

## A STUDY OF IMPLICATIONS OF BUDGET 2016-2017

**Dr. J. Vijayavel**

*Assistant Professor in Commerce and Management, SNMV College of Arts and science, Coimbatore*

### **Abstract**

*The union budget 2016-17 has fulfilled the long felt need of, the back bone of Indian economy, agriculturist, in some ways though not wholesomely. Our country is following planned economic system ever since the adoptions of five years plan. More than 70% of the nation's GDP is financed through agricultural sector. An equal percentage of population as well either directly or indirectly relying on this. Though this sector is unnecessarily being criticized for too labor intensive, an objective, dispassionate analysis reveals that this sector is indirectly patronizing the population more than what it could. The nation's economy is shaped, through a large extent, by commitment of funds into revenue generating assets. This simple financial principal may not be good in all times with regard to government spending. That is why, commitment of resources in infrastructure and agricultural sector is viewed with cynicism by pro industrial lobby's .Next to farming sector, services and manufacturing line up as the potential sector for absorbing massive talent pool.*

**Keywords:** *union budget, pro industrial lobby, economic policies, Subsidy, Physical Deficit, Public Spending*

### **Housing Sector**

As per the studies, it has been found that affordable housing is remains a pipe dream for many in India The reason for this trend is partly attributable to the uneven growth pattern advocated by our economic policies which is being skewed. A cursory glance at the housing schemes and programs initiated by the governments reveal no better picture .keeping this aspect in mind, the budget has proposed deduction on interest on loans to the tune of rupees 50,000 for first time Home buyers if the cumulative value of housing and plot works out to, within 35,00,000. This has given a ray of hope for the lower middle income class salaried people to translate the dream of buying a house into reality

In the wake of global economic turmoil all sectors including reality sector experienced sluggishness. For which, India is not an exaction. It is a long felt need of investors as well as consumers alike that some sort of fillip to investments in realist sector must come from government side. The market forces also felt excited and responded positively by upsurge in share prices ever since this news was out by the finance minister through budget.

### **The salaried Class**

The category which never reported as well as inescapable from the tax net is salaried class though they stand to benefit nothing much from this budget in absolute terms as no upward revision of exempted limit is announced, still they have a reasons to cheer. Notably the exemption limit for HRA has been enhanced to 60,000 to previous 24,000. This effectively keeps the amount of tax liability to some extent, at the same time the taxable

income of employees whose income is less than 5, 00,000 are eligible for increased rebate from Rs. 2,000 to Rs. 5,000

### **Subsidy**

One of the nagging problems of Indian fund managers with respect to bridging the gap between availability and requirement is attributed to subsidy in the energy sector. Allocation and the schemes such as LPG subsidy for rural households expected to bring some amount of relief from kerosene in a state like Tamil nadu, a third of Tamil nadu house holds already use LPG cylinders for cooking as per reports from the 2015 national sample survey. This transformation was initiated largely because of political considerations but it turned the tide in favor of slum population living in urban areas by equipping them with LPG as domestic cooking fuel

### **Physical Deficit**

The high point of the budget for 20016 - 2017 is addressing the concern relating to physical deficit which is linked to gross domestic product.

Physical deficit is a phenomenon which is looked at with a sense of caution and anxiety while dealing with expenditure and revenue parameters. In the back drop of salary disbursement commitment mandated through seventh pay commission recommendation, it is expected that the expenditure will overshoot the estimate and rendered the process of sticking to physical deficit bench mark as impossible to adhere. Productive expenditure is important in any growing economy of our sides for recording impressive economic growth. Often this has been the casualty when non plan expenditures and debt servicing obligations taking precedence over this.

### **Public Spending**

The budget has given a position of importance for this, of late. Liberal spending in agriculture, infrastructure and social sector projects is expected to kick start growth led employment opportunities. In fact it can be very conveniently argued that the vast unskilled uneducated population of the country may be better observed in social and infrastructure sector than anything else. Most of the times these projects are grounded for want of allocation of sufficient resources by successive governments or by the same government in successive years.

### **Reforms**

Reformation of all sectors of the economy is vital for growth irrespective of the fact that it will attract large opposition. When mechanization in agriculture was set in motion there was a loud hue and cry over the possibility of farmhands been rendered jobless .Now because of successful MNREGS there is a clear scarcity of farmhands which is effectively managed only because of mechanization process.

To boost the in industrial and investors confidence, a slash in corporate tax was long pending demand and the same was given consideration in this budget by reducing 1%. It is further stated that every year one percentage will get reduced till it reaches the ambitious target of 25% from 30%. One may argue against this phased reduction as corporate sector is known to be largely tax evaders. But the fact remains that equal weightage is given to agricultural sector only after the first five year plan. In that sense agricultural is given industrial status at least on consideration lines though not on status.

#### **Research and Development**

In the expressing the allocation of amount pertaining to a particular sector by relating it to GDP is an indicator of importance accorded to that sector. By this logic it is a declarable to note that research and development is given just 1% of GDP in country which boast of has the world's youngest country

#### **Conclusion**

A careful perusal of the budget give one impression that this certainly a budget with lofty ideas and intentions. But litmus test for any lofty ideal is, its effective implementation on the ground accompanied by sufficient budgetary allocations. One may hope that this economy is poised to transform itself into many great avatars largely drawing strength from the macroeconomic fundamentals which are stacked in our favor with reference to global economic scenario at present.

#### **References**

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