

BUDGET 2016-17

(HIGHLIGHTS)

General

- ❖ Total receipts ₹ 61681 crore
- ❖ Revenue Receipts ₹ 51460 crore of which:
 - Own Tax Revenue estimated at ₹ 9220 crore.
 - Share of Central Taxes up at ₹ 9500 crore as against figure of ₹ 8088 crore in Revised Estimates 2015-16.
 - Revenue Deficit Grants of ₹ 10831 crore as against ₹ 9892 crore in 2015-16.
- ❖ Capital Receipts ₹ 10221 crore.
- ❖ Total expenditure ₹ 64669 crore.
- ❖ Revenue Expenditure (RE) including Security Related Expenditure (SRE) to touch ₹ 44975 crore.
- ❖ Capital Expenditure (CAPEX) accounts for 19694 crore of which:
 - ₹ 3370 crore for State Sector Schemes.
 - ₹ 992 crore allocation for District Sector Capital Expenditure.
- ❖ ₹ 8876 crore under Centrally Sponsored Scheme.
- ❖ ₹ 6000 crore under Prime Ministers Development Programme (TAMEIR)
- ❖ ₹ 810 crore to be devolved to PRIs and ULBs under 14th FC grants.
- ❖ Earmarked provision of ₹ 700 crore for DA to employees and pensioners.
- ❖ ₹ 226 crore provision in 2016-17 for 10% Employer's share under New Pension Scheme introduced from January, 2010.
- ❖ Outgo on pension including leave encashment and NPS during the year 2016-17 at ₹ 4600 crore
- ❖ A provision of ₹ 25 crore for meeting cost of VRS/GHS in PSUs.
- ❖ The Gross State Domestic Product (GSDP) at ₹ 132207 crore, which would be equivalent to 7.6 % growth at constant prices over the previous year.
- ❖ The growth rate at constant prices for the financial year 2015-16 expected to be 7.9 %.
- ❖ Tax Revenue + Non-Tax Revenue at ₹ 23739 crore higher by ₹ 4208 crore over the revised target of ₹ 19531 crore
- ❖ Tax revenue expected to grow by around 15% over the current years RE.

Budget Restructuring and Reforms

- ❖ Overhauling of the Provident Fund Accounting System.
- ❖ Reformative treatment of wages of the DRWs, casual, seasonal, need based and other categories of workers. Cleanup of wages under Maintenance head.
- ❖ Intent to find a solution for engagement of an estimated 61,000 people engaged in various ways, different forms and at different times with empathy and understanding under the guidance and support of Hon'ble Chief Minister.

- ❖ Procurement system to be made not only transparent but also market friendly.
- ❖ Budgetary support continued to Corporations to cover extra employment burden with condition of Competitive business environment in the open market including Government business.
- ❖ Reclassification and a liquidation plan of all existing Liabilities. Major initiative to clear power liabilities of ₹ 7000.00 crore in the form of power bonds/UDAY under way. There would be a net saving of about Rs 700 crore on account of reduced interest/surcharge burden.

Public Expenditure Policy

- ❖ Normative public expenditure planning to ensure much needed administrative, financial and technical discipline.
- ❖ Block grant to Universities, aimed at granting financial autonomy to the state's Universities to ensure efficient utilization of resources
- ❖ Idle funds parked in more than 2 lakh Government accounts with various banks to be transferred to Government account as required under norms overcoming liquidity crisis and to encourage efficiencies in our management of public funds.
- ❖ Consolidation and Rationalization of all Government Accounts.
- ❖ Allocation of ₹ 1 lakh each in favor of all the 193 Police Stations of the State as "Cost of Investigation".
- ❖ Release of pending DA installment of 6 per cent in favor of government employees from 1st Jan 2016.
- ❖ Government will consider providing Viability Gap Funding for an effective operationalization of the PPP model depending on the sector and the service offered.
- ❖ Under the PMDP, an amount of ₹ 1197 crore has been received for providing of assistance in respect of completely/severely and partially damaged houses. An amount of ₹ 957 crore has been disbursed till date.
- ❖ Uninsured and small traders affected by the floods, who had not received any assistance either from bank or financial institutions was provided through the Chief Minister's Flood Relief Fund,. A total amount of ₹ 101.89 crore has been distributed till date among around 40,000 small traders whose turnover is upto ₹ 5.00 lac.
- ❖ ₹ 800 crore under PMDP for extending interest subvention support to the trading and manufacturing units whose borrowal accounts have been restructured by banks after the September, 2014 floods.
- ❖ Cash Assistance to Jammu province migrants enhanced and brought at par with Kashmiri migrants with effect from 18th November, 2015.

Industrial Policy Initiatives

- ❖ Industrial association of the state will be encouraged to develop, on their own or in partnership, private industrial estates/parks on commercial lines.
- ❖ Investments in industrial estates or elsewhere in the states to be governed by existing administrative practices, regulatory norms and the Constitution of J&K.
- ❖ Industrial estates in the state, to be reorganized to function as a corporate entity within the aegis of SIDCO/SICOP. Each estate will have an estates manager as CEO of the industrial estate and management committee.
- ❖ Joint Venture opportunity to Top 10 IT companies (in terms of topline) of the state through J&K E-Governance Agency (JAKEGA) or a SPV. Proposed to earmark ₹ 10 crore for capitalization of the Joint Venture (JV).
- ❖ Proposed to set up Business Incubators for sunrise industries in the capital cities of Srinagar and Jammu. Finances, branding, and marketing support to the entrepreneurs. A start-up fund of ₹ 5 crore for the purpose.

Fiscal Initiatives

- ❖ Proposed to earmark ₹ 40 crore to create a Land Bank across the State for acquisition and development of the new Industrial Estates.
- ❖ Working out modalities to grant relief to sick industries on account of arrears of power surcharge.
- ❖ Provision of ₹ 26 crore for clearing liability as 10 per cent interest subvention for artisans with a borrowing ceiling of ₹ 1.00 lakh recoverable in five years.
- ❖ Propose to provide the required funds for 6,000 looms to help the carpet industry improve its weaving efficiency.
- ❖ Government of India had announced a debt waiver scheme for houseboat owners. Propose to do a one-time settlement with J&K Bank and the State Bank of India for the total outstanding balance of ₹ 49.78 crores, a major financial and emotional relief to all the houseboat owners and taxi drivers who have become defaulters with Banks.
- ❖ Waiver of permission fee for sanctioning “right of way” for laying optic fibre cables, 50 per cent subsidy on bandwidth for connectivity to IT firms, 50 per cent concession on Quality Certification and Patent filing charges to provide fillip to the local IT start-ups.
- ❖ ₹ 2 crore for pashmina testing, certification and labeling laboratory which can certify handmade products on a larger scale.
- ❖ ₹ 50 lakh for a sustained promotional campaign to create mass awareness about certification and labeling of handmade Kashmir crafts.
- ❖ ₹ 1 crore for trainings and skill development to fruit growers in pruning of trees, multiplication of rootstocks, raising of pedigree and quality planting materials, maintenance of bud banks etc.

- ❖ ₹ 2 crore for creation of a Water Resources Department responsible for planning and management of all the water resources, including lakes and rivers, of the State.
- ❖ Implementation of the “Free Drug Policy”, in the health centres of the State.
- ❖ Standard food testing laboratory or a drug testing laboratory to be set up one each at Srinagar and Jammu. Mobile testing facility for interior parts of the state, an initial provision of ₹ 12 crore proposed.
- ❖ A sum of ₹ 2 crore allocated to ensure adequate number of washrooms in Police lines and Police Stations.
- ❖ Budgetary provision to State Rehabilitation Council doubled to enable it to provide increased support to the families of those affected by militancy.
- ❖ Free power up to 30 units’ and waiver of fixed charges in favor of all metered BPL domestic consumers from 1stJanuary, 2017 by which time state government would have consolidated, verified and authenticated the Aadhar linked list of BPL customers in the state.
- ❖ A Journalist Welfare Fund with an initial corpus money of ₹ 2 crore for the welfare of working and accredited journalists of the State.
- ❖ ₹ 5 crores to set up a heritage conservation fund for heritage buildings in the state.

Gender Budgeting Initiatives

- ❖ Government to waive off the fee of all girl students in all the state government run educational institutions upto the higher secondary level.
- ❖ Setting up of four more women police stations in Pulwama, Kupwara, Kathua and Udhampur
- ❖ ₹ 5 crores for a dedicated city bus service for women in Srinagar and Jammu city.
- ❖ Exclusive women toilets in all the state, district and sub district hospitals.
- ❖ Two Entrepreneur Development Centres, to be set up at Srinagar and Jammu to help, guide, and train aspiring women entrepreneurs.
- ❖ 10 per cent of land in industrial estates shall be reserved for women entrepreneurs subject to the condition that if it is transferred it shall be to an enterprise which is incorporated in the name of a woman and has women as the majority shareholders as directors.

Tax Proposals

- ❖ Exemption on essential commodities, local industry from payment of Value Added Tax, Concession on Central Sales Tax to industrial units, Toll on raw material and finished products of industrial units, lodging services provided by Hotels, Lodges and Guest Houses extended till March 31st 2017.
- ❖ Tax rate levied on items listed in the Schedule D-1 enhanced from 13.5 per cent to 14.5 per cent. Items placed under schedule D-1 includes Lassi, Butter Milk, Separated Milk, Flavoured Milk packed, Rusks of all kinds, Multi Functional Devices, Printers, Room fresheners, Air fresheners, Naphthalene balls, cell phones, mobile phones, Tablets, I-Pads and their accessories, imitation jeweler, readymade garments & hosiery goods and all types of packed, frozen food, juices ready to serve foods.
- ❖ Transformers falling under Schedule C proposed to be placed in the Schedule D-1.
- ❖ All types of Cotton & Silk Yarn, local handmade and handloom carpets, LED lights, Lamps and Tubes brought in the zero rated tax category.
- ❖ Tax exemption on plant growth promoters and regulators, rodenticides and herbicides.
- ❖ Exemption from levy of VAT for agricultural implements like threshers, tillers and harvesters
- ❖ Exemption of health clubs, gymnasiums, fitness, wellness centres, slimming centres from the levy of tax.
- ❖ All medical services provided by the Hospitals and nursing homes exempted from levy of service tax.
- ❖ VAT on Medical imaging equipments, X-ray Machines, Scanners, X-ray films and plates reduced from 13.5 per cent to 5 per cent tax rate category.
- ❖ Handmade Cups, plates made of Leaves and papers exempted from VAT.
- ❖ Exempting EOT cranes, forklifts, pallet trucks, chain blocks used for material handling from payment of Entry Tax.
- ❖ Fresh Cooked food sold by hotels/ restaurants/eateries/dhabas in the category of 5 per cent tax.
- ❖ VAT on containers, utensils made of precious metals reduced from 13.5 per cent to 5 per cent.
- ❖ Automobiles sold by CSD canteens to members of the Armed Forces having Canteen Smart Cards brought to 5 per cent rate of tax instead of 13.5 per cent.
- ❖ Paneer and Cottage Cheese in packed form to be taxed at the rate of 5 per cent.
- ❖ VAT on parts of bicycles, Tricycles & Tyres and Tubes of Cycle Rickshaws to be reduced from 13.5 per cent to 5 per cent.
- ❖ Shawls, Stoles and Towels under 5 per cent tax rate Category.
- ❖ Toddy, Neera and Arak falling in entry No.43 of Schedule-A to be deleted from zero rated category being intoxicating drinks.
- ❖ Dhupkathi and Dhupbati presently taxed at the rate of 5 per cent to be exempted.
- ❖ Misri, Batasa, Makhana and Phullian exempted from levy of VAT.

- ❖ Free Export / Import of Goods/ Items based on self certification by promoters of Micro & Small Scale Units.
- ❖ Bangles made of imitation gold to be placed in Schedule D-1 at par with other imitation jewellery.
- ❖ All capital goods namely machinery and allied goods are specifically mentioned in Schedule D-1. Words capital goods listed in 5 per cent tax schedule be deleted to avoid misinterpretation and misclassification.
- ❖ Hose pipes and fittings to be deleted from 5 per cent rate category as another similar entry “pipes of all varieties” exists in Schedule D-1.
- ❖ Hot Mix Plants, Cutting and grinding of glass; itching, silvering bevelling, frosting and designing of glass under negative list.
- ❖ Tax rate on Aviation Turbine Fuel enhanced from 20 to 25 per cent.
- ❖ Increase in goods and basic toll on vehicles between 8 to 15 per cent over the prevailing rates.
- ❖ Entertainment duty on satellite and cable TV operators of ₹ 50 per connection per month.
- ❖ The threshold in limit in the Services provided by Chartered Accountant and Cost and works accountants to be enhanced from 5.00 lakhs to 10.00 lakhs.

Power Sector Reforms

- ❖ The time limit for availing benefits under the Power Amnesty Scheme is enhanced to domestic consumers up to 31st December, 2016.
- ❖ Proposed to build in and provide direct subsidy of ₹ 1728.37 crore to the customers through the JKPDD to insulate vulnerable and marginal consumers from sudden impact of tariff hikes from time to time.
- ❖ The Government will provide 5 LED lamps of 9W each to every registered consumer at a highly subsidized rate of Rs 20 per lamp to conserve energy. A provision of ₹ 64 crore earmarked for the same.
- ❖ Street lights in two Municipal Corporations of Jammu and Srinagar and other Municipalities across the state to be replaced in a phased manner with energy efficient smart LED lights.
- ❖ Energy audit of government offices and implement use of energy efficient LED lighting in all government buildings to be undertaken.
- ❖ 100 per cent metering for reduction in commercial losses targeted towards bringing AT& C losses to 15% from 59 % by FY19-20.