RELIANCE Mutual Fund
Anil Dhirubhai Ambani Group

Highlights of Budget 2009/10

- ***Poll result is mandate for inclusive growth.***
- A single Budget Speech cannot solve all our problems.
- Budget an important mean to present the view of the government
- Aim: To reduce number of people living below poverty line to less than half of current level by 2014
- ***Aim to sustain a growth rate of 9% over a period of time***
- Aims at farm growth of over 4%
- Ensure 4% agriculture growth
- Highlights of 2008-09:
- Sharp rise in inflation to nearly 13% and a equally sharp fall to 0%
- GDP dips from over 9% average in past three years to 6.7% in 2008-09
- Gross capital flow rose to over 9% over GDP
- ***Infra investment to be over 9% of GDP by 2014***
- Foreign investors are returning to Indian markets
- FIIs are back in the market, the worst two quarters are behind us
- Govt have some success in attracting investments in certain sectors through PPP
- Govt needs to provide further stimulus for the economy
- There are signs of revival in domestic industry
- ***Stepped up allocation of funds from Rs 10,800 cr to Rs 15,800 cr for railways***
- ***Highway and railways - allocation hiked by 23%***
- ***IIFCL and banks in position to support Rs 1,00,000 cr in infrastructure***
- JNNURM support raised by 87%
- The Assam gas cracker project estimated at Rs 5,160 cr
- Loan for farmers Rs 3,00,000 at 7% per annum
- ***Govt announces rebate for farmers paying loan on time, and lower rate of 6% proposed***
- Proposes to extend deadline to farmers to pay off 75% of loans by six months to December 31, 2009
- Exporters borne the brunt of eco crisis, will provide adj assistance till March 2010
- The market development assitance scheme allocation hiked by 148% to Rs 124 cr
- Budget makes subvention of 1% to benefit farmers
- 30% rise in Rashtriya Krishi Vikash Yojana allocation over 2008-09
- Micro and SMEs affected by global crisis;credit flow at reasonable rate out of rural infra dev fund
- ***Special fund of Rs 4,000 cr from Rural Infrastructure Dev fund to help MSME sector***
- Return to FRBM target as soon as possible
- To increase fertiliser usage - govt proposes to move from product pricing basis
- Institutional reforms to cover subsidies, expenditure
- Fiscal deficit up to 6.2% from 2.7% fo GDP
- IT Saral 2 form to be introduced
- Proposes people's participation in disinvestment programme
- Turbulence in world markets left Indian financial sector unaffected
- ***PSU Banks, insurance firms outside disinvestment plan***

- Govt to set-up expert committee to advise on petro pricing products
- ***Rs 1 lakh crore projects for Infrastructure revival***
- PSUs to remain under govt control
- Govt wants public shareholding in PSUs to go up
- 8.5% growth in recent past fueled by pvt sector investment
- ***Income-tax return forms to be made more user-friendly***
- NREGA min wages set at Rs 100/day
- NREGA outlay increased by 144%
- Govt to move food security bill very soon
- 59% increase in allocation for Pradhanmantri Gram Sadak Yojna
- Allocation for Indira Awaas Yojana to be increased by 63%
- Food security to provide rice, wheat at Rs 3 a kg to poor
- Bharat Nirman outlay raised by 59%
- Indira Awaas Yojana outlay increased by 63%
- NHB refinance to rural housing sector to be raised
- PM's Adarsh Gram Yojana starts with Rs 100 cr funding
- ***To launch national mission on female literacy***
- Unorgainsed Social Security Bill passed by both houses of the Parliament
- Plan to cut female illiteracy by half in three yrs
- Govt aims to have social security for informal sector
- National Web Portal for employer and employee to be launched
- More than 46 lakh people received biometrics card
- To add handloom clusters in West Bengal and Tamil Nadu
- Right to Information Act been successful
- NREGA has been and outstanding success
- 46 lakh BPL families to come under new health insurance plan
- ***Unique ID cards in 12-18 months***
- Govt proposes to launch housing for 1 lakh para military forces
- Paramilitary housing cost estimated at Rs 1,000 cr
- Certain Pension related benefits extended to war hounded
- Paramilitary housing project to cost Rs 1,000 cr
- Allocation for flagship Bharat Nirman progamme raised by 45%
- Rashtriya Mahila Kosh corpus to be raised to Rs 500 crore
- ***Govt to spend Rs 120 cr in FY10 in unique ID***
- Allocation of Rs 2,113 cr for IIT
- National Mission for Female Literacy to be launched
- Govt to build 100,000 homes for paramilitary forces
- 50% of all rural women to be brought into self-help group programmes
- Allocation Commonwealth Games raised by more than 50% to Rs 3,472 crore
- Plan outlay increased by 74%
- Allocation for new Aligarh Muslim Univ campuses in Bengal, Kerala at Rs 25 cr each
- Proposes Rs 500 cr for rehabilation of displaced persons of northern and eastern areas of Sri Lanka
- ***Budget estimates: Rs 10,20,830 cr, Rs 6,95,600 cr non-planned and planned Rs 3,29,100 cr***
- Aila hurricane relief at Rs 1,000 cr
- **Plan expenditure up 34% to Rs 3.75 lakh cr**
- Interest payment seen exceeding Rs 2 lakh cr
- ***To spend Rs 1.42 lakh on defence***
- Interest payment is a third of expenditure plan
- Budget estimates: Interest payment expected at Rs 2,25,511 cr
- ***Enhance budgetary support by Rs 40,000 cr***

- Non tax revenue receipts are likely to be better
- Total estimated expenditure for 2009-10 is Rs 10 lakh crore
- ***Fiscal deficit seen at 6.8% in FY10***
- To eliminate tax distortion
- Increasing automation in direct tax collection
- Federal Tax/ GDP ratio is 11.5%
- ***TO INTRODUCE GST BY APRIL 1, 2010***
- To release new direct tax code in 45 days
- FBT to be abolished
- To pursue structural changes in Direct Tax
- New direct tax code to be released in 45 days
- To finalise New Direct Tax Code in House winter session
- State finance ministers agreed on GST basic structure
- Tax rates can be lower if tax base is higher.
- ***No change in corporate tax FR10.***
- FY10 non-plan expenditure 6.97 trln rupees
- ***Senior citizen income tax limit hiked by 15,000 rupee/yr.***
- ***Women income tax limit up 10,000 rupee to 190,000 rupee.***
- ***Senior citizens IT exemption hiked to 240,000 rupees.***
- IT exemption limit raised to 190,000 rupees for women.
- IT exemption hiked to 160,000 rupees for others.
- MAT rate to be increased to 15% vs 10% of book profit
- ***To remove surcharge of 10% on personal income tax***
- ***Commodity transaction tax abolished***
- Tax holiday extended for commercial production of natural gas
- Political funding will get 100% tax deduction
- National Pension Scheme exempted from STT
- ***MAT reduced to 15% of book profits, MAT tax credit increased from 7 years to 10 years***
- ***Dividend under New Pension Scheme to get tax exemption***
- ***New Pension Scheme investment not to attract STT***
- Alternate dispute redressal mechanism for Tax disputes.
- Investment boost needs timely Tax disputes resolution.
- Donation to electoral trust to be 100% exempt for donor.
- 100% exemption for donations to electoral trust
- Anonymous donations - grant relief 5% of total income or Rs 1,00,000 whichever is higher
- Tax holiday on commercial production of mineral oil and natural gas on NELP VII
- 5% Custom duty on STBs
- Custom duty reduced on LCD panels from 10% to 5%
- ***Life saving drugs, including breast cancer, custom duty reduced to 5% from 10%***
- Life saving devices on heart contidion exempted from custom duty
- Custom duty on silver, excluding jewellery, hiked by Rs 500/ kh to Rs 1,000/ kg
- ***Life saving devices on heart condition exempted from custom duty***
- To extend Customs exemption to some more EoUs
- Cuts customs duty on wind power equipment by 2.5%
- To reintroduce CVD exemption on parts of mobile phones.
- Rough corals exempted from Customs duty.
- Customs duty on windmill inputs cut to 5% vs 7.5%.
- Customs duty on life saving drugs cut to 5% from 10%.

- Basic customs duty on life-saving drugs down to 5% from 10%.
- Full Customs duty exemption on rough corals.
- Customs duty on gold bars up at 200 rupees/10 gms.
- Customs duty on life-saving equipment down to 5% from 7.5%.
- Customs duty for permanent magnets down to 5% from 7.5%.
- 8% excise duty on man made fibre.
- Excise on pure cotton textiles restored to 4%.
- Customs duty on silver hiked to 1,000 rupee/kg.
- Hike on customs duty on silver excludes jewellery.
- Wool waste, cotton waste customs duty down to 10% vs 15%.
- 4% excise on paper, paper goods, kitchen appliances.
- Excise on paper, paperboard articles retained at 4%.
- Blended petrol To be exempt from excise duties.
- ***To scrap excise on petrol, diesel blended with bio-diesel.***
- 4% excise to stay on items of mass consumption.
- Custom duty on bio-fuel diesel cut to 2.5% from 7.5%.
- ***Bio-diesel exempt from excise duty FY10.***
- Construction sector gets some excise sops.
- ***No excise duty on branded jewellery***
- *Excise duty on petrol diven trucks cut*
- *No new tax on edible oil imports*
- **Some law services brought under service tax**
- *Service tax on advise, technical assistance in the field of law on applicable for individuals*
- Over 2000cc vehicle engine surcharge flat at 15,000 rupee.
- Exporters exempt from paying svc tax to transporters.
- Service tax levy on goods transported via rail, waterway.
- Svc tax extended to legal consultancy, not individuals.
- Direct tax proposals are revenue neutral.
- 20 bln rupee gain via indirect tax proposals FY10.