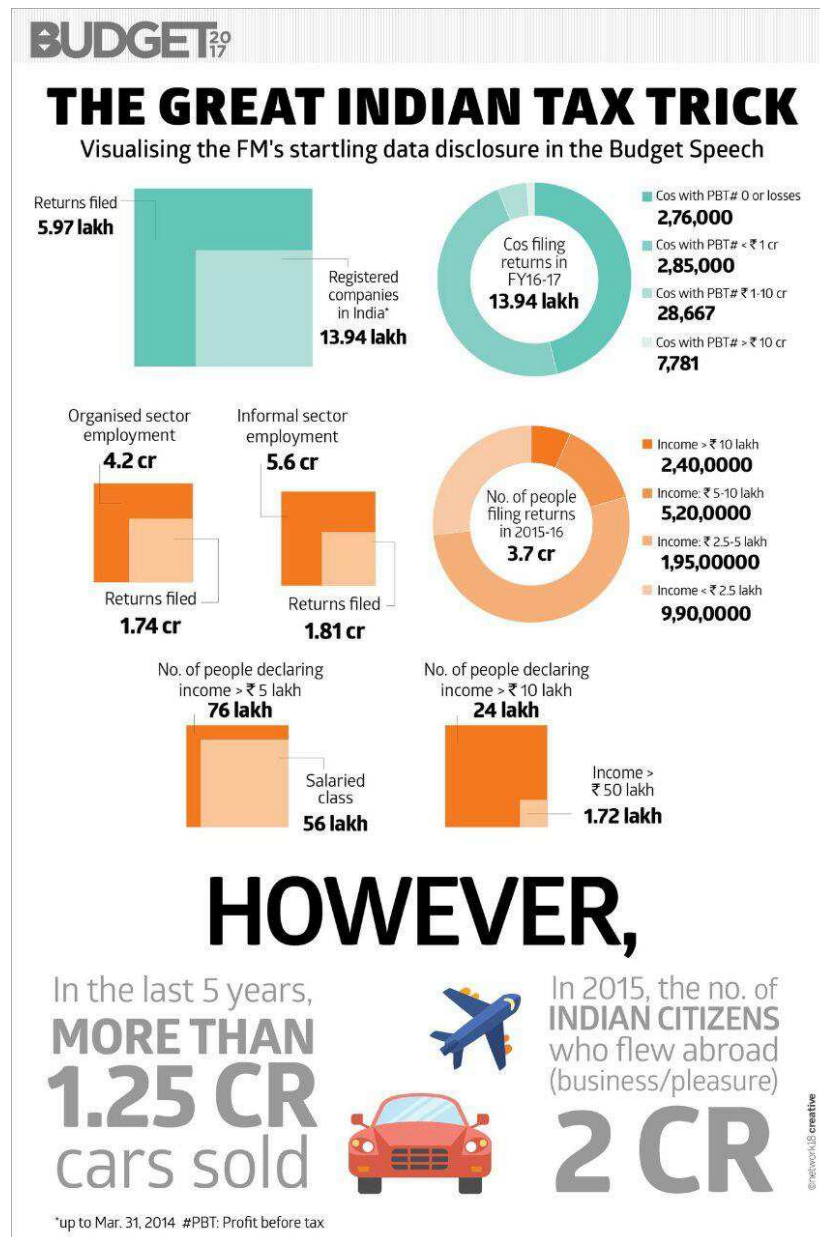
Source: The Curse of Cash, Kenneth Rogoff,
<http://scholar.harvard.edu/rogoff/curseofcashdata>

More is the Currency to GDP ration, the country is more Corrupt & Difficult to do Business

Budget 2017

Some would say “it’s revolutionary, and some would say “no big deal”. What really matters is:

- Is the new change good for me, my countryman, my nation?
- Does it bring me extra, maybe not today but after some time? Maybe not directly but helps in long run.



The Budget 2017 will really put your hopes up. This does not mean it is pure like sin. It means it has more positives than the negatives. Let’s see what was good, bad and ridiculous in the budget 2017-18.

Taxation

We wanted a lot of more slabs, reduced tax rate, more on 80C benefits, more on allowances but we got just one thing – 5% in the 2.5 lakhs to 5 Lakhs Slab!!! I am not thrilled as this was below the expectation.

Tax Rebate of Rs 2500 for below 5 Lakhs Income slab and Rs 12500 for Taxpayers in Income Tax slabs of 20% & 30%.

But the government gave a lot of figures that they wanted to include more people to pay taxes and until then they have no mood to forgo tax earnings. So, maybe next year when more citizen come forward we may see some help.



- 10% Surcharge for people in 50 Lakh to 1 Cr income slab.
- A Single Page Income Tax Return Form to be introduced (Not if you have business income).
- If you are not filling tax for the first time, no SCRUTINY by IT Departments for 3 years (Provided no high-value transactions are found).
- Cash Transaction above 3 Lakhs banned for individuals: This is to eliminate black money. Last year it was 2 Lakhs proposed but now increased to 3 Lakhs. Boosting and encouraging Black Money???
- GST on schedule: July 2017
- Presumptive Income Tax slashed to 6% from earlier 8%.

Impact Illustration:

Annual Taxable Income	Existing Tax	New Tax	Gain
Rs 2.5 Lakhs	-	-	-
Rs 3.5 Lakhs	5,150	2,575	2,575
Rs 5 Lakhs	20,600	12,875	7,725
Rs. 10 Lakhs	128,750	115,875	12,875
Rs. 50 Lakhs	1,364,750	1,351,875	12,875
Rs. 75 Lakhs	1,673,750	1,826,963	(153,213)
Rs. 100 Lakhs	2,909,750	3,186,563	(276,813)

Housing Sector

This is good that Government has realized that overall growth cannot be achieved if Housing Sector goes down. And, the crash has happened because of Demonetization.

Housing Sector to be included as Infra Projects so that they get funding from Infra-Project Funds.

Long Term Capital Gain reduced from 3 Years to 2 Years. (Will help people who are stuck

New investments to be announced to save LTCG other than the conventional 54EC products.

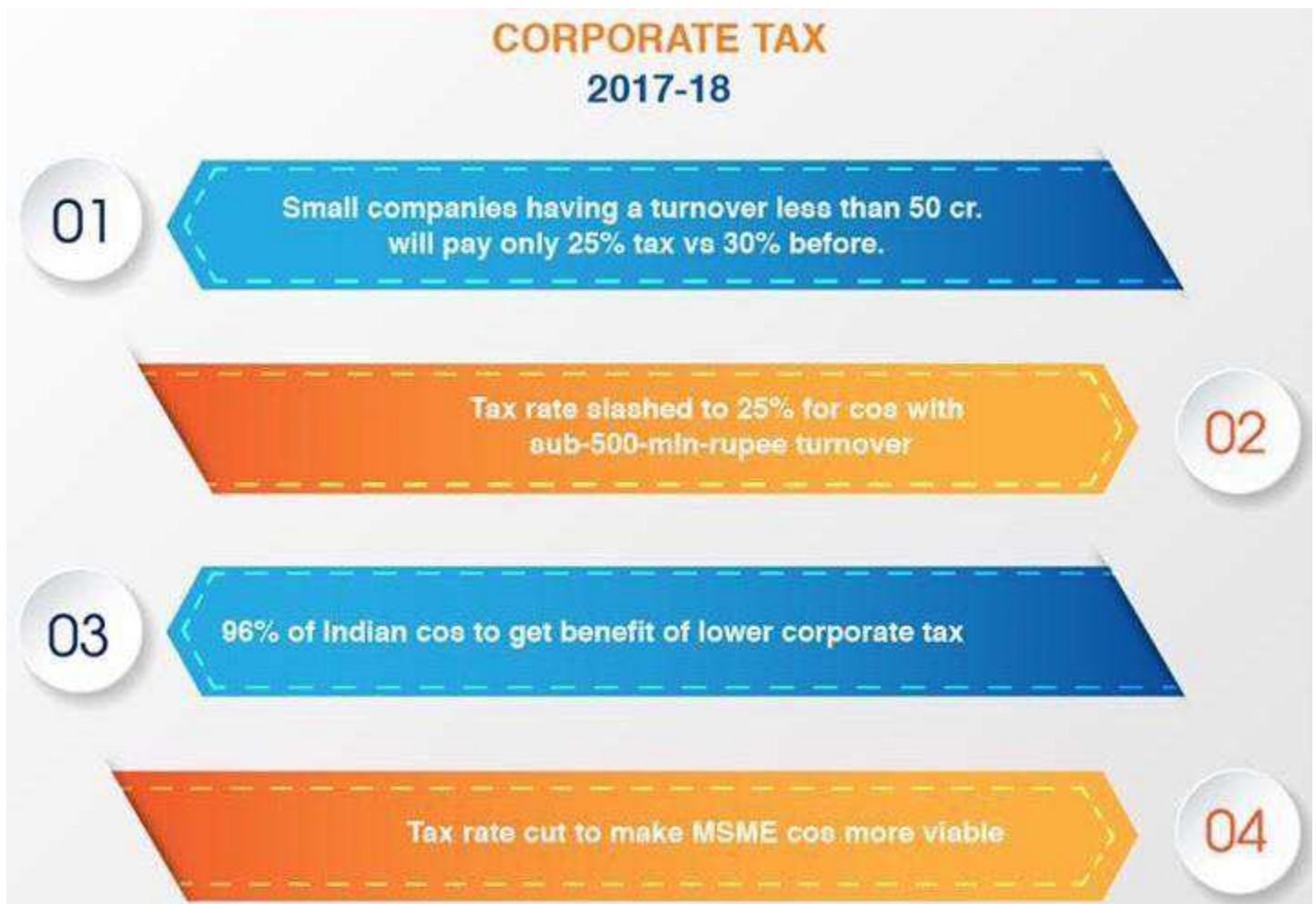


Corporate

One of the ways to increase profits is to reduce Tax Rate so that the share price increases. This will be beneficial for all who are investing in these companies directly or through securities like MFs, Insurance or NPS etc. But NO SUCH ANNOUNCEMENT.

The tax rate for Medium Scale (MSME) with turnover below 50 Cr reduced from 30% to 25%. But the majority are unlisted. So investors do not get anything, only promoters gain.

Government to facilitate formation of one big OIL Company (means merging the existing oilcos)



Digitalization

BHIM will have 2 more promotional schemes one for us to refer another for merchants. Schemes to be announced.

Senior citizens to get Aadhar enabled electronic identity cards.



new users and

DIGITISATION



Economy

I include these as these are long hands and help everyone around us.

The fiscal deficit comes down to 3.2% of GDP. Revenue Deficit down to 1.9%. This is good as it shows financial discipline on the government expenditure and FIs, long-term investors & research guys just love this. More money to flow in capital markets.

Inflation: The government will manage inflation and propose to keep it under 4%. This is huge as money saved on account of price rise goes to expenditures and investments. More money in hands of homemakers. More credit off take. Very good for long term growth. I heartily applaud RBI and FM for this.

2 More Oil reserves proposed. 3 already operational. Good as we are oil importing country and we must have a buffer for emergencies.

Forex Reserve all time high to cover 12 months import bill. (Remember 1991, when we had to pledge gold against our imports).

Infrastructure

We have seen infrastructure models of developed countries and our Asian neighbors like Singapore and Japan. Last decade China's infra-story depicted how infrastructure is directly proportional to Foreign Investments which fuels the economy, increases consumption, provides employment and opportunities.

India as a country is also trying to increase its infrastructure expenditure and so a highest ever allocation of Rs 3.96 Trillion was earmarked for infrastructure reforms.

FM said in his budget speech that "Railways, Road, and Rivers are the lifeline of our country". So major funds have been allocated to Transportation – Road, Rail, Air & Sea.

Apart from Rail other modes were part of earlier budgets and the railway was given a special status by allocating a separate budget proposal. This year after 1924, the separate rail budget was abolished and was included in the main budget to provide synergy to all the mode of infrastructure development.

Another new development was that "Affordable Housing" has been given a status of the infrastructure sector. This will benefit developers to avail monetary resources from institutions engaged in providing finance to infrastructure sector only.

The major announcement related to infrastructure are:

- Affordable housing redefined and given infrastructure status: Govt plans one crore houses for poor by 2019.
- MNREGA target at 48000 cr in FY18: The scheme is a highly successful model in creating rural infrastructures like schools, small dams and water reservoirs for irrigation.
- Allocation for national highways stepped up to Rs 64,000 crore from Rs 57,676 crore.
- Select airports in tier-II cities to be taken up for operations, development on PPP mode. The Airport Authority Act will be amended so that airports can use their land for commercial purpose and up gradation.
- Allocation for National Highways Rs 64,000 crore against last year allocation of Rs 56,976 Cr.
- The total length of roads built from 2014-15 is about 140,000 km higher than previous 3 years.
- Allocation for infrastructure stands at a record Rs 3,96,135 crore. For transportation sector as a whole, including rail, roads, shipping, have been provided 2,41,387 crores in 2017-18.
- Infrastructure funds for dairy will generate extra rural income of Rs 50,000 crore per annum.
- For transport sector, including railways, road, and shipping, the government provides Rs 2.41 lakh crore.
- Dispute resolution in infrastructure projects in PPP mode will be institutionalized.
- 2000 km of coastal roads have been identified for development.
- Railway line of 3,500 km will be commissioned in 2017-18 as against 2,800 km in 2016-17.
- The focus is on Swacchh Railways - All coaches of Indian Railways will have bio-toilets by 2018.
- Propose to feed 7000 solar railway station in the medium term.
- Railways have set up joint ventures with 9 State Governments. 70 projects have been identified for construction and development.

RAILWAY



- The total length of roads, including those under PMGSY, built from 2014-15 until the current year is about 1,40,000 km which are significantly higher than previous three years. Now 133 km/day of rural roads under PMGSY is targeted in FY17. Good road connectivity to cities could help reduce part of the post-harvest loss to farmers which is currently about Rs 95,000 cr.
- A specific program for the development of multi-modal logistics parks, together with multi-modal transport facilities, will be drawn up and implemented.
- More spectrum auction for telecom sector has not been announced. 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.
- Under the BharatNet Project, OFC has been laid in 1,55,000 km. Extra allocation for BharatNet Project to be Rs 10,000 crores in 2017-18. By the end of 2017-18, high-speed broadband connectivity on optical fiber will be available in more than 1,50,000 *gram panchayats*, with wifi hot spots and access to digital services at low tariffs.
- For strengthening our Energy sector, Government has decided to set up 2 more Strategic Crude Oil Reserves. In the first phase, 3 such Reserves facilities have already been set up. Now in the second phase, it is proposed to set up caverns at 2 more locations, namely, Chandikhole in Odisha and Bikaner in Rajasthan. This will take our strategic reserve capacity to 15.33 MMT.
- It has been decided to focus on our export infrastructure in a competitive world. A new and restructured Central scheme, namely, Trade Infrastructure for Export Scheme (TIES) will be launched in 2017-18.

Agriculture & Rural

This government knows that India is based out of villages. They need to increase farm productivity, provide jobs to youth in villages and health to rural areas.

Increase in farm output by 4.2%. Means if rains are good, we have low inflation.

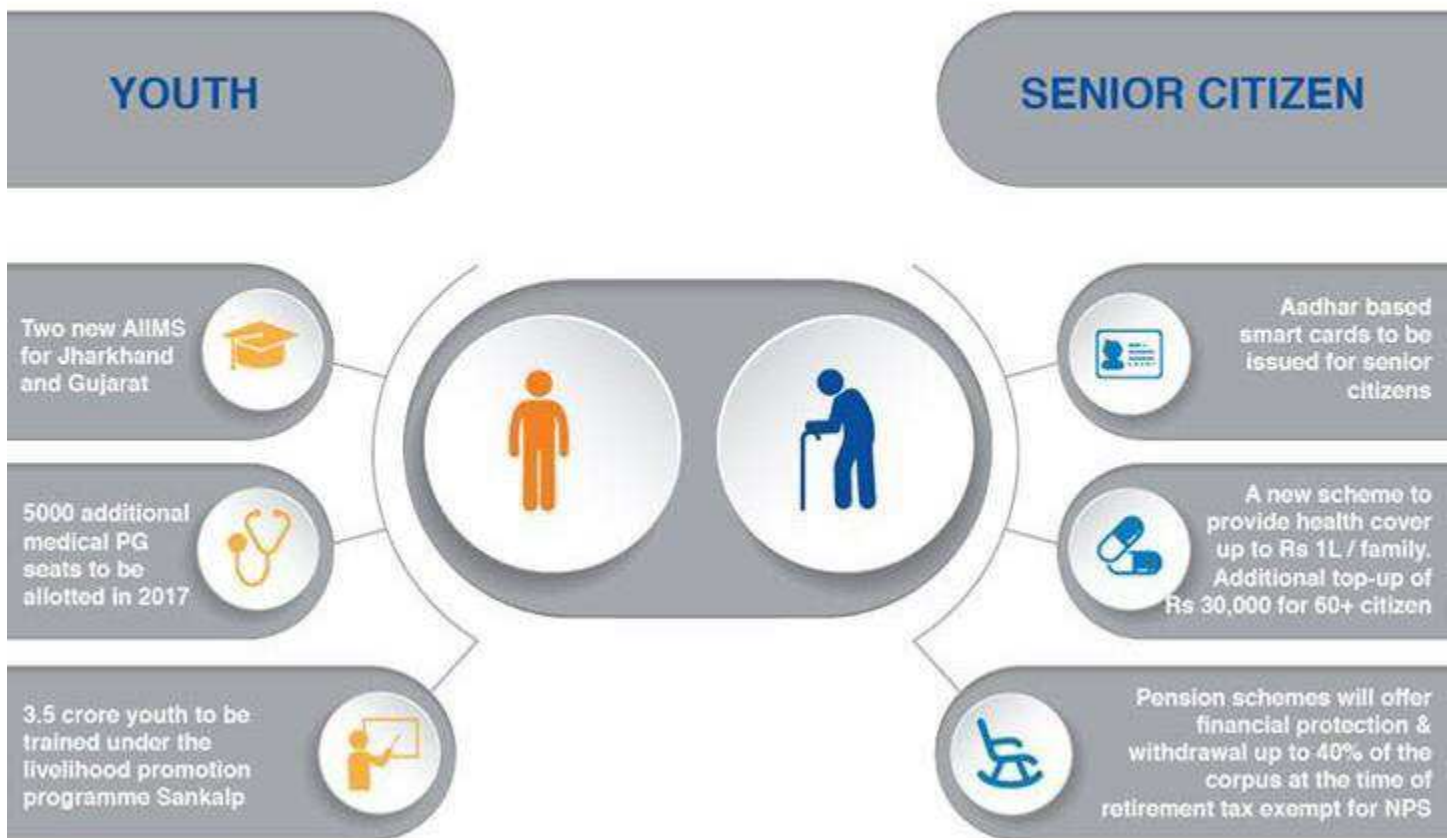
Farmer credit fixed at record level of Rs10 trillion; will ensure adequate flow to underserved areas

2 new AIIMS in Jharkhand and Gujarat. (BJP has announced 6 AIIMS in UP already in their UP election manifesto!!!)

Women: Mahila Shakti Kendras with Rs500 crore corpus.

Propose to leverage IT with the launch of SWAYAM platform for virtual learning.

INCENTIVES FOR YOUTH & SENIOR CITIZEN



Politics

The “Whatsapp Hate Campaign” against political parties accepting cash up to 20k, has reached right ears. Now they can take only Rs 2000 in cash. So a person wanting to donate has to do by cheque or UPI only. If he wants to make this anonymous, he can purchase the newly announced “donation bonds” from RBI and transfer them to political party’s account (Details Awaited).

Some Bad & Rediculous Points

Cash Transaction above 3 Lakhs stopped completely: What if my family member needs a surgery and expenditure above 5 Lakhs? If I don't have money and I get them as help from friends in cash. Say 50000 from one or 80000 from one, do I need to accumulate them in a bank account and pay to the hospital? I am waiting for details to fund an answer.

Head Post Office for Passport: Post Office seems to be used for anything that comes in Government mind. They disbursed notes during demonetization, now passports. Infrastructure deficient ministry of external affairs think this will help, but I think passports need to be handled by a professional organization and people. That is why they have TCS employees in all main passport offices.

High-Level Panel to celebrate 150 Years Mahatma Gandhi's birth anniversary: If he would have been around, the only thing he wanted would be SIMPLICITY. But our government has fancy to make large statues and memorials. Hope this panel does not mean "some more burden on tax saver's money".

Other interesting statistics

- ▶ Of 4 crore salaried individuals, only 1.74 crore have filed tax returns last year. Similarly, out of 5.6 crore business professionals only 1.81 crore have filed tax returns.
- ▶ Of 13.94 lakh companies, only 5.97 lakh companies have filed tax returns. Of these 5.97 lakh, only 28000 companies declared profit between Rs.1 crore and 10 crore.
- ▶ Of 3.97 crore individuals, 99 lakh earn less than Rs.2.5 lakh annually, 1.95 crore earn between Rs.2.5 lakh to 5 lakh and 56 lakh take home between Rs.5 lakh and Rs10 lakh. Only 24 lakh people earn above Rs.10 lakh a year.
- ▶ No of people showing income above Rs. 50 lakh annually is only 1.72 lakh.
- ▶ In contrast, two crore Indians went abroad last fiscal. India is largely a tax non-compliant society, says FM.

Demonetisation

- ▶ Post demonetisation, 1.09 crore accounts received deposits between Rs.2 lakh and 80 lakh and 1.48 lakh accounts received over Rs.80 lakh. These accounts will be closely scrutinized, said FM.

Please let us know regarding your views and avail or services.



Seek Professional
Help Of An
Investment Advisor

Contact Us for Financial Planning & Wealth Management

Call: 9929145054/0141-4302111
drop an email to
madhupam@thewealthwisher.com

Get in touch with us through other social media's also-

FB page

Linked In

Google+

www.thewealthwisher.com