Budget Simplified (2012 -2013) **Mar 17, 2012**

- **Goods & Service Tax (GST) to be operational by Aug 2012 & Direct Tax Code (DTC) deferred**

- **Restrict subsidy bill under 2%of GDP in FY13 and target of 1.75% in next three years .Subsidy expenditure estimated at Rs 190,000 for FY13**

- **GDP growth rate of ~ 7.6% expected in FY13 (plus or minus 0.25%)**

- **Fiscal Deficit to GDP ratio 5.9% expected FY12 target to reduce to 5.1% in FY13.**

- **Current a/c deficit target likely to be 3.6% for FY12**

- **Net market borrowings expected at Rs 4.79 lakh Cr for FY13.**

- **Expect gross tax receipts at Rs 10.78 tn next FY, up 15.6%**

- **Rs 30,000 Cr disinvestment target**

- **Rs 50,000 additional tax benefit for new retail investors under newly launched Rajiv Gandhi equity scheme with three years lock in and annual income less than Rs 10 lakh**

- **Security Transaction Tax (STT) cut from 0.125% to 0.1% only on delivery trades**

- **49% FDI under consideration however no significant breakthrough on the same**

- **ECB allowed for working capital purposes for airlines upto USD 1bn**

- **Airline parts exempted from basic customs duty**

- **Efforts on for making Consensus on Multi Brand Retail**

- **Air Turbine Fuel (ATF) can be directly imported**

- **Subsidies to be directly transferred to farmers – UID proposal**

- **Few pilot projects regarding direct transfer of Subsidy for LPG Kersone etc**

- **Tax Free Infra bonds limit enhanced to Rs 60,000 Cr from 30,000 Cr.**

- **Ambitious target of 8800 km of highways to be built in 2012-2013.**

- **Coal India told to sign coal supply pacts with power companies**

- **Allowing Qualified Foreign Investors(QFI’s) to access bond markets**

- **Rs 15,888 Cr for recapitalization of PSU banks, rural banks including NABARD**

- **Creation of Financial Holding company for PSU banks for recapitalization purpose**

- **Amendments & moving ahead with new micro finance bill**

- **81 out of 82 Regional rural banks (RRB) have been upgraded. RRB capitalization extended for two years**

- **Polio Free India seems a reality!!!!! –No Case reported in last 1 year**

- **NRHM allocation up Rs 181.15 bn to Rs 208.22 bn**

- **Propose Central Depository KYC (Know your Customer)**

- **In order to boost coal production in the country, government to set up an inter-ministerial group is being set up to review the development of allocated coal mines.**

- **Agriculture to be priority for the government. Agriculture credit raised to Rs 5.75 lakh Cr in FY13.**

- **FM proposes tax breaks for Agri extension service**

- **To set up govt owned irrigation promotion company**

- **To add 5 mn tones grain storage capacity in FY 13**

- **To extend the weighted deduction of 200% for R&D expenditure for further five years**

- **Defence Outlay of Rs 1.95 lakh Cr**

- **Allocation towards Mid day meal program Rs 11,937 Cr V/s Rs 10,380 Cr**

- **Sarva Shikshan Abhiyan allocated Rs 25,200 Cr V/s Rs 21,800 Cr**

- **Rashtriya Madhyamik Scheme allocation up 29% to Rs 3100 Cr**

- **National Skill Development (NSDC) allocation up 20%to Rs 1200 Cr will train 6.2 Cr in next 10 years**

- **~14,000 Cr for rural drinking & sanitation purposes**

- **~12,000 Cr for backward area projects**

- **6000 Model new schools to be set up**

Income	Tax Rate
Upto2 lakhs	Nil
2-5 lakhs	10%
5-10 lakhs	20%
10 Lakhs	30%

- **Personal tax exemption limit enhanced from Rs 1.80 lakh to Rs 2 lakh**

- **Target of restriction of subsidy expenditure to less than 2% of the GDP**

- **The standard rate of excise duty raised from 10% to 12 %**

- **No changes made to corporate tax however the standard rate of service tax raised from 10% to 12 % which will lead to an additional collection of Rs 18,660 Cr**

- **To lay on the table of the House a white paper on Black Money in the current session of Parliament**

- **Compulsory audit for SMEs turnover raised from Rs 60 lakh to Rs 1 cr**

- **Full exemption of custom duty on coal**

- **Thermal Power companies exempted from excise duty for 2 years**

- **No change in peak rate of customs duty MAINTAINED @10%.**

- **Indirect Taxes: To tax all services except 17 items in the negative list**

- **Basic customs duty on gold bars with purity of .995 increased from 1% to 2%**

- **Raising of import duty on standard gold from 2 to 4% and for non-standard gold from 5% to 10%**

- **Non-branded jewellery to attract excise duty of 1%**

- **Branded silver jewellery fully exempt.**

- **Duty on large cars raised from 22% to 24 %**

- **Cess on Crude petroleum oil increased to Rs 4,500 per metric tonne**

- **Imports of equipment for initial setting up or expansion of fertilizer projects fully exempt for three years**

- **Availing of low cost funds for ailing infrastructure sector, rate of withholding tax on interest payment on ECB's proposed to be reduced from 20 % to 5%for 3 years for certain sectors**

- **Restriction of Venture Capital Funds to invest only in nine specified sectors proposed to be removed**

- **Proposal to extend the sun set date for setting up power plants undertakings by one more year for claiming 100% deduction of profits for 10 years.**

- **Measures proposed to introduce Alternate Minimum Tax to all persons, other than companies, claiming profit linked deductions.**

- **In addition to medical insurance, an additional Rs 5000 to be exempted for preventive health check-ups**

- **Age limit for senior citizens reduced from 65 to 60 for several tax benefits**

- **Compulsory reporting of assets sold abroad**

- **Six specified life-saving drugs/ vaccines for HIV-AIDS, renal cancer etc fully exempt**

Five main objectives set by FM

- **Focus on domestic demand driven growth recovery**

- **Create conditions for rapid revival of high growth in private investment**

- **Address supply bottlenecks in agriculture, energy and transport sectors, particularly in coal, power, national highways, railways and civil aviation**

- **Intervene decisively to address the problem of malnutrition especially in the 200 high-burden districts**

- **Expedite coordinated implementation of decisions being taken to improve delivery systems, governance, and transparency; and address the problem of black money & corruption in public life.**

Views

- **FM Mr Mukherjee unfortunately has not been able to present the "Bold Budget". The government has presented another budget where several things need to fall into place for the deficit to come close to projections such as high oil & urea prices.**

- **The coalition politics have further tied the hands of the FM and any daring & courageous decision has been on the back bench due to the pressure of its partners**

- **The disinvestment target of Rs 30000 Cr is pessimistic & the government aims to raise Rs40, 000 crore through auction of spectrum sounds over optimistic.**

- **The detailed plan which the market had expectations like ways & means for reducing the deficit, FDI in any multi brand retail, aviation etc were not tabled**

- **Further even the FM did not utter a word even on partial deregulation of diesel which was highly anticipated and would enable to keep the public finances of government under control.**

- **“In our view in FY13 RBI’s stance on monetary policy in easing the liquidity and interest rate cut would have a much positive effect and a thing to watch rather than the fiscal policy announced by the government.”**

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Contact us: **research@armresearch.in**
pr@armresearch.in
Tel No: **022- 26394073/97**