

26th February, 2010

**To : All Members/Industry
General Committee Members
Members of the Expert Committees**

Dear All

Highlights of Union Budget 2010-11

The Union Finance Minister Shri Pranab Kumar Mukherjee today presented the Union Budget 2010-2011.

We are pleased to circulate herewith the Highlights of the Budget for your information.

With kind regards

T.S. Sampath Kumar
Secretary General

Union Budget 2010-11

- THE FINANCE MINISTER SHRI PRANAB MUKHERJEE LAYS EMPHASIS ON CONSOLIDATED GROWTH, IMPROVING INVESTMENT ENVIRONMENT, INCLUSIVE DEVELOPMENT AND STRENGTHENING TRANSPARENCY AND PUBLIC ACCOUNTABILITY IN BUDGET 2010-11.
- THE TOTAL EXPENDITURE PROPOSED IN THE BUDGET ESTIMATES IS RS.11,08,749 CRORE , AN INCREASE OF 8.6 PER CENT OVER LAST YEAR.
- THE PLAN AND NON-PLAN EXPENDITURE ESTIMATED AT RS.3,73,092 CRORE AND RS.7,35,657 CRORE RESPECTIVELY, AN INCREASE OF 15 PERCENT IN PLAN EXPENDITURE AND 6 PER CENT IN NON-PLAN EXPENDITURE OVER THE BE OF PREVIOUS YEAR.
- FISCAL DEFICIT AT 5.5 PER CENT OF GDP WORKS OUT TO BE RS. 3,81,408 CRORE.
- ROLLING TARGETS FOR FISCAL DEFICIT PEGGED AT 4.8 PER CENT AND 4.1 PER CENT FOR 2011-12 AND 2012-13.
- NET MARKET BORROWING WOULD BE OF THE ORDER OF RS. 3,45,010 CRORE LEAVING ENOUGH SPACE TO MEET CREDIT NEEDS OF PRIVATE SECTOR.
- AGAINST A FISCAL DEFICIT OF 7.8 PER CENT IN 2008-09 , INCLUSIVE OF OIL AND FERTILIZER BONDS, THE COMPARABLE FISCAL DEFICIT IS 6.9 PER CENT AS PER RE 2009-10.
- GROSS TAX RECEIPTS ESTIMATED AT RS.7,46,651 CRORE AND NON-TAX RECEIPT ESTIMATED AT RS. 1,48,118 CRORE.
- STATUS PAPER GIVING ROAD MAP FOR CURTAILING THE OVERALL PUBLIC DEBT TO BE BROUGHT OUT WITHIN 6 MONTHS.

- ABOUT RS. 25,000 CRORES TO BE RAISED THROUGH DISINVESTMENT PROGRAMME
- TO SIMPLIFY THE FDI REGIME, FOR THE FIRST TIME BOTH OWNERSHIP & CONTROL RECOGNISED AS CENTRAL TO THE FDI POLICY.
- RS. 16,500 CRORE TO BE PROVIDED TO PUBLIC SECTOR BANKS TO ACHIEVE A MINIMUM 8 PER CENT TIER-I
- GROWTH OF 127 PER CENT RECORDED IN EXPORTS FROM SEZs TILL DECEMBER, 2009.
- A FOUR-PRONGED STRATEGY TO SPUR THE GROWTH IN AGRICULTURE SECTOR ENVISAGED. WHICH INCLUDES AGRICULTURAL PRODUCTION, REDUCTION IN WASTAGE OF PRODUCE , CREDIT SUPPORT TO FARMERS AND THRUST TO THE FOOD PROCESSING SECTOR.
- AGRICULTURE CREDIT FLOW TARGET RAISED TO RS. 3,75,000 CRORE FROM RS.3,25,000 CRORE
- SUBVENTION FOR TIMELY REPAYMENT OF CROP LOAN INCREASED FROM 1 PER CENT TO 2 PER CENT.
- INFRASTRUCTURE DEVELOPMENT GETS AN ALLOCATION OF Rs. 1,73,552 CRORE, 46 PER CENT OF TOTAL PLAN ALLOCATION , AN INCREASE OF 13 PER CENT IN ROAD TRANSPORT SECTOR.
- INDIA INFRASTRUCTURE FINANCE COMPANY LIMITED'S DISBURSEMENTS TO REACH RS. 20,000 CRORE BY MARCH 2011.
- ALLOCATION FOR POWER SECTOR INCREASED BY MORE THAN DOUBLED TO RS. 5,130 CRORE.
- NEW TAX INCENTIVES ANNOUNCED FOR INFRASTRUCTURE SECTOR.
- NATIONAL CLEAN ENERGY FUND FOR FUNDING RESEARCH AND INNOVATIVE PROJECTS IN CLEAN ENERGY TECHNOLOGIES TO BE SET UP.
- SPENDING ON SOCIAL SECTOR TO ACCOUNT FOR 37 PER CENT OF TOTAL PLAN OUTLAY AT RS.1,37,674 CRORE
- ALLOCATION FOR RURAL DEVELOPMENT ENHANCED TO RS.66,100 CRORES. ALLOCATION FOR NREGA STEPPED UP TO 40,100 CRORE.
- RS. 48,000 CRORE ALLOCATED FOR BHARAT NIRMAN PROGRAMME
- BACKWARD REGION GRANT FUND ALLOCATION ENHANCED TO RS. 7,300 CRORE.
- RAJIV AWAS YOJNA FOR SLUM DWELLERS AND URBAN POOR TO GET RS. 1,270 CRORE , AN INCREASE OF OVER 700 PER CENT
- NATIONAL SOCIAL SECURITY FUND FOR UNORGANISED SECTOR WORKERS TO BE SET UP WITH AN INITIAL AMOUNT OF RS. 1,000 CRORE.
- MAHILA KISAN SASHAKTIKARAN PARIYOJNA WITH A PROVISION OF RS.100 CRORE LAUNCHED
- 80 PER CENT INCREASE IN THE ALLOCATION FOR MINISTRY OF SOCIAL JUSTICE & EMPOWERMENT AT RS 4,500 CRORE.
- MINORITY AFFAIRS TO GET RS.2,600 CRORE, AN INCREASE OF 50 PER CENT.
- TO REWRITE AND CLEAN UP THE FINANCIAL SECTOR LAWS, FINANCIAL SECTOR LEGISLATIVE REFORMS COMMISSION TO BE SET UP.

- UNIQUE IDENTIFICATION AUTHORITY OF INDIA TO GET AN ALLOCATION OF RS. 1,900 CRORE. A TECHNOLOGY ADVISORY GROUP FOR UNIQUE PROJECT TO BE SET UP.
- ALLOCATION FOR DEFENCE INCREASED TO RS.1,47,344 CRORE
- NATIONAL MISSION FOR DELIVERY OF JUSTICE AND LEGAL REFORMS TO BE SET UP TO PROVIDE TIMELY JUSTICE TO ALL.
- INCOME TAX SLABS BROADENED - 10 PER CENT ON INCOME ABOVE RS 1.6 LAKH TO 5.00 LAKH, 20 PER CENT ON INCOME ABOVE 5.00 LAKH TO 8.00 LAKH , 30 PER CENT ON ABOVE RS. 8.00 LAKH
- ADDITIONAL DEDUCTION OF RS. 20,000 FOR INVESTMENT IN INFRASTRUCTURE BONDS
- SURCHARGE OF 10 PER CENT ON DOMESTIC COMPANIES REDUCED TO 7.5 PER CENT
- MAT INCREASED FROM 15 PER CENT TO 18 PER CENT
- WEIGHTED DEDUCTION NON EXPENDITURE INCURRED ON IN-HOUSE R&D FROM 150 PER CENT TO 200 PER CENT
- LIMIT OF TURNOVER FOR PRESUMPTIVE TAXATION OF SMALL BUSINESS ENHANCED TO RS. 60 LAKH.
- LIMITS OF TURNOVER NEEDING AUDIT ENHANCED TO 60 LAKH FOR BUSINESSES AND RS. 15 LAKH FOR PROFESSIONS.
- PROPOSAL OF DIRECT TAX TO RESULT IN REVENUE LOSS OF RS. 26,000 CRORE WHERE AS INDIRECT TAXES TO RESULT IN A REVENUE GAIN OF RS. 46,500 CRORE.
- SERVICE TAX PROPOSALS TO RESULT IN NET REVENUE GAIN OF RS.3,000 CRORE.
- ACCREDITED NEWS AGENCIES WHICH PROVIDES NEWS FEED ONLINE EXEMPTED FROM SERVICE TAX
- SARAL –II FOR INDIVIDUALS SALARY TAXPAYERS READY FOR NOTIFICATION
- SERVICE TAX RETAINED AT 10 PER CENT.
- CERTAIN NEW SERVICES TO BE BROUGHT WITHIN SERVICE TAX PURVIEW..
- MICRO-WAVE OVENS, PRE-PACKAGED IMPORTED GOODS, MOBILE PHONES, WATCHES, READYMADE GARMENTS, TOY BALLOONS, LONG PEPPER, REPLACEABLE HOUSEHOLD WATER FILTER TO BE CHEAPER.
- INFOTAINMENT SECTOR TO BENEFIT FROM CONCESSIONAL CUSTOM DUTY
- INDIAN RUPEE TO GET A SYMBOL, JOIN THE SELECT CLUB OF CURRENCIES
- SPECIAL DUTY CONCESSIONS TO PROMOTE CLEAN ENVIRONMENT CLEAN ENERGY CESS @ RS. 50 PER TONNE ON COAL
- RATE REDUCTION IN CENTRAL EXCISE DUTIES PARTIALLY ROLLED BACK AD VALOREM ON NON PETRO PRODUCTS & CARS INCREASED BY 2 PER CENT
- UNIFORM BASIC DUTY OF 5 PER CENT AND CVD OF 4 PER CENT ON IMPORT OF MEDICAL EQUIPMENT.
- SCIENTIFIED INPUTS FOR ORTHOPAEDIC IMPLANTS EXEMPTED FROM IMPORT DUTY
- CENTRAL EXCISE ON PETROL & DIESEL RAISED BY RS. ONE PER LITRE.
- MAJOR TAX RELIEF TO AGRICULTURE & RELATED SECTORS
- PROJECT IMPORT STATUS FOR THE SETTING UP OF COLD STORAGEES

- FULL EXEMPTION FROM EXCISE DUTY TO TRAILERS & SEMI -TRAILERS.