

FINAL TIME

# Goyal's Budget may have I-T concessions, farm sops

■ Increase in I-T exemption limit is unlikely to meaningfully reduce collections

New Delhi, Jan. 31: Income tax concessions for individuals, a farm relief package, support for small businesses and possible populist spending measures may be part of the Budget that finance minister Piyush Goyal will present on Friday as the government makes a last-ditch attempt to woo voters ahead of the elections.

Prime Minister Narendra Modi-led government's sixth and final budget before the polls due by May is supposed to be an interim budget or a Vote on Account.

But it is widely expected that Mr Goyal may go beyond seeking Parliament nod for government expenditure for four months of next fiscal and announce sops to woo rural and urban middle-class voters, industry sources and experts said.

As per convention, the outgoing government only seeks parliamentary approval for limited period spending, leaving the full Budget presentation for the new regime.

Under pressure from a resurgent Congress which is going all out to lure voters with the promise of debt waiver for farmers and a minimum income for the poor if voted to power, Goyal may announce some form of a direct transfer of cash to farmers.

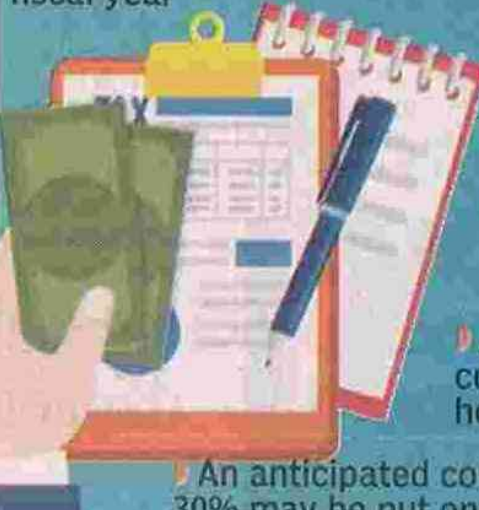
This may or may not replace subsidies that the farmer gets but will certainly be aimed at addressing rural distress, which was primarily blamed for BJP's defeat in recent assembly elections in key states.

The farm relief package may cost anywhere between ₹70,000 crore to ₹1 lakh crore, according to sources.

Mr Goyal, who stepped in as interim finance minister after Arun Jaitley had to fly to New York for medical treatment, is widely expected to raise I-T exemption thresholds.

Basic exemption limit may be raised from ₹2.5

## PRE-BUDGET EXPECTATIONS

- ▶ Farm relief package itself could run to at least ₹1 lakh crore
  - ▶ Set to earmark about ₹1.8 lakh crore for food subsidies in the fiscal year
  - ▶ Expected to waive premium for taking insurance policy for food crops
  - ▶ Proposal for waiving interest on crop loans for farmers who pay on time
  - ▶ Target of about \$11 billion from state asset sales in FY20
  - ▶ Budget allocation for health is likely to increase by 5% from a year ago
  - ▶ An anticipated corporate tax rate cut to 25% from 30% may be put on hold until after the elections
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lakh to ₹3 lakh for individuals of less than 60 years of age and from ₹3 lakh to ₹3.5 lakh for those aged 60 years or more but less than 80.

Women taxpayers may get higher basic exemption of ₹3.25 lakh or even at par with senior citizens, as per sources.

An alternative to raising the exemption limit is to raise the 80C deduc-

tion to ₹2 lakh from ₹1.5 lakh to encourage taxpayers to save more for their future.

Considering delay in housing projects and also rising interest rates, deduction of interest amount on housing loan for a self-occupied house property may be enhanced to ₹2.5 lakh from ₹2 lakh.

The set off cap of

adjusting loss from house property against other heads of income may also be accordingly raised to ₹2.5 lakh from ₹2 lakh, according to sources.

The increase in personal income tax exemption limit is unlikely to meaningfully reduce collections unless the successive tax slabs are also changed. —PTI