

Tax rate for MSMEs could have been reduced further

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Last year's Budget focussed on agriculture and rural development. The Budget this year also began with the agriculture theme. However, the focus is on efficient implementation of existing schemes by increasing the allocation.

The total allocation for the rural, agriculture and allied sectors in 2017-18 is ₹1,87,223 crore, which is 24 per cent higher than in the previous year.

In the Budget, the government has announced several measures that will directly or indirectly benefit micro, small and medium enterprises (MSMEs). The proposal to reduce the tax rate to 25 per cent for MSMEs with turnover up to ₹50 crore would benefit 6.67 lakh MSME units.

It is estimated that there would be ₹7,200-crore benefit to MSMEs. However, the tax rate should be reduced further, as MSMEs provide inputs for a number of industries.

In a move aimed at promoting transparency and accountability in political funding, the government has taken various steps. Introduction of electoral bonds is a novel idea and probably the first of its kind in the world. Donors can purchase bonds only through cheques or digital mode which helps track the source of the purchase.

Along with the expectations of the common man, the government has reduced the personal income tax rate for the entry level tax slab (₹2.5 lakh to ₹5 lakh) to 5 per cent, from the present 10 per cent.

The primary motive is to include more number of people in the tax net, so that the tax burden can be shared between the salaried and non-salaried.

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