HIGHLIGHTS FROM THE BUDGET SPEECH OF THE FM AS ON 28.02.2013

- Only China, Indonesia growing faster than India
- **Only China, Indonesia growing faster than India**
- **CSO estimated GDP growth at 5% for FY13; RBI estimated GDP growth at 5.5%**
- India not affected by what is happening in the rest of the world
- Biggest concern is high Current Account Deficit; we need $75 bn to finance CAD over next 2 yrs: FM
- FII, FDI or External Commercial Borrowings (ECB) to finance CAD, is the only way forward
- Global growth slowed to 3.2% vs 3.9% y-o-y
- No choice but to rationalise spending
- Current Account Deficit a bigger worry than Fiscal Deficit: FM
- Efforts in the past few months have got down WPI to 7% and CPI to 4.3%
- Will take possible steps to augment supply side, meet demand for food items
- FY14 plan expenditure to be 30% more than in FY13
- FY14 Plan expenditure pegged at Rs 5.5 lakh crore
- Total Budget estimate for FY14 is Rs 16.44 lakh crore
- FY13 Plan expenditure was too ambitious: FM
- Widows, single women, vulnerable women allocated additional sum of Rs 200 crore to begin work
- Rs 1,069 crore proposed to be allocated to AYUSH to promote Ayurveda, Homoeopathy, Siddha and Unani
- Rs 65,867 crore to Ministry of Human Resource Development; increase of 17% from revised estimate
- Right to Education Act firmly in place; Rs 27,250 crore to Sarva Shikhsa Abhiyaan in FY14
- Rs 27,330 crore to Ministry of Health & Family Affairs
- Market Update: Sensex off days high at 19,226, up 72 points and Nifty is up 16 points at 5,812
- Rs 4,727 crore to medical education, training and research
- Market Update: Markets trim gains. Sensex up 67 points at 19,219; Nifty up 15 points at 5,812
- 17% hike in allocation to Education
- Rs 3,511 cr to Ministry of Minority Affairs, 12% increase of BE and 16% higher than RE
- 110 cr to Dept of visibility affairs against RE of 75 cr in current year
- Ministry of Rural Development allocated Rs 80,194 crore in FY14, marking an increase of 46% in spending
- Rs 15,260 crore allocated Ministry of Drinking Water and Sanitation to improve facilities
- Budget Impact: Allocation to Education hiked 17%. Education stocks rally 3-5%
- 100 districts identified for Programme Against Malnutrition; allocation of Rs 300 crore
- Rs 17,700 crore in FY14 to be focussed on early child care.
- Reconstruction of Nalanda University as Centre of Government Excellence
- Farmer who repays loan on time will be given financial assistance at 4%
- Market Update: Nifty at day's low at 5,808, up 11 points over previous close. Sensex too trades at the day's low at 19,187, up 37 points

- Assam, Bihar, Chattisgarh have increased contribution to rice production, Rs 1000 crore as support to east Indian states
- Rs 27,048 crore to the Agriculture Department; Agricultural Research to be given Rs 3,450 crore
- Farm exports in April-December at Rs 1,38,403 cr
- 250 million tonnes food grain produced; MSP increased significantly
- 14,000 buses sanctioned between 2009-12 under JNNURM. Rs 14,873 crore for FY14; significant use for purchase of 10,000 buses
- Rs 65,877 crore allocated to Education
- Food Security Bill introduced with an allocation of Rs 10,000 crore
- 12th Plan infrastructure outlay at Rs 55 lakh crore
- Credit guarantee fund for small farmers, with initial corpus of Rs 100 cr
- Rs 500 crore to start programme of crop diversification to enrich farmers
- Indian Institute of Agri-Biotechnology to be established at Ranchi, Jharkhand
- Allocation for Integrated Water Programme from Rs 3,050 crore to Rs 5,387 crore next year
- Rashtriya Krishi Vikas Yojna allocated Rs 9,954 crore
- Announcement of 3,000 km of Road projects good for Infrastructure stocks
- Budget Impact: Focus on infrastructure and road projects pushes up infra stocks.
- Additional Rs 75 cr allocated in 2013-14 for replanting, rejuvenating coconut farms in Kerala
- Market Update: Simplex Infra, Madhucon Projects, NCC, Punj Lloyd, JP Associates up between 1 and 5%
- Manufacturing sector needs revival -- cabinet authority set up to review stalled projects, guide new projects
- 3,000 km of road projects in Gujarat, Maharashtra, Karnataka in first 6 months of 2013-14
- To seek assistance of World Bank and Asian Development Bank to build roads in north-east Indian states, to connect to Myanmar
- To approve Rs 50,000 crore for tax-free bonds in FY14
- Will introduce inflation-indexed instruments
- IIFCL, Asian Development Bank will give credit enhancement to infra companies to tap bond markets
- **Income limit for RGESS raised to Rs 12 lakh from Rs 10 lakh**
- Natural Gas Pricing Policy to be reviewed
- Shale gas projects to be encouraged
- To encourage PPP projects along with Coal India
- Budget Impact: To encourage PPP projects along with Coal India. Coal India up nearly 3%
- Non-tax benefits for MSMEs up to 3 years after they graduate to higher category
- Coal import in April-December 2012 at 100 million tonne, to rise to 185 million tonne
- Higher allocation for water treatment
- Two major ports in West Bengal and Andhra Pradesh to add 1 million tonne of capacity
- Budget Impact: Focus on TUFF scheme, textile parks, handloom sector. Stocks rally.

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- Budget Impact: Textile stocks -- Birla Cotsyn (India), Gokak Textiles, Celebrity Fashions, Alok Industries, Arvind up between 1 and 9%
- Funding by companies for technological research in colleges and educational institutions to be treated as part of mandatory CSR under Companies Act
- To provide Rs 14,000 cr for Public Sector Bank recap
- To constitute panel on transaction costs, finance policies
- Budget Impact: PSU Banks rally on capital infusion proposal. Union Bank Of India, PSB, Corporation Bank, Central Bank of India, IOB move up over 1% each
- Will ensure PSU Banks always meet Basel III norms
- 150,000 weavers, 1,800 co-operative societies to benefit on allocation of additional sum of Rs 96 crore to Ministry of Textiles for internal subvention
- All Women's Bank to be set up via PSU route
- Banks to be permitted to act as insurance brokers
- Loans for rural housing -- last Budget saw allocation of Rs 4,000 crore, this time Rs 6,000 crore to Rural Housing Fund in 2013-14
- FM seeks opposition support on Insurance, PFRDA bills
- Sebi Act to be amended to strengthen the market regulator
- KYC of banks sufficient for buying insurance policies
- Will follow global policy on determining whether investment is FII or FDI: Where it is less than 10% by one entity, it will be FII, more than 10% will be FDI
- Mutual fund distributors allowed to become members of stock exchanges
- FIIs allowed to participate in currency derivatives segment
- Insurance, pension companies can directly trade in debt market
- Wind energy sector to get generation based incentives; Rs 800 cr allocated to the dept
- Will encourage states to take up waste energy projects via PPP mode
- Sebi to simplify procedures for FII, unify categories
- Increase allocation to Defence Ministry at Rs 2,30,672 crore
- Investment allowance of 15 per cent announced for high-value investments of above Rs 1,000 crore
- National Skill Development Corporation -- target to train more people, up by 9 mn in 2013-14
- Rs 5,880 crore to space research
- Rs 5,200 crore allocated to Ministry of Science and Technology
- Stock exchanges to have dedicated debt segments
- Cities having population of more than one lakh to have one private FM radio
- Auction of new FM licences in 2013-14, so that all towns and cities of up to 1 lakh population are covered is another attempt to raise non-tax revenue.
- 294 more cities to have FM radio
- Defence outlay at Rs 2 lakh crore represents only a marginal rise over Rs 1.93 lakh crore in the current year. FM though has assured that he would provide more if the security of the country demands it: A K Bhattacharya, Editor, Business Standard

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- FII participation in forex segment subject to FX exposure
- New fund for safety for women, will be called Nirbhaya Fund. Allocation: Rs 1,000 cr
- Plan expenditure: Rs 5.55 lakh crore, Non-plan expenditure at Rs 11 lakh crore in FY14
- Budget Impact: Realty stocks rally on proposal for additional interest deduction on housing loan. DLF, Sobha Developers, Ansal Properties, DB Realty up between 1 and 5%
- Markets have gone into the red. Investors perhaps find the budget long on populism.
- Fiscal deficit contained at 5.2% in FY13, pegged at 4.8% in FY14
- Direct benefit transfer scheme to be rolled out during term of UPA govt
- Budget Impact: Wind energy sector to get generation based incentives; Rs 800 cr allocated to the dept. Suzlon Energy slips nearly 3% to Rs 23.55
- Investment allowance of 15 per cent announced for high-value investments of above Rs 1,000 crore. This is a huge plus for large companies, as it improves profitability considerably
- 2011-12: Tax GDP ratio at 5.5% for direct taxes and 4.4% of GDP for indirect taxes
- **Tax credit of Rs 2,000 to every tax payer in the 2,00,000-5,00,000 bracket. Leaves tax slabs and rates untouched**
- Only 42,000 people who have been known to have income of more than Rs 1 cr a year. Tax surcharge of 10% on such income
- **Tax surcharge raised from 5% to 10% on companies with annual income of more than Rs 10 crore**
- Additional tax surcharge on taxes only for one year
- Will continue with Educational cess at 3%
- **Dividend distribution tax surcharge raised from 5% to 10%**
- Indian companies not to pay Dividend Distribution Tax for income coming from foreign subsidiary
- **Extends Section 80-IA by one year**
- **TDS at 1% on the transfer of immoveable properties worth more than Rs 50 lakh**
- **Budget Impact: Tax holiday for power plants extended. NTPC, Adani Power, Neyveli Lignite, Reliance Power, Indowind Energy trade firm**
- Tax holiday for power plants extended to FY14
- Introduction of CTT bad for MCX Shishir Asthana
- Commodities Transaction tax on non-agricultural commodity derivatives
- STT reduced from 0.17% to 0.1%
- **No tax slab change and only a Rs 2000 tax credit for those earning an annual income of Rs 2 lakh to Rs 5 lakh means the benefit would be restricted only to the lowest slab and not shared by those in the higher income slabs**
- Modified provisions under GAAR to be effective from April 1, 2016
- Excise on leather goods to be reduced from 7.5% to 5%
- No change in standard rate of Excise Duty
- Import Duty on set-top boxes raised from 5% to 10%

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- To introduce DTC Bill in Budget session of Parliament
- Customs Duty on imported cars hiked from 75% to 100%
- 20% Final Withholding Tax on unlisted companies' share buyback
- Excise duty to be hiked from 27% to 30% on SUVs; those registered as Taxis to escape hike
- Special Excise Duty (SED) on cigarettes hiked by 18%
- 4% excise duty on silver for manufacturing zinc or lead
- Change in duty structure for cigarettes negative for ITC
- Removes carpets from excise duty bracket altogether
- cotton - zero duty at fibre stage
- Excise tax on SUVs has been raised from 27 to 30%. SUVs were driving the car market. It will be interesting to see if the buoyant market can absorb this price increase
- To include 2 services in negative list of Service Tax
- Sops for low-cost housing to continue
- Will impose service tax on all AC restaurants, not just those serving alcohol
- Penalty to be waived for people declaring I-T dues; can pay in two installments
- Scheme to encourage truthful declaration of dues from 1-10-2007
- To present draft bill on GST in the next few months
- To reduce abatement rates on luxury apartments
- Set aside Rs 9,000 cr as compensation to states on account of CST
- Infra Development Funds to be encouraged