



ICSI

International Chamber for Service Industry
Empowering Service Industry

Newsletter

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**Service Industry
Voice of India**

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BUDGET 2017 IMPACT ON VARIOUS SEGMENTS OF THE SERVICE INDUSTRY

A HEALTHY RAY OF HOPE FOR THE HEALTH SECTOR

1. Action plan to eliminate Kala-Azar and Filariasis by 2017, Leprosy by 2018 and Measles by 2020. Elimination of tuberculosis by 2025
2. 1.5 lakh Health Sub Centres will be transformed into Health and Wellness Centres
3. Two new All India Institutes of Medical Sciences (AIIMS) will be set up in the States of Jharkhand and Gujarat.
4. Creating additional 5,000 Post Graduate seats per annum.

Source: <http://www.thehindu.com/news/national/Marginal-increase-in-health-funding-unrealistic-targets-ahead/article17129464.ece>



Source: <https://currentaffairsonly.com/2017/02/02/budget-2017-impacts-on-indian-economy/>

Impacts

- Health experts say that the increase of 23% in the Budget, most of which is towards the flagship programme, National Health Mission, makes these targets unrealistic.
- The budgetary allocation for health has gone up from Rs 38,343 crore (revised estimate) to Rs 47,352 crore. Further, Mr. Jaitley announced creation of 5,000 postgraduate seats in medical colleges to meet doctor shortage, while adding that the government would set up two more AIIMS-like institutions. Currently, 18 such institutions, modelled on the lines of All India Institute of Medical Sciences in Delhi, have been commissioned.
- Industry experts were also disappointed as the Budget overlooked investing in building infrastructure.

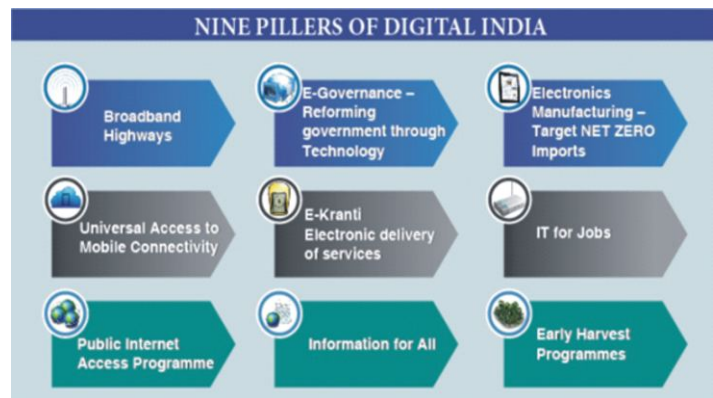
Source: <http://medicdialogues.in/healthcare-budget-2017-reactions-from-top-bosses-in-healthcare/>

INITIATIVE FOR DIGITAL INDIA

*Jaitley announced cash back schemes for merchants using the government-aided BHIM Aadhar-based mobile wallet. There will be special bonus schemes for the consumers using it. He said that 12.7 million BHIM apps have already been downloaded.

- To make citizens internet friendly, all government receipts will be generated on the internet.
- There will also be an AadharPay, which will be “useful for people who do not have debit and credit cards, and net banking facility.
- The government has allocated Rs 2,500 crore benefits for UPI based payments and other digital payments.
- To further bolster the cashless transactions, SIDBI will

refinance merchants and businesses based on transaction



history. This will be focused at rural and semi-rural India.

- The government will also work with various stakeholders and the prime minister's committee on digital payments to make new regulations. “There will be an amendment in the law, and a new payments regulatory board will be constituted, replacing the existing one.
- IT sector for its continued success. India Inc therefore expects the focus of the Union Budget 2017-18 (Budget 2017-18) to be more on enhancing digital literacy, improved connectivity and access to technology. This will enable citizens to experience digital transformation.

Source: <http://www.hindustantimes.com/union-budget/union-budget-2017-arun-jaitley-focuses-on-cashless-india/story-rAYOSnM3DunGCzbCer42XO.html>

MONEY MATTERS OF BANKS & NBFCs IN THE BUDGET

S.NO.	Measure	Impact
1.	PSU bank recapitalization at Rs. 10000 crore which is lower than Rs. 25000 crore.	Marginally negative for PSUs Banks.
2.	Lower corporate tax rate of 25% for MSMEs with turnover of less than Rs. 50 crores. Qualified MSME can borrow upto 3 -4 months of wrking capital.	Open ups lending space for banks to MSMEs.
3.	Boost to affordable housing.	Increased demand for home loans.

A big infrastructure spending push, the boost to affordable housing and a fiscal deficit target of 3.2% of gross domestic product announced in the Union budget came as a big boost to banks. A tax concession on provisions for bad loans also came as a relief for Indian banks which are struggling with gross non-performing assets of around Rs. 6.7 trillion.

Banking stocks rallied more than the broader market with the BSE Bankex gaining 2.7%, a full percentage point more than the Sensex.

In the budget speech, the finance minister outlined his proposals to create more jobs and boost infrastructure spending, measures which will help increase credit offtake for banks. Government spending on this sector will touch Rs3.96 trillion in the next fiscal. As banks have been struggling with a large number of stressed cases in the infrastructure segment, fresh investments will get the ball rolling and hopefully turn around some of those companies that have been defaulting.

Source : http://www.livemint.com/Industry/dLSngptCexWQy93pghX_eMM/Budget-2017-Heres-why-bank-stocksrallied.html

EDUCATION SECTOR

For the education sector, there were some positives and then there are some long term plans. The general verdict says that the budget is progressive but does not meet the standards. Effectively, not many changes have been made. The focus and intent were specified and there is a push towards building job opportunities and providing vocational training by means of Digital Education. A slew of reforms by means of the overhaul of UGC were also suggested. Here are the Key Highlights of the Education Budget 2017-18.

This year's budget sees welcome initiatives that will bolster the education industry in India. We welcome the efforts towards providing quality education in STEM across primary and secondary schools in India. "The Swayam platform initiative would help in the "upliftment of 3,479 educationally backward blocks. The setting up of the National Testing Agency and 100 skill centres across India will make quality education accessible and available to the masses and will help empower a generation of future leaders. This will lead to an overall improvement of educational facilities throughout the country, particularly in Tier-2 and Tier-3 cities."

"A major reform will be witnessed owing to the development of measurement systems of annual learning from school, as it will bring about accountability from the Government and also, help in measuring the efficacy of the measures being implemented. We welcome the budget presented by the Finance Minister which has set in motion to bring about a paradigm shift in education system of our country."

Source: <http://blogs.welingkar.org/index.php/faculty-talk/education-budget-2017-18-analysis-key-players-feel-the-budget-is-progressive>

EDUCATION

- » National Testing Agency to conduct all entrance examinations for higher education institutions
- » ₹ 4,000cr for providing market relevant training to 3.5 crore youth
- » ₹ 2,200 for vocational training

SETTING UP OF AN INNOVATION FUND, 350 ONLINE COURSES AND NEW FRAMEWORK FOR HIGHER EDUCATION

RAILWAYSTOURISM

- First time merger of railways budget with general budget.
 - For the transportation sector as a whole, including rail, road and shipping, the Budget provides for Rs 2,41,387 crore in FY18. (Rs2 trillion)
 - 3,96,135 crore for infrastructure schemes, besides a capital expenditure of Rs 1.3 lakh crore on railways and Rs 64,000 crore on highways.
 - The provision for development expenditure on railways combines 3,500 kilometres of rail tracks.
 - 500 stations for differently-able travellers, new ticketing facilities and a new metro-rail policy as major highlights. This will make railways friendly for specially able people and make travel easier for them.
 - Jaitley also proposed to a scheme to energise 7,000 railway stations with solar power. As solarisation

scheme is environment friendly and also economical, so it would be of great use in this field.

- Emphasis on safety and sanitation by introduction of bio-toilets. By 2019, all coaches of Indian Railways will be fitted with bio-toilets. Safety and security is of prime concern for travelers so it would be quite helpful for the industry. 'Coach mitra'- a digital platform is also to be proposed by Jaitely to help raise complaints of passengers.
- Dedicated trains for religious tourism. India is a land of culture and religions and this will make it a hub for religious tourism promoting various pilgrimage sites.
- Online Booking of Rail Ticket through IRCTC becomes economical because of waiving off of Service Tax. Waiver of service charge on e-tickets booked through Indian Railway **Union Budget - 2017 (Media & Entertainment)**

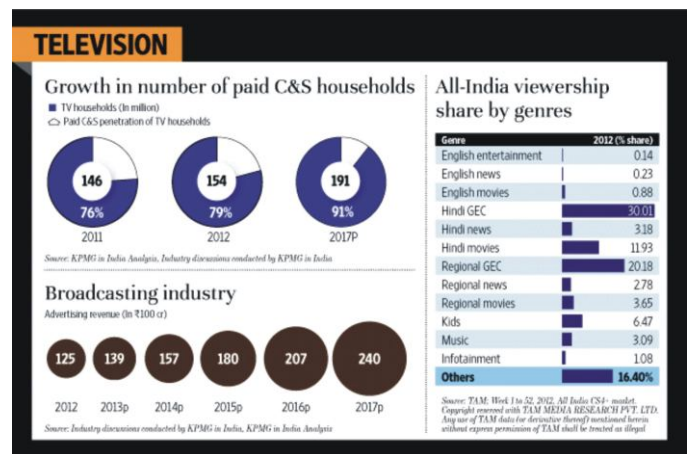
While there were not too many references to the entertainment industry in this Union Budget, But it offer some reason to cheer:

1. The quick action teams proposed by Arun Jaitley, to look into cyber security infractions, would also help in countering film piracy, an issue that proved especially troublesome in 2016 when every major film - from *Udta Punjab* to *Kabali* and even *Raees* were available for illegal downloads in entirety at the same time as their theatrical release.

2. Abolishing the Foreign Investment Promotion Board would induce more foreign studios to invest in India.

4. Moreover, it was felt that the boost for digital India would aid in greater broadband penetration, creating greater opportunity for consumption of entertainment online, and on mobile phones.

Source: <http://indianexpress.com/article/business/budget/union-budget-2017-snapdeal-bookmyshow-shopclues-react-to-arun-jaitleys-announcements-4502570/>



Source: <http://www.livemint.com/Consumer/zSNwteDer8zCW/hmvKW5prK/Media-industry-to-double-by-2017-report.html>

Ashish Hemrajani, CEO and Co-founder, BookMyShow

"We look forward to the GST (Goods and Services Tax) roll out in the coming financial year. The e-commerce space will hugely benefit from real time taxation which not only will introduce the required transparency but will further enable free flow of products and services. We also hope that the GST will play a critical role in automating demand curve pricing to a large extent, thereby improving yields and offering much-needed clarity on taxation in the entertainment ticketing space with respect to e-tax for cinema, plays, live events and sports ticketing, similar to

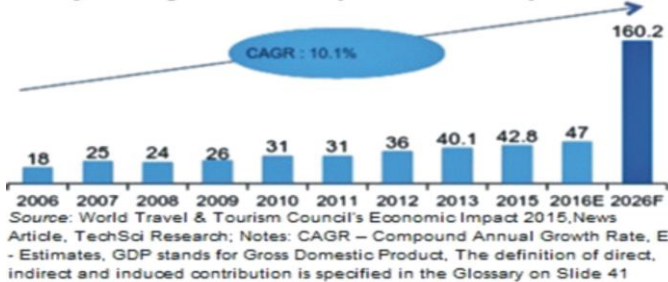
airline pricing. A unified tax structure would also help in removing ambiguity and ease the process for e-tax application and collection. The Industry and the Government will both be winners.”

Source: <http://www.communicationstoday.co.in/index.php/daily-news/7982-budget-reaction-2017-18-snapdeal-india>

TOURISM BUDGET

The tourism industry in India is one of the largest contributors to the GDP and is a dynamic sector accounting for more than one-third of the total service trade in the world. While the World Tourism Organization (UNWTO) expects the sector to provide 296 million jobs by 2019.

Direct contribution of tourism and hospitality to GDP (US\$ billion)



Allocated Rs 1840.77 crores to the tourism ministry in the budget for the next fiscal, including Rs 959.91 crore for the integrated Development of tourist circuits around specific themes (Swadesh Darshan scheme)

1. The ministry would be receiving a little over Rs 250 crore more in the 2017-2018 fiscal as compared to the ongoing financial year for which it was allocated Rs 1590.32 crore according to the budget document.
 2. Besides another Rs 100 crore have been allocated for pilgrimage Rejuvenation and spiritual Augmentation drive (PRASAD).
 3. Significantly as much as Rs 412 crore have been provided for promotion and publicity of tourism ministry various programmes and schemes in the Union Budget presented by Finance minister Arun Jaitley.
 4. Under swadesh Darshan 13 thematic circuits have been identified for development, namely North East India circuit, Buddhist circuit, Himalayan circuit, coastal circuit, Krishna circuit, desert circuit, tribal circuit, eco circuit, wild life circuit, rural circuit, Ramayana circuit and Heritage circuit.
 5. Gaya, Kamakhya, Kanchipuram, kedarnath, Mathura, Patna, Puri, Varanasi, and Velankanni have been identified for development under PRASAD by the ministry of tourism
 6. Five special tourism zones to be set up in partnership with the states along with the launch of the second worldwide Incredible India campaign (Incredible India 2.0) will help improve inbound tourism.
 7. Focus on rural infrastructure development and sees it as a scope to promote rural tourism even further, especially for inbound tourists
 8. Head Post Office to address all passport related grievances now.
 - 10 3500 railway lines across India, setting up of airports in Tier 2 cities and dedicated trains for religious tourism.
 - 11 'No service charge' on IRCTC bookings,
- Source: <http://www.india.com/travel/articles/union-budget-2017-impact-on-travel-and-tourism-industry/>

INDIAN AVIATION BUDGET 2017

- “The world is focused on Indian aviation from manufacturers, tourism boards, airlines and global businesses to individual travelers, shippers and businessmen. If we can find common purpose among all stakeholders in Indian aviation, a bright future is at hand” said Mr. Tony Tyler, Director General and CEO, International Air Transport Association (IATA).
- Government agencies project that around 500 brownfield and greenfield airports would be required by 2020. The private sector is being encouraged to become actively involved in the construction of airports through different Public Private Partnership models, with substantial state support in terms of financing, concessional land allotment, tax holidays and other incentives.
- The phasing out of The Foreign Investment Promotion Board opens up the prospects of developers to raise foreign funds through the FDI route. Developers will be able to raise larger sums of capital much faster and at better terms, which will help in bringing down the overall cost of capital and help protect margins.
- The Civil Aviation Ministry received a substantial increase of over 22 per cent in budgetary allocation at Rs 5,167.60 crore for the next financial year.
- Significantly, UN aviation watchdog, International Civil Aviation Organisation (ICAO) is scheduled to audit India's air safety preparedness in the second half of this year.
- Under Regional Connectivity Scheme (RCS) viability gap funding (VGF) will be exempt from service tax for a period of one year from the date of commencement of operations of RCS airport.
- In the Civil Aviation, the Finance Minister proposed privatization and development of select airports in Tier-II cities as well as monetization of spare land available with Airport Authority of India (AAI) by amending the AAI Act. Work already started. Seeking to make travel between tier-II cities faster, the centre has proposed developing airports in partnership with private players. As part of the regional connectivity plan selected airports will be developed and maintained under PPP mode.
- Airport Authority of India Act will be amended to enable effective monetisation of land assets. The resources, so raised, will be utilised for airport upgradation. There will be some hotels, malls and convention exhibition centre. Experts said the boost to the aviation sector will be crucial for the growth of transport sector. This will also create competition among different modes of transport as it will also prove to be less time consuming.
- Service tax on airfare of classes First class, business and economy class remains unchanged. But there is a plan to increase in process.
- The Bureau of Civil Aviation Security (BCAS), the country's apex aviation safety agency, has been allocated Rs 214.50 crore in the latest Budget.
- The proposal to increase visa-on-arrival to 150 countries is a welcome step that will boost tourism as well as aviation in the country. Moving towards a unified GST regime will also help unify taxes across the country and will be helpful to the aviation sector.

Source: <http://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/budget-2017-ministry-seeks-cut-in-excise-duty-on-jet-fuel/articleshow/56607164.cms>