

Feb. 29, 2016

RESPONSE ON THE UNION BUDGET 2016-17

1. Union Budget 2016-17 is an 'inflationary budget' that will further burden an overburdened 'Middle Class' as also 'Salaried/Working Classes' for following reasons:-

- (i) No Tax Relief in the tax slabs for the common person.
- (ii) Service Tax increased from an already high of 14.5% to 15% by imposition of 0.5% additional cess. In 22 months, Modi government has increased Service Tax from 12% to 15% i.e. a huge increase of 3%. All services are naturally going to be costlier further burdening the ordinary consumer.
- (iii) 'Readymade garments' costing Rs.1,000/- and more will additionally burden the youth and common consumer.
- (iv) Even 'imitation jewelry' and 'silver jewelry' will be more expensive with additional taxation. Our youth will again be directly affected by taxation of readymade garments and jewelry.
- (v) '1% tax infrastructure tax' on small cars/LPG vehicles, 2% cess on diesel vehicles including public transport i.e. buses/trucks/commercial vehicles etc. will further have huge inflationary impact and burden ordinary consumer.
- (vi) Imposition of a new 5.6% tax on Mono Rail/Metro and 14% new tax on Tramways will burden the ordinary commuter.
- (vii) Imposition of a new 5.6% tax on 'Stage Carriage Permits' i.e. plying of buses by private operators, will again burden the ordinary commuter.
- (viii) Increased cess on coal, lignite etc. will finally lead to increased cost of power for the common person.
- (ix) On one side, Modi ji wants to promote digital India but Union Budget imposes a fresh 10% tax (from 0%) on telecommunication equipments like 'Voice Over Internet Protocol Equipment', 'Modem', 'Internet Protocol Radio Switches' etc.
- (x) Tax on Primary Aluminum has been increased from 5% to 7.5% and tax on Aluminum products has been increased from 7.5% to 10%. Aluminum and its products are used by the poorest sections of society.
- (xi) On one side, Government promotes 'Renewable Energy' but Budget enhances the tax on 'Solar Water Heaters' from 7.5% to 10% and increases tax on 'Solar Tempered Glass' from 0% to 5%.
- (xii) Taxation of 'Employees Provident Fund' and 'Public Provident Fund' on maturity will disincentivise savings besides taxing the hard-earned money of a poor ordinary employee/worker.

2. Inequality between rich and poor is widening. 'Indirect Taxation' is always regressive and hurts the poor and the middle class the most. Union Budget has imposed additional indirect taxes of Rs.20,670 crore.

3. Union Budgets protects 'Black Money Generators and Holders' and incentivises 'Tax Evaders'. Modi ji promised Rs.15-20 lakh in every Indian's bank accounts by bringing back 80 lakh crores of black money from foreign countries. Last year Budget of 2015-16 introduced an amnesty scheme for deposit of 'black money' stashed overseas. This has led to a disclosure of mere Rs.3,370 crore by 638 individuals only. This comes to approximately Rs.30/- for every Indian instead of Rs.15-20 lakh that Modi ji promised.

Union Budget 2016-17 has introduced an amnesty scheme (in garb of a one-time four months compliance window) for 'domestic black money holders' to convert their 'black money' into 'white'. An honest tax-payer pays tax of 30% plus surcharge of 12% plus 'Education Cess' of 2% plus 'Secondary and Higher Education Cess' of 1%. As against this, a 'black money holder'/tax-evader will pay only tax of 30% plus a surcharge of mere 7.5%. Only additional amount to be paid will be a mere penalty of 7.5%. In return thereof, there will be complete immunity from prosecution, no scrutiny or inquiry regarding source of income as also immunity from 'benami' transaction act. Is this the commitment of Modi government to punish those generating 'black money'. In the end, an honest tax-payer seems to be the loser.

4. Union Budget 2016-17 does not clarify as to from where will the Finance Minister get money for all the expenditure that is announced. There is an unrealistic assumption of Rs.1.65 lakh crore non-tax revenue likely to be generated. In 2015-16, this non-tax revenue is a mere Rs.1 lakh crore. Hence, all the expenditure announcements appear more of a lip service at this point in time without any concrete plan.

5. Banking sector is in serious crisis, particularly public sector banks. Recapitalization of public sector banks only will require at least Rs.4,00,000 crore. Finance Minister has announced a mere Rs.25,000 crore for recapitalization of banks. At this pace, it will take 16 years. This is the most disappointing feature. Without resolving the 'banking crisis', no impetus can come in economy including creation of jobs for the young or disbursement of credit to promote private investment.

PART-II

RESPONSE ON UNION BUDGET 2016-17

1. On a day when Modi government is chest thumping about a pro-farmer Union Budget, it hits the entire farming community by unilaterally raising the price of diesel by Rs 1.47 per litre. Doesn't the Government realize that diesel is the fuel used most extensively by farmers and in farming be it for tractors, water pumps, transporting produce- ploughing, threshing or harvesting.
2. Union Budget 2016-17 as also PM make tall claims of doubling the income of farmers.

BJP and Shri Narendra Modi promised MSP of 'Cost + 50% Profit' in the run-up to 2014 elections repeatedly. On coming to power, Modi government submitted an affidavit dated 06.02.2015 in the Supreme Court stating that 'Cost + 50% Profit' on MSP can never be given. Relevant portion is reproduced herein-below:-

"It is reiterated that MSP is recommended by CACP on objective criteria considering variety of relevant factors. Hence, prescribing an increase of at least 50% on cost may distort the market. A mechanical linkage between MSP and cost of production may be counter productive in some cases."

In fact, Modi government has an extremely poor track record when it comes to giving remunerative prices to farmers. Its amnesty policy has diabolically hit the farming community. Please see the enclosed chart.

Sr. No.	Name of Crop	Congress Government (2004-05 to 2013-14)		Modi Government (2014-15-16)	
		MSP	Increase	MSP	Increase
1.	Sugarcane	73.50 to 220 Given on 10.02.2014	146.50	230	10 only
2.	Barley (JAUN)	540 to 1100	560	1225	75 only
3.	Maize (MAKEE)	525 to 1310	785	1325	15 only
4.	Millet (BAJRA)	515 to 1250	735	1275	25 only
5.	Soybean Yellow Soybean Black	1000 to 2560 900 to 2500	1560 1600	2600 No Increase	50 only No Increase
6.	Groundnut	1500 to 4000	2500	4030	30 only
7.	Wheat	640 to 1400	760	1525	125 only
8.	Paddy (Rice) (a) Normal (b) Grade-A	560 to 1310 590 to 1345	750 755	1410 1450	100 only 100 only
9.	(a) Cotton Desi (Medium Staple) (b) Cotton American (Long Staple)	1700 to 3700 1960 to 4000	2000 2040	3800 4100	100 only 100 only

3. Instead of helping the farmers by rewarding with a good MSP, anti-farmer stance of Modi government can be gauged from the fact that it issued an order prohibiting States from giving 'Bonus' to farmers on MSP through an order dated 12.06.2014
4. Union Budget prescribes Rs.500 crore under National Food Security Mission for 622 districts for enhancement of production of pulses. It comes to a pittance of Rs.1.2 crore per district. Whether pulse production be enhanced with such miniscule amount is for anyone to judge.
5. Union Budget 2015-16 set a target of issuing 5 crore 'Soil Health Cards'. Budget figures reflect that only 79 lakh cards out of 5 crore could be issued.

Budget 2016-17 gives a target of issuing 9 crore 'Soil Health Cards' more. Considering the abysmal failure to come anywhere near the budget 2015-16 target, it remains an empty announcement.
6. FM tom toms budgetary allocation for MGNREGA has been highest ever at Rs.39,100 crore. FM fails to mention that in the year 2010-11, MGNREGA budgetary allocation was 40,100 crore and in 2011-12, it was Rs.40, 000 crore. All this, after Prime Minister, Shri Narendra Modi calls MGNREGA as a 'living monument of Congress failure' on the floor of the House.